

**THE INFLUENCE OF ORGANIZATIONAL CULTURE AND  
WORK COMPETENCE ON PERFORMANCE THROUGH JOB  
SATISFACTION AT BPN MEDAN CITY**

**A THESIS**

**Presented as Partial Fulfillment of the Requirements  
to Obtain the Bachelor Degree in Management Study Program**



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MANAGEMENT  
FACULTY OF BUSINESS AND ECONOMICS  
UNIVERSITAS ISLAM INDONESIA  
YOGYAKARTA  
2023**

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**A BACHELOR DEGREE THESIS**

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Defended before the Board of Examiners  
On October 30, 2023 and Declared Acceptable

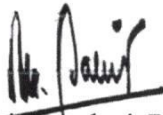
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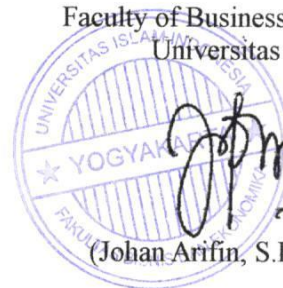
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**YUDICIUM FINAL PROJECT REPORT  
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Bismillahirrahmaanirrahim

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1. **Passes** the final project examination ~~with/~~ **without** revision
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Should any mistake is found related to the decision, the committee will revoke and revise the decision accordingly.

Yogyakarta, October 30 2023



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1. As Soon as students pass the final project/ compre exams they have to apply for the completion the of the their study (if want to graduate) at the academic academics section of the FBE UII (see the procedure).
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3. Any failure to apply for a study completion after passing the thesis/comprehensive exams may require students to pay tuition fee that still due.

## FOREWORD

The author praised the God Almighty for all His graces and abundance of gifts following the completion of his final project entitled “The Influence of Organizational Culture and Work Competence Through Job Satisfaction at BPN Medan City”. In the preparation of the scientific paper, the author had struggles and challenges. However, the author realized that the journey to complete this scientific paper was only thanks to prayer, effort, support, assistance, and enormous guidance from various parties. Therefore, the author would like to express his deepest gratitude to:

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The author realized there are still many shortcomings in this final project research, including limited knowledge and experience. Hopefully, this final project will be useful for the readers. Thank you.

Yogyakarta, 27-12-2023



Researcher

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## DECLARATION OF AUTHENTICITY

Herein I declare the originality of the thesis; I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas or expression without acknowledgement. All quotations are cited and listed in the bibliography of the thesis.

If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation or its consequence.

Yogyakarta, October 30<sup>th</sup>, 2023



Fadjar Paramesta

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## **ABSTRACT**

This research explored the connection among organizational culture, competence, job satisfaction, and the influence of performance in the Badan Pertanahan Nasional (BPN) scope in Medan City. The research focused on the employees of BPN Medan City and addressed the questions about the influence of organizational culture and competence on performance through job satisfaction. The primary data was obtained using a quantitative descriptive method. The secondary data was obtained through websites and official databases. Meanwhile, the instrument used was a four-scale with data analysis techniques of partial least square and validity methods.

The research showed that organizational culture significantly affected job satisfaction, while competency positively influenced job satisfaction and performance. However, organizational culture had no significant impact on the overall performance. The study emphasized the importance of considering organizational culture and competency in shaping job satisfaction and performance, offering valuable insights for organizational strategy.

**Keywords:** Organizational Culture, competence, job satisfaction, performance

## ABSTRAK

Penelitian ini mengeksplorasi hubungan antara budaya organisasi, kompetensi, kepuasan kerja, dan pengaruh kinerja dalam lingkup Badan Pertanahan Nasional (BPN) di Kota Medan. Penelitian ini difokuskan pada karyawan BPN Kota Medan dan mengatasi pertanyaan tentang pengaruh budaya organisasi dan kompetensi terhadap kinerja melalui kepuasan kerja. Data utama diperoleh menggunakan metode deskriptif kuantitatif. Data sekunder diperoleh melalui situs web dan basis data resmi. Sementara itu, instrumen yang digunakan adalah skala empat dengan teknik analisis data kuadrat terkecil parsial dan metode validitas.

Penelitian menunjukkan bahwa budaya organisasi secara signifikan memengaruhi kepuasan kerja, sementara kompetensi secara positif memengaruhi kepuasan kerja dan kinerja. Namun, budaya organisasi tidak memiliki dampak signifikan pada kinerja secara keseluruhan. Studi ini menekankan pentingnya mempertimbangkan budaya organisasi dan kompetensi dalam membentuk kepuasan kerja dan kinerja, memberikan wawasan berharga untuk strategi organisasi.

Kata kunci: Budaya Organisasi, kompetensi, kepuasan kerja, kinerja

# **CHAPTER I**

## **INTRODUCTION**

### **1.1. Background**

A company is an organization consisting of a collection of individuals who collaborate to carry out predetermined tasks. An organization can operate efficiently if its management functions, such as planning, organizing, motivation, work discipline, and supervision, work correctly, and the necessary supporting components are all available. Human resources (HR) is one of the most critical aspects of business, and proper utilization of human resources is essential for a company to survive and succeed in the future. In other words, the strength of a company is determined by every individual who supports it at the upper, middle, and lower levels. Companies expect qualified, knowledgeable, and talented human resources to work hard and produce ideal results (Almigo, 2004).

Performance is critical to determine an organization's success, reflecting its ability to effectively and efficiently utilize resources to achieve established goals. Suratman (2019) mentioned that employee performance directly influences a company's profitability and overall success. In this context, job satisfaction emerged as a pivotal intervening variable. Employee job satisfaction also plays a crucial role in shaping the attitudes and behavior of every worker. Pelser and Ngwenya (2020) further mentioned a positive correlation between job satisfaction and performance.

Furthermore, the researcher mentioned that motivated and satisfied employees are more likely to contribute to high-performance outcomes. Moreover, organizational culture and competence are identified as the key influencers of job satisfaction and performance. The shared values, strategies, and goals embedded in an organization's culture contribute to employee satisfaction, subsequently enhancing performance. Competence, representing an individual's ability to excel in their responsibilities, directly influences job satisfaction and, in turn, overall performance.

Employee job satisfaction is essential because it can affect the overall performance of an organization. Based on the study conducted by Ancient, Deni Candra, V. P. . L. and Loindong, S. (2019) , the level of employee satisfaction at work indicates their feeling in carrying out their responsibilities. An organization must pay attention to employee job satisfaction, which is the responsibility of the organization's leadership, which is supported by Arif, S., Zainudin, Z., and Hamid, A. (2019). Work happiness is an individual aspect and method for workers to improve performance. Therefore, the job satisfaction variable in human resource management is beneficial for the organization or company, employees, and even society. In addition, Edison, E., Kartika, T., and Lestari, R. I. D. (2017) stated that job satisfaction is an individual's attitude towards his job; someone with a high level of job satisfaction has a positive attitude towards his job, while someone with a low level of job satisfaction shows a negative attitude towards his job (Robbins, 2007).

Furthermore, performance is the ability of a person or company system to produce something by utilizing existing resources effectively and efficiently. The definition of performance itself is still related to the output produced. A company must have a high level of performance to achieve the goals that have been set. If employee performance is high, the company can achieve its goals and strive for high profits. However, if employee performance decreases, it will be detrimental to the organization. Therefore, organizations must manage their workers effectively to obtain better performance results. Consequently, employee satisfaction can be achieved when there are no conflicts between employees (Aspiyah & Martono, 2017).

A company's organizational culture consists of its members' shared values, strategies, vision, goals, and norms of trust and understanding. These elements serve as guides for all aspects of the business and help in order to shape employee attitudes and behaviors. Employees who work for a company with a solid organizational culture clearly know how to handle any issues that arise. Culture also offers organizational stability. The author refers to several expert viewpoints to help explain the study of organizational culture (Breugh et al., 2018).

Organizational culture is closely related to an employee's job satisfaction and vice versa, as stated in previous research conducted by Ensour et al. (2018), Suratman and Supriyantiningih (2019), Rahayu et al. (2019), and Dihan (2018), in which all research concluded that motivation has a positive and significant influence on job satisfaction. In addition, it

also stated that organizational culture is closely related to employee performance (Jufrizen & Ramadhani, 2020).

Competence is a person's fundamental characteristic or ability that allows an individual to demonstrate their superior performance in carrying out the duties and responsibilities with adequate education, training, and experience. Competency levels are needed in order to determine the expected level of performance for excellent or average categories. Determining the required competency threshold will be a basis for the selection process, succession planning, performance evaluation, and HR development (Hasibuan, 2009). Furthermore, competence is closely related to job satisfaction, and vice versa, as stated in previous research conducted by Hindriari (2018), Rahayu et al. (2019), and Lavy et al. (2017), which concluded that competence has a positive and significant influence on job satisfaction.

The importance of an employee's competence cannot be ignored, and companies should pay more attention to it. Several elements, including job satisfaction, can affect performance in achieving company goals (Saleh & Utomo, 2018). In this situation, the company's management plays a vital role in promoting the development of its personnel. Job satisfaction at work can encourage workers to work effectively following the direction of company management to meet the company goals. With job satisfaction, workers can improve their work results and performance (Breugh et al., 2018). Prior studies investigating the relationship between job satisfaction



and performance were conducted by Idris et al. (2020), Suratman and Supriyantiningih (2019), and Pelsier and Ngwenya (2020).

Furthermore, there is a positive and significant influence of competence on performance through job satisfaction, as stated in the research that has been completed by Sapada et al. (2017), Paais (2020), and Suratman *et al.* (2021). In addition, Khan et al. (2016) have found that work motivation positively and significantly influences performance through job satisfaction. These findings are a strong reason for organizational culture and competencies that mediate job satisfaction with performance. The intricate interplay of these variables underscores the importance of understanding and managing the relationships between organizational culture, competence, job satisfaction, and performance within the specific context of the National Land Agency in Medan City.

This research is addressed to the employees of the National Land Agency (BPN) in Medan City, which is one of Indonesian non-ministerial government institutions tasked with carrying out government duties in the land sector following the provisions of laws and regulations. Other roles of BPN include human resource development; formulation and implementation of policies in the field of surveying, measuring, mapping; land acquisition; determination of land rights, land registration, community empowerment; control and handling of land disputes and cases; supervision of the implementation of duties; carrying out the preparation and determination of policies in the land sector; regulation, structuring, control

of land policies; coordination of tasks, coaching, providing administrative support to all units' organization; management of agricultural and land information data; research and development. Following those tasks, this study aims to address whether there is a relationship between the influence of organizational culture and competence on performance through job satisfaction at BPN Medan City.

## **1.2. Problem Statement**

The research aims to examine the direct effects of competence, job satisfaction, and organizational culture on performance and the possible mediating role that job satisfaction may play in this relationship. Furthermore, it examines how competence, job satisfaction, organizational culture, and performance relate to one another in a work environment. Through tackling these inquiries, the study aims to provide significant perspectives to comprehension of the intricate relationships that impact the efficiency of organizations and the welfare of their workforce.

Based on the background, a few problems are formulated as follows:

- a. Does organizational culture affect performance?
- b. Does organizational culture affect Job Satisfaction?
- c. Does competence affect job satisfaction?
- d. Does competence affect performance?
- e. Does job satisfaction affect performance?
- f. Does organizational culture affect performance through job satisfaction?

- g. Does competence affect performance through job satisfaction?

### **1.3. Research Objectives**

The research aims to:

- a. To test and analyze the influence of organizational culture on performance.
- b. To test and analyze the influence of organizational culture on job satisfaction.
- c. To test and analyze the influence of competence on job satisfaction.
- d. To test and analyze the influence of competence on performance.
- e. To test and analyze the influence of job satisfaction on performance.
- f. To test and analyze the influence of organizational culture on performance through job satisfaction.
- g. To test and analyze the influence of competence on performance through job satisfaction.

### **1.4. Research Benefits**

This research study provides benefits theoretically and practically as follows:

1. For Researcher

This study would contribute to the research in Human Resource Management, especially concerning organizational culture, competence, job satisfaction, and performance. Furthermore, it

can be a reference for other researchers to conduct further research.

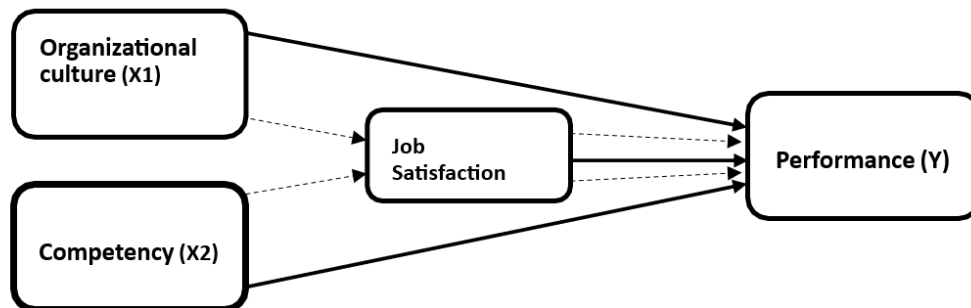
2. For Organization

The management of the National Land Agency (BPN) Medan City may take advantage of the research findings as they can be referenced in decision-making related to organizational culture, competence, job satisfaction, and performance.

3. For students

Future research might require knowledge of organizational culture, competence, job satisfaction, and performance.

**1.5. Research Model**



Source: data derived from fadjar paramesta's research (2022)

**Figure 1.1 research model**

## **CHAPTER II**

### **THEORITICAL FOUNDATIONS**

#### **2.1. Past Research**

The research deals with organizational culture, competence, job satisfaction, and performance variables. Human resource management is defined as policies and practices determining the "human" or human resource aspects in a management position, including the "people" or human resources aspect of a management position, including recruitment, screening, training, rewarding, and assessment (Wulandari, 2020). By improving the quality of Human Resources, employees are expected to work productively, effectively, and satisfactorily under the required performance standards.

The following is a study conducted by several researchers both nationally and internationally:

##### **2.1.1. Influence of Organizational Culture on Performance**

###### **1. Tan (2019)**

Research conducted by Tan (2019) titled "In Search of the Link Between Organizational Culture and Performance: A Review From the Conclusion Validity Perspective" examined the organizational economic literature for the causal culture-performance relationship (internal validity), reviewed the organizational studies literature on debates in the measurement of organizational culture (external validity and construct) and

examined the debate over whether organizational culture can be managed (internal validity). The findings show that organizational economics, which conceptualizes organizational culture as a shared belief, suggested that a more homogeneous culture, encouraging teamwork and having a clear mission, improved organizational performance.

2. Muis, Jufrizen, and Fahmi (2018)

Research conducted by Muis, Jufrizen, and Fahmi (2018) entitled "The Influence of Organizational Culture and Organizational Commitment on Employee Performance" aimed to determine the partial and simultaneous influence of organizational culture and commitment on employee performance. This study's population consisted of all PT Pegadaian (Persero) Regional Office employees, totaling 60 people. This study used questionnaires as its data collection method. The results showed that all hypotheses in this study are valid. Both partial and simultaneous organizational culture and organizational commitment had a positive and significant influence on employee performance. The research conducted by Muis, Jufrizen, and Fahmi (2018) is similar to this current research discussing the influence of organizational culture on performance.

This research states that organizational culture is a growing corporate personality or can also be interpreted as values that encourage the emergence of behavioral norms. The statement is reflected through the behavior and attitude of each organization member. Performance is the result of the work of an individual or group in an organization, while the results of the work are following the authority and responsibility of the individual or group. The work result in question is something that is achieved in order to achieve organizational goals legally and ethically.

The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

### 3. Paais and Pattiruhu (2020)

Research by Paais and Pattiruhu (2020) entitled "Effect of Motivation, Leadership, and Organizational Culture on Satisfaction and Employee Performance" investigated the influence of motivation, leadership, and organizational culture on job satisfaction and employee performance in Wahana Resources Ltd North Seram District, Central Maluku Regency, Indonesia. This study intends to be a critical study for academics researching the field of human resource management (HRM). The research sample comprised 155 employees selected using the Proportionate Stratified Random Sampling method.

Meanwhile, data was collected using questionnaires and analyzed using Structural Equation Modeling on Amos. The results of the data analysis show that work motivation and organizational culture had a positive and significant effect on performance but did not significantly affect employee job satisfaction.

Meanwhile, leadership greatly impacted employee job satisfaction, but it did not affect performance. The results of the coefficient of determination test showed that 57.4% of job satisfaction was influenced by motivation and leadership and 73.5% by cultural variables. In comparison, employee performance variables of 73.5% were influenced by motivation, leadership, culture, and job satisfaction. Other factors beyond this study influenced the rest. Employee motivation, leadership, and organizational culture must be improved to increase job satisfaction. Invariably, if employee job satisfaction increases, employee performance will also improve.

The similarity between the study and this current research is that they investigate the same variables. The difference lies in the method, location, and addition of variables.

#### 4. Jufrizen and Ramadhani (2020)

Research conducted by Jufrizen and Ramadhani (2020) entitled "The Influence of Organizational Culture on Employee



Performance with Work Area as a Moderation Variable" aimed to analyze the influence of organizational culture on employee performance and to recognize and analyze whether the work area moderates the influence of organizational culture on employee performance. The research procedures used in this research were quantitative. The population in this study were all employees of PT PLN (Persero) North Sumatra Regional Main Unit, which amounted to 168 employees. Meanwhile, the number of samples in this research was 118 employees using saturated illustration procedures. The information used in this research was primarily information from distributed questionnaires. The information analysis method used in this research was a quantitative information analysis method using statistical procedures. The statistical procedure used is Partial Least Square (*PLS*). The results showed that the organizational cultural variable significantly influenced the employee performance variables at PT PLN (Persero) North Sumatra Main Unit. Work areas could not moderate the bond between organizational culture and employee performance. Therefore, the work area was not a moderating variable in this study. The work area variable could not strengthen or weaken the bond between organizational culture and employee performance.

The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

**Table 2.1. Review of The Influence of Organizational Culture on Performance**

No	Journal Article Identity	Variables and Theories	Analysis Results
1	<p><b>Tan (2019)</b> In Search of the Link Between Organizational Culture and Performance: A Review from the Conclusion Validity Perspective</p> <p><b>Sample:</b> 150 craftsmen in a construction company in Lagos, Nigeria</p> <p><b>Analysis Tool:</b> Questionnaire</p> <p><b>Method:</b> Quantitative</p>	<p><b>Organizational culture:</b> Anthony (2011) presented its members' strategies, visions, goals, and norms of trust and understanding.</p> <p><b>Performance:</b> Hornby and Trumbull (2010) stated that performance is the level of workers producing goods and services, and the quantity produced increases.</p>	<p>The results suggest that a culture with efficient teamwork and goal clarity can boost performance, but solving the link takes much work. In addition, good leadership is essential for a strong culture.</p>
2	<p><b>Jufrizen, and Fahmi (2018)</b> The Influence of Organizational Culture and Organizational Commitment on Employee Performance</p> <p><b>Sample:</b> 114 employees</p> <p><b>Analysis Tool:</b> Questionnaire</p> <p><b>Method:</b> Quantitative</p>	<p><b>Organizational culture:</b> According to Ardana (2008), its members' strategy, vision, goals, and the norms of trust and understanding.</p> <p><b>Performance:</b> Mangkunegara (2009) stated that the indicators of performance, namely the results approach or the amount of work output produced by employees.</p>	<p>The results showed that work motivation had a positive and significant effect on employee performance, which was indicated by a coefficient of determination of 0.508</p>
3	<p><b>Paais and Pattiruhu (2020)</b> Effect of Motivation, Leadership, and</p>	<p><b>Organizational culture:</b> Pinder (2004) stated its members' strategies, visions,</p>	<p>The results of the coefficient of determination test showed that job 57.4%</p>

	<p>Organizational Culture on Satisfaction and Employee Performance</p> <p><b>Sample:</b> 355 employees</p> <p><b>Analysis:</b> Questionnaire</p> <p><b>Method:</b> Quantitative</p>	<p>goals, and the norms of trust and understanding.</p> <p><b>Performance:</b> Alvesson and Sveningsson (2015) presented that performance results from individual characteristics that appear in the form of mental attitudes and efforts always trying to improve the quality of work.</p>	<p>of satisfaction was influenced by motivation, leadership, and culture variables, while 73.5% of employee performance was influenced by motivation, leadership, culture, and job satisfaction variables.</p>
4	<p><b>Jufrizen and Rahmadhani (2020)</b></p> <p>The Influence of Organizational Culture on Employee Performance with Work Area as a Moderation Variable</p> <p><b>Sample:</b> 65 employees</p> <p><b>Analysis:</b> Questionnaire</p> <p><b>Tool:</b> SPSS</p> <p><b>Method:</b> Quantitative</p>	<p><b>Organizational culture:</b> According to Ardana (2008), its members' strategy, vision, goals, and the norms of trust and understanding.</p> <p><b>Performance:</b> Performance indicators of Mangkunegara (2009), namely by using the results approach or the amount of work output produced by employees.</p>	<p>The results of the study showed that organizational culture had a significant influence on employee performance at PT PLN (Persero). The work area could not strengthen or weaken the bond between organizational culture and employee performance.</p>

Source: curated reference, 2023

The organizational culture theory used is the one of Jufrizen and Ramadhani (2020). Meanwhile, the performance variable uses the theories from Tuala (2020), Mangkunegara (2005), and Alvesson and Sveningsson (2015). The difference lies in the organization under study and additional performance variable.

### **2.1.2. Influence of Organizational Culture on Job Satisfaction**

#### **1. N, Gordana, and Vladimir (2018)**

The study "The Influence of Organizational Culture on Job Satisfaction" by N, Gordana, and Vladimir (2018) aims to ascertain the impact of organizational culture on job satisfaction. Workers' job satisfaction can be impacted by internal organizations that are built by an organization's culture through established values and norms. This study developed two ideas regarding the relationship between organizational culture and job satisfaction. Two presumptions exist: the first holds that organizational culture influences job satisfaction by fusing norms, values, and different kinds of employee needs; the second holds that organizational culture influences job satisfaction independently of employee needs. The study, which used a sample of 324 employees from 16 different companies in Montenegro, found unique results. The results showed that employee job satisfaction levels significantly varied according to how organizational culture influenced the first or second way. This research showed that organizational culture did not affect job satisfaction levels when combined with employee needs. However, organizational culture could influence the level of job satisfaction through its values and norms. The similarity between the study and this current research is that they investigate the

same variables. The difference lies in the method, location, and addition of variables.

2. Primasheila et al. (2017)

Research conducted by Primasheila et al. (2017) entitled "The Influence of Organizational Culture on Employee Job Satisfaction of PT. Telkom Palembang Regional Office" aims to determine the influence of organizational culture on the job satisfaction of employees in PT Telkom Regional Office Palembang. This study's population consisted of all PT Telkom Kanwil Palembang employees, totaling 154 people. Then, from the 154 people, 61 respondents were taken as a research sample. Data was collected using the questionnaire method. In addition, this study also used interview and documentation techniques as the supporting data. Research by Primasheila et al. (2017) showed that organizational culture significantly affected the job satisfaction of PT Telkom Kanwil Palembang's employees. This research also revealed that a robust organizational culture would provide a sense of security and comfort, ultimately improving employee performance. In conclusion, increasing employee satisfaction and the environment itself could support employee performance.

3. Hewagama et al. (2019)

Research conducted by Hewagama et al. (2019) titled "Service Recovery through Empowerment? HRM, Employee Performance and Job Satisfaction in Hotels" used organizational culture as an independent variable, while the dependent variable is employee job satisfaction. The organizational culture theory used in this study is the theory presented by Quinn and Cameron. Quinn and Cameron stated that organizational culture can be divided into four types. Meanwhile, this study used the theory mentioned by Weiss et al. for job satisfaction, dividing job satisfaction indicators into factors. The research method carried out in this study was qualitative, collecting secondary data and then analyzing and drawing conclusions based on the data. The result of this study shows that organizational culture had a positive influence on employee job satisfaction. Thus, the stronger the organizational culture, the higher the level of employee job satisfaction. The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

4. Diana et al. (2021)

Research conducted by Diana et al. (2021) titled "Factors Influencing Employee Performance: The Role of Organizational Culture" examined the role of leadership style and organizational culture in predicting employee performance. The objectives of

this study are: 1) to determine the direct influence of Democratic Leadership on employee performance, 2) to determine the direct influence of Democratic Leadership on organizational culture, 3) to determine the direct influence of Organizational Culture on employee performance, 4) to examine the Role of Organizational Culture as a Mediation of the Influence of Democratic Leadership on Employee Performance. The respondents were all employees at the East Java Education Office. A sampling method was used to collect data using surveys and questionnaires from 106 employees at the Education Office of East Java, Indonesia. The data obtained were analyzed using Path Analysis with SPSS statistical software. The study had four findings. First, Democratic Leadership had a significant effect on Employee Performance. Second, Democratic Leadership also had a significant influence on Organizational Culture. Third, organizational culture had a significant effect on employee performance. Fourth, organizational culture mediated the influence of Democratic Leadership on Employee Performance. Furthermore, the direct influence of leadership style and mediating role contributed to knowledge. The results showed that implementing Democratic Leadership supported by a conducive organizational culture guided employees to perform better.

The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

**Table 2.2. Review of the Influence of Organizational Culture on Job Satisfaction**

No	Journal Article Identity	Variables and Theories	Analysis Results
1	<p><b>N, Gordana, and Vladimir (2018)</b> The Influence of Organizational Culture on Job Satisfaction <b>Sample:</b> 324 employees from 16 different companies in Montenegro <b>Analytical Tools:</b> questionnaires, interviews, observations, and documentation <b>Method:</b> Quantitative</p>	<p><b>Work Discipline:</b> Sinungan (2013) Goals and Abilities, Exemplary Leadership, Justice, Penalty Sanctions, Assertiveness, Humanitarian Relations. <b>Performance:</b> Sunyoto (2012), Employee productivity is as follows: Motivation, Education, Work Discipline, Skills, Work Ethics, Nutrition and Health, Income Level, Work Environment and Climate, Technology, Production Facilities, Social Security, and Opportunities for Achievement.</p>	<p>The results showed that organizational culture did not affect the level of job satisfaction when combined with employee needs. However, organizational culture could influence the level of job satisfaction through its values and norms.</p>
2	<p><b>Primasheila, et al (2017)</b> The Influence of Organizational Culture on Employee Job Satisfaction of PT. Telkom Palembang Regional Office <b>Sample:</b> PT Telkom Regional Office Palembang <b>Analytical Tools:</b> questionnaires, interviews, observations,</p>	<p><b>Work Discipline:</b> Sastrohadiwiryono (2007) stated that work discipline is an attitude of respect, respect, obedience, and obedience to applicable regulations. <b>Performance:</b> Hasibuan (2003) presented that performance is a comparison between output and input, where the output</p>	<p>The results showed that organizational culture significantly affected the job satisfaction of PT Telkom Kanwil Palembang employees. This research</p>



	and documentation <b>Method:</b> Quantitative	must have added value and be better.	strengthened the idea that a robust organizational culture would provide a sense of security and comfort, ultimately improving employee performance.
3	<b>Hewagama et al. (2019)</b> Service Recovery through Empowerment? HRM, Employee Performance and Job Satisfaction in Hotels <b>Sample:</b> 100 employees <b>Analysis Tool:</b> Questionnaire <b>Method:</b> Quantitative	<b>Work Discipline:</b> Siagian (2009) stated that discipline is a management action to encourage company members to fulfill the guidance of these various provisions. <b>Performance:</b> Hasibuan (2010) said that performance is a good way of utilizing resources in producing a good or bad service.	The results of this study showed that organizational culture had a positive influence on employee job satisfaction. Thus, the stronger the organizational culture, the higher the level of employee job satisfaction.
4	<b>Diana et al. (2021)</b> Factors Influencing Employee Performance: The Role of Organizational Culture <b>Sample:</b> 65 employees <b>Analysis Tool:</b> Questionnaire <b>Method:</b> Quantitative	<b>Work Discipline:</b> Siagian (2009) said that discipline is a management action to encourage company members to fulfill the guidance of these various provisions. <b>Performance:</b> Hasibuan (2010) stated that performance is a good way of utilizing resources to produce a good or bad service.	The results showed that implementing Democratic Leadership supported by a conducive organizational culture guided employees to perform better.

Source: curated reference, 2023

Three of the four studies concluded that the influence of organizational culture has a relationship with job satisfaction. The organizational culture theory used is the one of Sinungan (2013) and Sastrohadiwiryo (2007), while the performance variable used theories from Sunyoto (2012) and Hasibuan (2013). The difference lies in the industry studied with additional performance variables.

### **2.1.3. The Effect of Competence on Performance**

#### **1. Swanson et al. (2020)**

Swanson et al. (2020) conducted a study entitled "The Effect of Leader Competencies on Knowledge Sharing and Job Performance: Social Capital Theory". The study described the influence of leadership from a competency perspective, allowing academics to understand the different dimensions of leader quality and capacity. From this perspective, this study is based on social capital theory, proposing and testing a model that adheres to leader competence, knowledge sharing, employee job performance, and employee loyalty in the context of expatriate general managers. The study showed that leader competencies were critical to promoting knowledge sharing and improving employee job performance. Both knowledge sharing and employee work performance were found to have a direct effect on employee loyalty.

The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

## 2. Indarti (2018)

This research was conducted by Indarti (2018) entitled "The Effect of Competence and Compensation on Motivation of Employees and Its Impact on Employee Performance in the Personnel and Training Board of Karawang Regency". The results revealed that 1) Employee competence and compensation had very good criteria, while work motivation and employee performance had very high criteria; 2) Competency with compensation had a positive and significant correlation at a low correlation level with a correlation coefficient of 0.329; 3) Competency had a positive and significant effect of 11% on work motivation with a path coefficient of 0.255 and compensation had a positive and significant effect of 33.8% on work motivation with a path coefficient of 0.541; 4) Competency and compensation simultaneously had a positive and significant effect of 44.8% on work motivation; 5) Competency had a positive and significant effect of 14.7% on employee performance with a path coefficient of 0.298 and compensation had a positive and significant effect of 41% on employee performance with a path coefficient of 0.593; 6) Competency and

compensation had a simultaneous positive and significant effect of 55.7% on employee performance; 7) Work motivation had a positive and significant effect of 66.4% on employee performance with a path coefficient of 0.815; 8) Competency through work motivation had a positive and significant effect of 29.8% on employee performance and compensation through work motivation had a positive and significant effect of 59.3% on employee performance; 9) Competency and compensation through work motivation had a simultaneous positive and significant effect of 89.1% on employee performance.

The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

### 3. Rosmaini and Tanjung (2019)

Rosmaini and Tanjung (2019) investigated the effect of competence, motivation, and job satisfaction on employee performance. This type of research is associative research, in which multiple regression tests are performed for the hypothesis testing. The sampling technique used was saturated samples. The sample of this study included all employees within the scope of the Public Works and Public Housing Office of Aceh Tamiang Regency, totaling 80 people. Data processing employed SPSS software version 17, while the data analysis techniques used

classical assumption testing, multiple linear regression analysis, hypothesis testing, and determination coefficient testing. The results showed that competence partially had a positive and insignificant influence on employee performance, motivation had a positive and insignificant effect on employee performance, and job satisfaction had a positive and significant effect on employee performance. Simultaneously, competence, motivation, and job satisfaction significantly affected employee performance.

The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

#### 4. Manik and Syafrina (2018)

Manik and Syafrina (2018) conducted research entitled "The Effect of Competency on the Performance of Lecturers at Riau College of Economics." This study aims to determine the effect of competence on the performance of lecturers at STIE Riau. The population in this study included 54 lecturers of STIE Riau. The sample comprised 54 people using a sampling technique, specifically saturated sampling. Data analysis was performed using reliability tests, simple linear regression, R<sup>2</sup>, and t-tests. The tests were conducted to determine the effect of competence on the performance of STIE Riau lecturers. Based on the study's

results, competence with an R square value was 0.541, which means that competence contributed 54.1% to lecturer performance and had a positive and significant effect on the performance of lecturers with sig level. 0.000. The study concludes that the competency hypothesis is acceptable.

The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

**Table 2.3. Review of the Effect of Competence on Performance**

No	Journal Article Identity	Variables and Theories	Analysis Results
1	<b>Swanson et al., (2020)</b> The Effect of Leader Competencies on Knowledge Sharing and Job Performance: Social Capital Theory <b>Sample:</b> 70 employees <b>Analysis Tool:</b> Questionnaire <b>Method:</b> Quantitative	<b>Competence:</b> Katzenbach and Smith (1993) stated that a person's essential characteristics or human resource abilities allow them to bring out superior performance in carrying out tasks. <b>Performance:</b> Gremler and Gwinner (2000) said that performance determines an organization's progress, so employees must provide maximum service to the community.	The results showed that competencies are essential for promoting knowledge sharing and improving employee job performance. Both knowledge-sharing and employee work performance were found to affect employee loyalty directly.
2	<b>Indarti (2018)</b> The Effect of Competence and Compensation to Motivation of Employees and Its Impact on Employee Performance in the Personnel and Training Board of Karawang	<b>Competence:</b> Astuti (2016) presented a person's essential characteristics or human resource abilities that allow them to bring out superior performance in carrying out tasks. <b>Performance:</b>	The results revealed that competency had a positive and significant effect of 14.7% on employee performance with a path coefficient of 0.298, and compensation had a positive and

	<p>Regency  <b>Sample:</b> 85 Karawang District Personnel and Training Agency  <b>Analysis Tool:</b> Questionnaire  <b>Method:</b> Quantitative</p>	<p>Sutrisno (2017) said that performance is the relationship between output (goods or services) and input (labor, materials, money).</p>	<p>significant effect of 41% on employee performance with a path coefficient of 0.593. Moreover, the study revealed that competency and compensation had a simultaneous positive and significant effect.</p>
3	<p><b>Rosmaini and Tanjung (2019)</b>  The Effect of Competence, Motivation and Job Satisfaction on Employee Performance  <b>Sample:</b> 112 employees Public Works and Public Housing Office of Aceh Tamiang Regency  <b>Analysis Tools:</b> Questionnaires and documentation  <b>Method:</b> Quantitative</p>	<p><b>Competence:</b>  Kadarisma (2012) stated that a person's essential characteristics or human resource capabilities enable them to bring out superior performance in carrying out performance tasks.  <b>Performance:</b>  Sriramayani (2012) said that performance consists of several indicators: knowledge, skills, abilities, attitudes, and behavior.</p>	<p>The results showed that competence partially had a positive and insignificant influence on employee performance, and motivation had a positive and insignificant effect on employee performance.</p>
4	<p><b>Manik and Syafrina (2018)</b>  The Effect of Competence on the Performance of Lecturers of the Riau College of Economics  <b>Sample:</b> 75 teachers  <b>Analysis Tools:</b> Questionnaires and documentation  <b>Method:</b> Quantitative</p>	<p><b>Competence:</b>  Astuti (2016) stated that a person's essential characteristics or human resource capabilities allow them to bring out superior performance in carrying out tasks.  <b>Performance:</b>  Sutrisno (2017) said that performance is the relationship between output (goods or services) and input (labor, materials, money).</p>	<p>The results revealed that competence with an R square value was 0.541, which means that competence contributed 54.1% to lecturer performance and had a positive and significant effect on the performance of lecturers with GIS levels. 0.000. The study concludes that the competency hypothesis is acceptable.</p>

Source: curated reference, 2023

The review as shown in Table 2.3. proved that competence influences performance. The theories used to elaborate competency are foreby by Luthans (2012), Gomes (2003), and Kadarisma (2012). In addition, the performance theories are from Wirawan (2009), Wibowo (2007), and Hasibuan (2013). Furthermore, theories of performance used theory from Agung (2008) and Sutrisno (2017). The difference between those studies lies in the industry with additional performance variables.

#### **2.1.4. The Effect of Job Competence on Job Satisfaction**

##### **1. Bahari et al. (2019)**

Bahari et al. (2019) conducted a study entitled "The Effect of Competency and Incentives on Performance through Job Satisfaction of Bulukumba District Health Office Employees." In this study, competency had a positive effect on job satisfaction. This paper compared both theories, developed hypotheses relating to their assumptions and tested them empirically in two public offices in Switzerland. The authors then explored their relationship with job satisfaction as an indicator of predictive validity. There were 107 employees at the Bulukumba Regency Health Office, so saturated samples were used as a sampling technique. Furthermore, the data collection was conducted using questionnaires distributed directly to all respondents. The analytical method used in this study was path



analysis techniques with the help of SPSS software and Sobel tests. The research shows that (1) Competency positively and significantly affects employee job satisfaction. (2) Incentives positively and significantly affect employee job satisfaction. (3) Competency had a positive and significant effect on employee performance. (4) Incentives had a positive and significant effect on employee performance. (5) Job satisfaction positively and significantly affected employee performance. (6) Competency positively and significantly affected employee performance through job satisfaction. (7) Incentives positively and significantly affected employee performance through job satisfaction.

The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

## 2. Mubaroqah and Yusuf (2020)

Mubaroqah and Yusuf (2020) conducted a study entitled “The Effect of Work Motivation on Employee Job Satisfaction.” Their research findings revealed that work motivation influenced employee job satisfaction at the Bima City Agriculture Office. The research used a sample of 52 Bima City Agricultural Office employees using questionnaires, observations, and interviews accompanied by validity tests, reliability tests, simple regression,

simple correlation, determination tests, and t-tests. The study has similarities in work motivation and job satisfaction variables with this current research. However, there are differences in the research location.

The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

### 3. Suifan (2019)

Suifan (2019) conducted a study entitled "The Effects of Work Environmental Factors on Job Satisfaction with the Mediating Role of Work Motivation" that explores how work motivation mediates the relationship between work environment factors and job satisfaction. The data was collected through a questionnaire to middle and upper managers at Jordanian commercial banks. A total of 295 questionnaires were returned out of 500, with a response rate of 59%. Validity and reliability analysis was performed, and direct and indirect influences were tested using structural equation modeling. The results show that work motivation positively and significantly mediates the influence of work environment factors on job satisfaction. These findings were attributed to the work itself and its contextual factors, which contributed to employees' positive feelings towards their work, depending on the effectiveness of their work motivation. The

study filled a gap in the literature on how the psychological environment of the workplace affects work environment factors. The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

4. Hermawan (2019)

Hermawan (2019) conducted a study entitled "The Effect of Competence, Delegation of Authority and Job Satisfaction on the Performance of the State Civil Apparatus." It was exploratory research whose variables were measured by the Likert scale. The data collection method was conducted by interview, questionnaire, and documentation study. The population in this study was the entire State Civil Apparatus in the Financial Management Section of the Deli Serdang Regency government, which amounted to 54 people. The data was processed using SPSS software version 17, with descriptive analysis and hypothesis testing multiple regression analysis. The results showed that (1) the competency variable partially affected the performance of the State Civil Apparatus in the Financial Management of the Deli Serdang Regency Government.; (2) the variable of delegation of authority partially affected the performance of the State Civil Apparatus in the Financial Management of the Deli Serdang Regency Government; (3) the

variable of job satisfaction partially affected the performance of the State Civil Apparatus in the Financial Management of the Deli Serdang Regency Government.

The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

**Table 2.3. Review of the Effect of Competence on Job Satisfaction**

<b>No</b>	<b>Journal Identity</b>	<b>Variables and Theories</b>	<b>Analysis Results</b>
1	<p><b>Bahari et al. (2019)</b>            The Effect of Competence and Incentives on Performance through Job Satisfaction of Bulukumba District Health Office Employees  <b>Sample:</b> 107 employees of the Bulukumba Health Office  <b>Analytical Tools:</b> Questionnaire, Observation, and Interview  <b>Method:</b> Quantitative</p>	<p><b>Competence:</b>            Lusti and Siagian (2017) said that a person's essential characteristics are human resource capabilities.  <b>Job Satisfaction:</b>            Titisari (2014) stated that job satisfaction expresses one's feelings or attitudes toward one's work, promotion opportunities, relationships with colleagues, supervision, and satisfaction with the work itself.</p>	<p>Moderation analysis showed that employees with high PSM levels had more stable job satisfaction than their counterparts with low PSM.</p>

2	<p><b>Mubaroqah and Yusuf, (2020)</b> Work Environmental Factors on Job Satisfaction the Mediating Role of Work Motivation <b>Sample:</b> 52 employees of Bima City Agriculture Office <b>Analytical Tools:</b> Questionnaire, Observation, and Interview <b>Method:</b> Quantitative</p>	<p><b>Competence:</b> Lusti and Siagian (2017) said that the abilities and characteristics of Civil Servants need knowledge, skills, and behavioral attitudes to implement their duties and positions. <b>Job Satisfaction:</b> Luthans (2011) presented that job satisfaction includes the work itself, wages and welfare, supervision, colleagues and opportunities promotion.</p>	<p>In this research, a sample of 52 employees of the Bima City Agricultural Office used questionnaires, observations, and interviews accompanied by validity tests, reliability tests, Simple regression, simple correlation, determination tests, and t-tests.</p>
3	<p><b>Suifan (2019)</b> Effects of Work Environmental Factors on Job Satisfaction the Mediating Role of Work Motivation <b>Sample:</b> 295 employees of Jordanian commercial banks. <b>Analytical Tools:</b> Questionnaire, Observation, and Interview <b>Method:</b> Quantitative</p>	<p><b>Competence:</b> (Sutrisno, 2017) stated that competence is an individual's abilities and characteristics in the form of knowledge, skills, and behavioral attitudes needed to implement their duties and positions. <b>Job Satisfaction:</b> Robbins (2006) said that job satisfaction is the indicator of rewards and satisfaction. It includes autonomous authority, satisfaction with superiors, satisfaction with relationships among co-workers, and satisfaction with opportunities promotion.</p>	<p>Competencies were found to positively and significantly mediate the influence of work environment factors on job satisfaction.</p>

4	<p><b>Hermawan (2019)</b> The Effect of Competence, Delegation of Authority and Job Satisfaction on the Performance of the State Civil Apparatus <b>Sample:</b> 38 employees <b>Analytical Tools:</b> Questionnaire, Observation, and Interview <b>Method:</b> Quantitative</p>	<p><b>Competence:</b> Tubagus (2015) explained that competence is a person's abilities and characteristics in the form of knowledge, skills, and behavioral attitudes needed to implement their duties and positions. <b>Job Satisfaction:</b> Titisari (2014) presented that the indicators of job satisfaction include satisfaction with rewards, satisfaction with autonomous authority, satisfaction with superiors, satisfaction with relationships among co-workers and satisfaction with opportunities for promotion.</p>	<p>Competency partially affected the performance of the State Civil Apparatus in Government Financial Management. Job satisfaction affected the performance of the State Civil Apparatus in Government Financial Management.</p>
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Source: curated reference, 2023

Two of those studies have concluded that competence influences job satisfaction. Competency theories are from Robert (2001) and Robbins (2007). Meanwhile, the job satisfaction theories are from Wibowo (2015) and Janseen (2000). The difference lies in the industry studied with additional performance variables.

### 2.1.5. The Effect of Job Satisfaction on Performance

#### 1. Alhamdi (2018)

Alhamdi (2018) conducted research entitled “The Effect of Competence and Motivation on Employee Performance with Job Satisfaction as a Moderation Variable at Patra Semarang Convention Hotel.” In this study, competence and motivation

influenced employee performance and job satisfaction as moderation variables. This study used primary data collected through questionnaires with 60 respondents. The data obtained was processed using descriptive analysis and quantitative statistical analysis, in which it used multiple regression analysis to find the independent variable against the dependent variable. The results showed that competence and motivation affected employee performance and job satisfaction as moderation variables at Patra Convention Hotel Semarang. The study and this current research have the same variables. The difference lies in the method, location, and addition of variables.

2. Andrade and Westover (2018)

Andrade and Westover (2018) conducted a study entitled "Generational Differences in Work Quality Characteristics and Job Satisfaction." The study aims to determine whether job satisfaction increases with age and whether this is consistent across countries; and second, if individuals belonging to the same age group, who experience similar life conditions and events are considered to have similar attitudes and behaviors, differ in terms of job satisfaction, and if these differences can be compared across countries. In addition, this study provided a comparative analysis of the impact of age and generation differences on job satisfaction globally, based on non-panel

longitudinal data from the latest wave of the International Social Survey Program (Work Orientation IV, 2015). The study and this current research have the same variables. The difference lies in the method, location, and addition of variables.

3. Dhamija et al. (2019)

Dhamija et al. (2019) conducted a study entitled "Measuring Job Satisfaction: The Use of Quality of Work-Life Factors". The study evaluated five private banks in India and used multi-stage sampling techniques to collect the primary data. Respondents from various levels, namely executives, associates, and managers involved in customer-oriented interactions, participated in this survey. The analysis was done by applying descriptive statistics, regression analysis (the influence of work-life quality factors on job satisfaction), and statistic 2 (the relationship between work-life quality and job satisfaction with socio-demographic variables).

Then, the results were compared to Herzberg's theory of job satisfaction and showed a variance ( $R^2$  of 61.40 percent) in job satisfaction as explained by the construction of quality of work life. An uncondusive work environment confirmed a negative association with job satisfaction. The study foresees contributing helpful information to the top management level in the organization to improve overall employee job satisfaction. The



study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

4. Sinollah and Hermawanto (2020)

Research conducted by Sinollah and Hermawanto (2020) entitled "Performance Appraisal Analysis of Satisfaction and Its Impact on Performance" has several objectives. First, this study analyzed the effect of performance appraisals on employee job satisfaction. Second, it analyzed the effect of 22 performance appraisals on employee performance; and last, it analyzed the influence of job satisfaction on the performance of structural employees receiving performance allowances at the Ministry of Religion Office of Malang Regency. The data in this study were collected using the questionnaire method. The population in this study were all Malang Ministry of Religion officials who met the criteria for receiving performance allowances. Thus, the total population in this study was 49 people, which was entirely used as the research sample.

The results of this study stated that employee performance appraisal had no significant effect on employee job satisfaction, which means that although it influenced job satisfaction, it had a negligible effect. Furthermore, this study also revealed that performance appraisal affected employee performance. Lastly,

the findings revealed that job satisfaction significantly affected employee performance. The study and this current research have the same variables. The difference lies in the method, location, and addition of variables.

**Table 2.4. Review of the Effect of Job Satisfaction on Performance**

<b>No</b>	<b>Journal Identity</b>	<b>Variables and Theories</b>	<b>Analysis Results</b>
1	<p><b>Alhamdi (2018)</b> The Effect of Competence and Motivation on Employee Performance with Job Satisfaction as a Moderation Variable at Patra Semarang Convention Hotel</p>	<p><b>Job Satisfaction:</b> Wibowo (2011) stated that job satisfaction is a general attitude towards one's job, which shows the difference between the number of awards workers receive and the amount they believe they should receive.</p> <p><b>Performance:</b> Smith and Hullin (1969) said that performance included job satisfaction, salary/wages, promotion opportunities, supervision, coworkers, and improved performance.</p>	<p>Competence and motivation affected employee performance and job satisfaction as moderation variables at Patra Convention Hotel Semarang.</p>
2	<p><b>Andrade and Westover (2018)</b> Generational Differences in Work Quality Characteristics and Job Satisfaction <b>Sample:</b> 242 employees <b>Analysis Tool:</b> Questionnaire <b>Method:</b> Quantitative</p>	<p><b>Job Satisfaction:</b> Wibowo (2011) stated that job satisfaction is a general attitude towards one's job, which shows the difference between the number of awards workers receive and the amount they believe they should receive.</p> <p><b>Performance:</b> Smith and Hullin (1969) said that performance included job satisfaction, salary/wages, promotion opportunities, supervision, coworkers, and improved performance.</p>	<p>The results showed that work discipline had a positive influence on job satisfaction.</p>

3	<p><b>Gupta and Bag (2019)</b> Measuring of Job Satisfaction: The Use of Quality of Work Life Factors <b>Sample:</b> 155 Herzberg employees <b>Analysis Tool:</b> Questionnaire <b>Method:</b> Quantitative</p>	<p><b>Performance:</b> Simamora (2013) said that discipline is a form of self-control and routine employee training that shows the seriousness of the internal team. <b>Job Satisfaction:</b> Mardiono and Supriatin (2014) explained that job satisfaction is one of the main ways to manage organizational talent that creates job satisfaction for its employees.</p>	<p>The results showed a variance (R<sup>2</sup> of 61.40 percent) in job satisfaction as explained by the construction of quality of work life. An uncondusive work environment confirmed a negative association with job satisfaction.</p>
4	<p><b>Sinollah and Hermawanto (2020)</b> Performance Appraisal Analysis of Satisfaction and Its Impact on Performance</p>	<p><b>Job Satisfaction:</b> Mardiono and Supriatin (2014) explained that job satisfaction is one of the main ways to manage organizational talent that creates job satisfaction for its employees.</p>	<p>Employee performance appraisal had no significant effect on employee job satisfaction.</p>

Source: curated reference, 2023

As reviewed in Table 2.4, two studies have concluded that job satisfaction influences performance using theories from Gomes (2003) and Simamora (2013). Job satisfaction theories used those of Robbins (2007) and Gary Dessler (2010). The difference lies in the industry studied with additional performance variables.

### 2.1.6. The Effect of Competence on Performance Through Job Satisfaction

#### 1. Varona et al. (2021)

Varona et al. (2021) conducted research entitled "Building and Development of An Organizational Competence for Digital Transformation in *SMEs*." In this study, literature on digital transformation and organizational competencies was conducted

in Scopus and Web of Science to identify the digital challenges SMEs face and what digital capabilities they should develop to deal with them. The challenge is obtaining the necessary information to improve organizational competence of digital transformation models. Six experts were interviewed; three were academics, and the other three were professionals with management responsibilities in SMEs. The findings show that the study developed an enhanced organizational competency model for digital transformation that enabled SMEs to identify and develop the digital capabilities needed to advance in digital transformation, refined with the opinions of six experts consulted. The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

## 2. Panda (2019)

Panda (2019) conducted a study entitled "Employee Competencies Acting as an Intermediary on Measuring Organizational Productivity: A Review Perspective." In this study, work motivation and discipline positively affect job satisfaction, which is proven by the results showing that Organizational performance measurement was once again a very complex phenomenon, covering both qualitative and quantitative aspects. Therefore, measuring performance is meaningful in

financial growth and other factors that equally play an important role in assessing market share. This research highlighted the interconnectedness and essential role played by the competence of employees as intermediaries in assessing organizational performance. The study was written after an extensive literature review and focused on creating a document that provides a framework by clearly discovering the role of employee competencies. In this paper, employee competence serves as a mediating variable, organizational policy as an independent variable, and different performance components as a dependent variable. The study has similarities in work motivation, work discipline, and job satisfaction variables with this current research. However, the location of the study is different.

### 3. Indarti (2018)

Indarti (2018) conducted a study entitled "The Effect of Competence and Compensation on Motivation of Employees and Its Impact on Employee Performance in the Personnel and Training Board of Karawang Regency." In this study, work motivation and work discipline positively affect job satisfaction. The results showed that 1) Employee competence had outstanding criteria, Compensation had good criteria, Motivation Work and Employee Performance had very high criteria; 2) Competency with Compensation had a positive and significant

correlation at a low correlation level with a correlation coefficient of 0.329 ; 3) Competency had a positive and significant effect of 11% on Work Motivation with a path coefficient of 0.255 and Compensation had a positive and significant effect of 33.8% on Motivation Work with a path coefficient of 0.541; 4) Competency and Compensation simultaneously had a positive and significant effect of 44.8% on Work Motivation. The study and this current research are similar regarding the variables being investigated. The difference lies in the method, location, and addition of variables.

4. Priarso et al. (2021)

Priarso et al. (2019) conducted research entitled "The Effect of Transformational Leadership Style, Work Motivation, and Work Environment on Employee Performance Mediated by Job Satisfaction Variable in PT. Gynura Consulindo." In this study, work motivation and discipline positively affect job satisfaction. The independent variables in this study were transformational leadership style, work motivation, and work environment. The intervening variable in this study is job satisfaction, and the dependent variable is employee performance. The methodology of this study is descriptive causality, designed by testing hypotheses. The data was collected by distributing questionnaires to PT Gynura Consulindo employees. The sample

used in this study was 114 respondents from a population of 160 people based on Slovin's calculations. The results showed that job satisfaction factors in PT. Gynura Consulindo had a transformational leadership style, work motivation, and work environment. Furthermore, job satisfaction had a significant effect on employee performance. Thus, job satisfaction had a dominant role as a mediator in achieving employee performance. The study and this current research are similar in terms of the investigated variables. The difference lies in the method, location, and addition of variables.

**Table 2.5. Review of The Effect of Competency on Job Satisfaction**

No	Journal Article Identity	Variables and Theories	Analysis Results
1	<b>Analytical Tools:</b> Questionnaires and Observations <b>Method:</b> Quantitative Research model analysis method using Partial Least Square (PLS) with SMART PLS Ver 3.0 software.	<b>Job Satisfaction:</b> According to Kaswan (2017), job satisfaction drives the work produced by employees and companies.	Influence on employee performance.

2	<p><b>Priarso et al. (2019)</b> Leadership Style, Work Motivation, and Work Environment on Employee Performance That in Mediation by Job Satisfaction Variables in PT. Gynura Consulindo</p> <p><b>Sample:</b> 114 employees of PT. Gynura Consulindo. from a population of 160 people based on Slovin's calculations</p> <p><b>Analytical Tools:</b> Questionnaires and Observations</p> <p><b>Method:</b> Quantitative</p>	<p><b>Work Motivation:</b> Malayu (2015) said that work motivation is to question how to encourage the passion for work of employees so that they are willing to work hard by providing all abilities and skills mastered to realize company goals.</p> <p><b>Work Discipline:</b> Hasibuan (2003) explained that discipline is a person's awareness and willingness to obey all organizational rules and social norms that apply.</p> <p><b>Job Satisfaction:</b> As'ad (1995) stated that job satisfaction reflects employees' feelings towards their work.</p>	<p>The results showed that job satisfaction factors in PT. Gynura Consulindo had a transformational leadership style, work motivation, and work environment. Furthermore, job satisfaction had a significant effect on employee performance. Thus, job satisfaction had a dominant role as a mediator in achieving employee performance.</p>
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Source: curated reference, 2023

Two of those studies have concluded that competence is related to performance and job satisfaction. The theory of work motivation is from Rivai (2006), the work discipline uses theories from Hasibuan (2003) and Yudiningsih (2016), while job satisfaction uses theories from Siagian (2008) and Kaswan (2017). The difference lies in the industry studied with additional performance variables.

### 2.1.7. The Influence of Organizational Culture on Performance Through Job Satisfaction

#### 1. Supardi (2021)

Supardi (2021) conducted research entitled "The Influence of Competence, Organizational Culture Motivation, Lecturer Performance Mediated by Job Satisfaction at MMTC Yogyakarta." The results showed that the hypothesis proposed



was appropriate to explain that competence, motivation, and organizational culture had a positive and significant effect on the performance of lecturers at MMTC Yogyakarta High School. Other findings revealed that competence, motivation, and organizational culture through job satisfaction had a positive and significant effect on the work of lecturers at MMTC Yogyakarta High School. The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

2. Arif et al. (2019)

Arif et al. (2019) conducted a research entitled "Influence of Leadership, Organizational Culture, Work Motivation, and Job Satisfaction of Performance Principles of Senior High School in Medan City." In this study, work motivation positively influenced performance through job satisfaction. This study aimed to determine the theoretical performance model (fixed model) that can describe the causal relationship structure between exogenous variables and endogenous variables. This research was conducted at SMA Negeri Kota Medan in 2017 with a sample of 135 people. Selection of research variable data used valid and reliable questionnaires based on the results of rational analysis (Expert Judgment) and instrument trials of as many as 32 people from the study population. The data analysis

techniques consist of descriptive analysis, test requirements analysis, and path analysis with a significance level of 0.05. The results of the analysis revealed that  $H_0$  was rejected, while  $H_a$  was accepted. Thus, leadership, organizational culture, work motivation, and job satisfaction positively and significantly influenced the performance of high school principals in Medan City. The study and this current research are similar regarding the variables being investigated. The difference lies in the method, location, and addition of variables.

3. Suratman and Supriyantiningasih (2019)

Suratman and Supriyantiningasih (2019) conducted a study entitled "The Influence of Organizational Culture and Occupational Safety on Performance through Job Satisfaction as an Intervening Variable." This research is quantitative research using questionnaires as a tool to collect data. The data collection technique used census techniques with questionnaire instruments. This research was supported by 103 respondents from 114 teachers at SMK Negeri 1 Bawang. Data analysis employed SPSS 23, including multiple linear regression and path analysis with Sobel analysis. The results revealed the influence of organizational culture and work safety on partial job satisfaction, organizational culture, work safety, and job satisfaction had an influence on partial performance, and

organizational culture and work safety influenced performance with job satisfaction as the intervening variable. All coefficients were positive values that indicated a positive influence except for the effect of safety on performance, which had a negative coefficient number. The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

4. Al-dalahmeh et al. (2018)

Al-dalahmeh et al. (2018) conducted a study entitled "The Effect of Employee Engagement on Organizational Performance Via the Mediating Role of Job Satisfaction: The Case of IT Employees in Jordanian Banking Sector." In this study, there is a positive influence between work discipline and performance through job satisfaction. This study sought to investigate the effect of IT employee engagement on organizational performance by mediating job satisfaction for IT employees within the IT Department in the Jordanian banking sector. Quantitative research design and regression analysis were applied to 429 valid results obtained in the questionnaire-based survey. The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

**Table 2.6. Competency Review of Performance Thorough Job Satisfaction**

No	Journal Article Identity	Variables and Theories	Analysis Results
1	<p>Supardi (2021) The Influence of Competence, Motivation, Organizational Culture, Lecturer Performance Mediated Job Satisfaction at MMTC Yogyakarta</p> <p><b>Sample:</b> 83 employees working for the company</p> <p><b>Analysis Tool:</b> Partial Least Square (PLS).</p> <p><b>Method:</b> Quantitative</p>	<p><b>Organizational culture:</b> Sutrisno (2017) said that organizational culture is obedience to the rules of time, the rules of the organization or company, and other rules in the company.</p> <p><b>Performance:</b> Sutrisno (2017) said that performance is ability, which improves the results achieved, morale, self-development, quality, and efficiency.</p> <p><b>Job Satisfaction:</b> Vannecia et al. (2013) said job satisfaction is the job itself, employer, co-worker, promotion, and salary.</p>	<p>Work discipline (X1) has a significant effect on performance (Y) through job satisfaction (Z).</p>
2	<p><b>Zainudin and Hamid (2019)</b> The Influence of Leadership (X1), Organizational Culture (X2), Work Motivation (X3), and Job Satisfaction (X4) on the Performance of High School Principals (X5) in Medan City</p> <p><b>Sample:</b> 135 employees of SMA Negeri Kota Medan</p> <p><b>Analysis Tools:</b> Analysis (Path Analysis)</p> <p><b>Method:</b> Quantitative</p>	<p><b>Organizational Culture:</b> Hasibuan (2008) said that organizational culture is the driving force that creates a person's work enthusiasm so that they want to work together, work effectively, and integrate with all their power to achieve satisfaction.</p> <p><b>Job Competition:</b> Triton (2010) stated that job competition is an opportunity for employees to develop and highlight performance.</p> <p><b>Job Satisfaction:</b> Wibowo (2011) explained that job satisfaction is a general attitude towards one's job, which shows the difference between the number of awards workers</p>	<p>Path analysis with a significance level of 0.05. The analysis results revealed that Ho was rejected, while Ha was accepted. Thus, leadership, organizational culture, work motivation, and job satisfaction directly influenced the performance of high school principals in Medan City.</p>

		receive and the amount they believe they should receive.	
3	<p><b>Suratman and Supriyantiningih (2019)</b>  The Influence of Organizational Culture and Occupational Safety on Performance through Job Satisfaction as an Intervening Variable  <b>Sample:</b> 114 teachers at SMK Negeri 1 Bawang  <b>Analysis Tools:</b> SPSS  <b>Method:</b> Quantitative</p>	<p><b>Organizational culture:</b>  Schein and Sobirin (2007) said that work discipline is the awareness, willingness, and willingness of others to work in order to obey and comply with all applicable regulations.</p> <p><b>Performance:</b>  Sutrisno (2017: 100) stated that performance is a mental attitude that always seeks improvement to what already exists. It is a belief that someone can do a better job.</p> <p><b>Job Satisfaction:</b>  Rawashdeh et al. (2015) explained that job satisfaction is an employee's attitude towards work related to the work situation.</p>	<p>The results of the study found that the influence of organizational culture and work safety on partial job satisfaction, organizational culture, work safety, and job satisfaction had an influence on partial performance, and organizational culture and work safety had an influence on performance, with job satisfaction as an intervening variable. All coefficients were positive values that indicate a positive influence except for the effect of safety on performance, having a negative coefficient number.</p>

4	<p><b>Al-dalahmeh et al. (2018)</b> Employee Engagement on Organizational Performance Via the Mediating Role of Job Satisfaction: The Case of IT Employees in Jordanian Banking Sector</p> <p><b>Sample:</b> 429 IT Employees in Jordanian Banking Sector</p> <p><b>Analysis Tool:</b> Partial Least Square (PLS).</p> <p><b>Method:</b> Quantitative</p>	<p><b>Competencies:</b> Sekhar et al. (2013) and Steer (1994) also argue that motivation aims to enable employees to increase productivity, increase efficiency, and improve overall organizational performance.</p> <p><b>Job Satisfaction:</b> Al-Fayoumi and Abuzayed (2009) said job satisfaction lies in the satisfaction on the job, salary/wages, the opportunity to be promoted, supervision, and coworkers.</p> <p><b>Performance:</b> Obeidat et al. (2013) said that performance is ability, increasing results, morale, self-development, quality, and efficiency.</p>	<p>The results showed that IT employee engagement significantly affected organizational performance, and the three dimensions, vigor, sorption, and dedication, contributed significantly to organizational performance. The results also showed that IT employee engagement positively and significantly affected job satisfaction.</p>
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Source: curated reference, 2023

In Table 2.6., two studies concluded that competency theory has a relationship between performance and job satisfaction using theories from Sutrisno (2017) and Fathoni (2014). Then, the performance uses theories from Siagian (2008) and Sinungan (2016). Meanwhile, job satisfaction uses theories from Hasibuan (2009) and Robins (2014). The study and current research are similar in that they investigate the same variables. The difference lies in the method, location, and addition of variables.

## 2.2. Theoretical Foundation

### 2.2.1. Organizational Culture

#### a. Understanding Organizational Culture

A company's organizational culture consists of its members' shared values, strategies, vision, goals, and norms of trust and understanding. These elements guide all business aspects and help shape employee attitudes and behaviors. In short, building a thriving organizational culture requires a strategy that can be used as one of the cornerstones of organizational competitiveness. Employees who work for companies with a solid organizational culture clearly know how to handle any issues that arise. Culture also offers organizational stability.

Culture within an organization serves as a code of conduct for its members. Organizational culture is a system of disseminating ideas and values that develops within an organization and guides its members' behavior. It may be its primary competitive advantage if the organizational culture supports its strategy. Organizational culture is a collection of assumptions or belief systems, values, and standards that are formed within an organization and used by its employees as behavioral guidelines to cope with difficulties of external adaptation and internal integration (Mangkunegara, 2005, p. 113). In a book entitled *Introduction to Business Administration*, Harvey and Brown (2009) described organizational culture as a system of shared values and beliefs that interact with people, structures, and organizational processes to establish norms and behavior.

According to Robbins (2006: 108), a strong organizational culture is a culture in which the organization's core values are held intensively and shared widely by the members of the organization. There are two factors in determining the strength of organizational culture: togetherness and intensity. Togetherness can be shown by the degree of similarity that members of the organization have about the core values that are shared together.

Based on this knowledge, it can be concluded that organizational culture is a collection of assumptions or belief systems, values, and norms that are accepted by each member of the organization and used as a guide to shape and direct behavior in overcoming difficulties related to change.

#### 1. Understanding Organizational Culture in an Islamic View

People cannot live alone. Most of the goals can be fulfilled if there is social interaction with others. As social creatures, humans cannot live independently because they have needs for other humans. That is why humans usually gather and form groups called organizations. Other organizational behaviors, norms, and values in established culture can also add to the ethical climate in the organization. In this case, one should start with the point of departure of individual ethical values. Some people are committed to behaving ethically



(Meiyani, 2019). From a spiritual perspective, Islamic teachings are also concerned with spiritual enforcement in the culture and behavior of humans who are active in organizations. The spiritual aspect of organizational culture can be seen from three aspects, namely:

- a. Generation: contains the value of courtesy, forgiveness, compensation, eliminating difficulties, and giving help.
- b. Motivation for filial piety: a Muslim should intend to give the devotion expected by society.
- c. Remember Allah as the top priority; a Muslim is commanded to always remember Allah, even amid hectic situations. This awareness should be the trigger in all his actions.

All business activities should be in harmony with morality and the central values outlined by the Qur'an. The Qur'an affirms that every action and transaction should be shown for the nobler purpose of life. Muslims are commanded to seek happiness hereafter by using Allah's blessings in the best way possible (Syihabuddin, 2019).

## 2. Building An Organizational Culture of Muslim Employees

An Islamic company should have a set of values in itself. These values are derived from the Qur'an and Sunnah and are combined with the Islamic code of ethics. Unfortunately,

many Islamic companies feel compelled to adopt foreign values when they deal with global, secular corporations. Changing the culture of an organization is often traumatic and time-consuming, depending on which level of culture the leader wants to change (Rijal, 2019).

b. Function of Organizational Culture

Feter F. Druicker in P, Tika (2006), in his book entitled "Organizational Culture and Improving Company Performance", stated that there are ten main functions of organizational culture as follows:

1. As a distinguishing line between the environment, the organization, and other groups. This limiting nature results from the existence of a particular identity held by one organization or another group.
2. As a modeling agent for the members of an organization. It is part of the shared commitment of the members of the organization. As employees of an organization or company, they feel proud. Employees feel a sense of belonging, involvement, and responsibility for the company's growth.
3. Encouraging the stability of a social system as seen in workplaces where conflict and change are successfully addressed, and the work environment is seen as pleasant and supportive.

4. As a tool to direct and shape the attitudes and actions of an organization's members. The general meaning given by a strong culture guarantees that everyone is directed in the same direction despite the growth of control mechanisms, flattening of structures, recognition teams, and empowerment of organizational members by the organization.
5. As a liaison. Due to emerging sub-cultures, organizational culture can be used as an integrator. Large companies with different subcultures in each unit are more likely to experience circumstances.
6. Creating the behavior of an organization's members. This role is designed to help the members understand how to achieve a goal.
7. As a recommendation to address the main problems of an organization. Issues of internal integration and adaptation to the external environment must be resolved through organizational culture.
8. As a reference in preparing marketing planning, market segmentation, and determining the positioning that the company will master.
9. As a means of communication. Organizational culture can serve as a means of communication between superiors and

subordinates or vice versa, as well as between members of the organization. Culture as a means of communication is reflected in aspects of communication that include words and everything material and behavioral.

10. As an obstacle to innovation. Organizational culture can also be an obstacle to innovation. This occurs when the organizational culture cannot address issues concerning the external environment and internal integration.

Therefore, the function of organizational culture deals with a control guideline in shaping employee attitudes and behavior in solving organizational problems through values and norms adopted for more innovation. Organizational culture can also function as control over the attitudes and behaviors of organizational members in achieving goals.

c. Types of Organizational Culture Characteristics

Robbins (2006), in his book entitled "Organizational Culture and Improving Company Performance", stated that there are ten characteristics of organizational culture as follows:

1. Individual initiative is the level of responsibility, freedom, or independence each organization member has in expressing opinions. Such individual initiative needs to be valued by the group or leadership of an organization as far as the idea of

advancing and developing the organization or company is concerned.

2. Tolerance for risky actions. An organizational culture is said to be good if it can tolerate members or employees acting aggressively and innovatively to advance the organization and dare to take risks for what it does.
3. Briefing refers to how an organization can clearly create desired goals and expectations. These goals and expectations are clearly stated in the organization's vision, mission, and goals. This condition can affect the performance of the organization.
4. Integration refers to the extent to which an organization can encourage organizational units to work in a coordinated manner. The compactness of these units can encourage the quality and quantity of work produced.
5. Management support is the extent to which managers can provide clear communication, direction, assistance, and support to subordinates.
6. Control tools that can be used are regulations or norms that apply in an organization.
7. Identity: Intended for the extent to which members of an organization can identify themselves as a unit within the

organization and not as a specific workgroup or specific professional expertise.

8. Reward system: intended for the extent to which the allocation of rewards (salary increases, promotions, etc.) is based on employee work performance, not based on seniority, favoritism, and so on.
9. Tolerance for conflict: The extent to which employees are encouraged to raise conflicts and criticisms openly. Dissent is a phenomenon that often occurs in an organization. However, diverse opinions and criticism can be used to improve or change strategies to achieve organizational goals.
10. The extent to which the hierarchy of authority limits communication. Sometimes, the hierarchy of authority can hinder the pattern of communication between superiors and subordinates or between employees themselves.

d. Factor Influencing Organizational Culture

There are several elements that influence the formation of organizational culture. Deal and Kennedy (2000), in their book entitled "Corporate Culture: The Roles and Rituals of Corporate", put forward five elements as follows:

1. An organization's environment to adapt correctly to the opportunities and challenges of the environment determines its ability to survive. The business environment affects what

a company must do to succeed. The affected business environment includes goods produced, rivals, clients, suppliers, technology, government regulations, and others. Therefore, organizations must take action to manage this environment, such as setting rules for the sale of new technologies or controlling spending when faced with market realities that differ from their own.

2. Values are fundamental ideals upheld by an organization. Every company has a set of core values that guide how everyone should think and behave to achieve organizational goals or objectives. Due to the unique differences in feelings from other organizations, the fundamental values held by the organization's members can form slogans or mottos that can identify the members and become customer expectations for the company's products and excellent service.
3. Role models who effectively realize cultural ideals in real life are known as heroes. Heroes may be people who have successfully built the ideals of the company or founders of the company, managers, groupings of organizations, or all of the above. These heroes can promote idealistic thinking and excitement and provide resources for counsel in times of organizational difficulty or trouble.

4. Rituals are repetitive patterns of action that reveal and reaffirm an organization's fundamental beliefs, which goals, people, and objectives are essential and which can be sacrificed.
5. Cultural networks are the main communication lines and informal communication networks. Its duties include the dissemination of information and the interpretation of information. The greatness of an organization is sometimes shared through informal networks.

e. Organizational Culture Indicators

Organizational culture is an agreement on the behavior of organizational members who always try to create efficiency, creativity, and error-freeness and focus on results. Wirawan (2007: 129) put forward organizational culture indicators as follows:

1. Norms: A standard of behavior is displayed, including guidelines on what should be done. Norms for implementing behavior determine employee responses to what is considered appropriate and inappropriate in certain situations. Norms in an organization are essential because they regulate employee behavior so that employee behavior can be predicted and controlled.



2. Implementation of observed behavioral regularities of rules of conduct that must be adhered to. Members of an organization interact with each other using common manners, terms, and language that reflect a kind and respectful attitude. Values are guidelines or beliefs organizations use to behave when faced with situations in which they must make choices that are closely related to morals and codes of ethics that determine what to do.
3. Organizational trust relates to what the organization thinks is right and wrong. Trust describes the moral characteristics of the organization or the organization's code of ethics; for example, providing a minimum wage per decent needs will increase employee motivation.
4. Philosophical rule: Some guidelines must be obeyed if joining an organization. New members must learn to be accepted into the organization.
5. Oriented to all member interests: The teamwork by the members will be related to other teams that are different from the tupoksi. If members carry out their duties carefully and carefully, they will always be oriented toward fellow members in order to achieve organizational targets.
6. Dominant values are guiding values, which are the most essential values in the organization that are expected to be

embraced by its members. Examples are high product quality, low attendance rates, or high levels of efficiency.

7. Organizational climate: The feeling about the organization as a whole as reflected by the layout of the organization, the way members interact, and how they relate to customers or environments outside the organization.

Organizational culture is a value system acquired and developed by the organization and its founders' essential habits and philosophies, which are formed into rules that are used as guidelines for thinking and achieving organizational goals. A culture that grows strong can spur the organization towards better development. Further, Robbins (2006: 87-89) said cultural change can be done by:

1. Making management behavior a model.
2. Creating new histories, symbols, customs, and beliefs according to the desired culture.
3. Selecting, promoting, and supporting employees.
4. Redefining the socialization process for new values.
5. Changing the reward system with new values.
6. Replacing unwritten norms with formal or written rules.
7. Randomizing subcultures through job rotation.

8. Improving group cooperation by formulating the following indicators of organizational culture: mission, consistency, adaptability, and involvement.

### **2.2.2. Competencies**

- a. Definition of Competency

Competence is a person's primary characteristic or ability of human resources that allows them to bring out superior performance in carrying out the duties and responsibilities given to them with adequate education, training, and experience.

Competence is the skills and knowledge derived from the social and work environment that are absorbed, mastered, and used as instruments to create value by carrying out duties and work as well as possible (Moradi, 2019). Competency levels are needed in order to determine the expected level of performance for good or average categories. Determining the required competency threshold will be a basis for the selection process, succession planning, performance evaluation, and HR development.

The State Civil Service Agency in Sudarmanto (2014: 49) defined competence as the abilities and characteristics possessed by a Civil Servant in the form of knowledge, skills, and behavioral attitudes needed in the implementation of duties and positions so that the Civil Servant can carry out his duties professionally, effectively and efficiently.

In addition, Ruky (2013: 106) defined competence as a combination of skills, knowledge, and behavior that can be observed and applied critically for the success of an organization and work performance and personal contribution of employees to the organization.

Meanwhile, the International Federation of Accountants (2014) in IAESB: Handbook of International Education Pronouncements defined competence as the ability to perform job roles per established standards regarding the work environment. To demonstrate competence in his or her role, a professional accountant must possess (a) the necessary professional knowledge, (b) professional skills, and (c) professional values, ethics, and attitudes.

According to Mangkunegara (2013), human resource competencies are as follows: "Competence is related to knowledge, skills, abilities and personality characteristics that directly affect their performance."

According to Desiana et al. (2015), "Competence is the ability and characteristics possessed by a person in the form of knowledge, skills and behavioral attitudes needed in carrying out the duties of his position in his work environment. The level of competence is needed in order to determine the expected level of performance for the good or average category. Determining

the required competency threshold will undoubtedly be used as a basis for selection, succession, succession planning, performance evaluation, and Human Resource development.

Based on the description above, it can be concluded that human resource competence is the essential nature possessed or part of the personality that is deep and inherent to a person and predictable behavior in various circumstances and job duties as an encouragement to have achievements and the desire to strive to carry out tasks effectively. The prediction of who performs well and who is less well can be measured by the criteria he or she uses and the standards used. This competence discrepancy distinguishes a superior actor from a person with limited achievement. Limited competencies and unique competencies for a particular job are patterns or guidelines in employee selection (personal selection), succession planning, work appraisal (performance appraisal), and development (development).

b. Principles in Competency Objectives

The leader should be able to motivate staff to maintain morale. Motivation can come from within the employee if he feels comfortable or from the company's offer. In addition, leadership should also provide motivation, starting from appropriate and fair attention, recognition, and rewards, so that people are

encouraged to complete their tasks effectively. Similarly, staff will be urged to take their work seriously. The following are descriptions of the principles of competency according to Mangkunegara (2017: 101):

1. The concept of participation,
2. Communication principles,
3. The premise of the subordinate part,
4. The principle of transfer of power, and
5. Recognizing the principle of giving attention.

According to the previous perspective, the concept of motivation can be used as a guideline and encouragement for a person to complete or carry out an activity or work as effectively as possible to achieve excellent performance. Hutapea and Thoha (2008: 16-18) explained that the use of Human Resources (HR) competencies in organizations or companies in general is for job design, job evaluation, recruitment and selection, organization design and development, and shaping and strengthening values and culture (company culture).

The following is a description of the purpose of competence:

1. Job Design
2. Job Evaluation
3. Recruitment and Selection

4. Organization Formation and Development (Organization Design and Development)
5. Shaping and Strengthening Values and Culture (Company Culture)

Some descriptions of the objectives of human resource competencies above can be described as follows:

1. Technical competence: This can be used to describe job functions, roles, and responsibilities in an organization. The amount of these functions, roles, and responsibilities depends on the company's goals, size, and level of work performed.
2. Job Evaluation: Competency can be used as a job weighting factor to evaluate jobs. The knowledge and skills required to carry out the job and the job challenges are the most significant components in determining the weight of a job.
3. Recruitment and selection: The formation of an organization is usually followed by the formation of jobs and the determination of the requirements or qualifications of people who are worthy of carrying out the jobs.

Competency can be used as one of the components of position requirements, which is then used as a guideline to select prospective employees.

1. Organization Design and Development: A strong organization is an organization that has a robust foundation

framework. The foundation's strength is determined by the technical ability, organizational values or culture, and the motivation of the organization's employees. Those should be based on the vision and mission of the organization.

2. Forming and Strengthening Values and Culture (Company Culture): The role of behavioral competence is vital to forming and developing a company's cultural values (culture).

c. Factors Affecting Competency Type

Different types of competencies are associated with aspects of human behavior and their ability to demonstrate their behavioral abilities, and some of these types of competencies, according to Wibowo (2013: 91), are as follows:

1. Planning competency: Associated with specific actions, such as setting goals, assessing risks, and developing a sequence of actions to achieve goals.
2. Influencing competency: Associated with actions such as impacting others, forcing specific actions, making certain decisions, and inspiring others to work toward organizational goals.
3. Communication competency: Comes in the form of the ability to speak, listen to others, and communicate both written and nonverbally.



4. Interpersonal competency: Includes empathy, consensus building, networking, persuasion, negotiation, diplomacy, conflict management, respect for others, and being a team player.
5. Thinking competency: Associated with strategic thinking, analytical thinking, commitment to action, cognitive abilities, identifying links, and generating creative ideas.
6. Organizational competency: Includes the ability to plan work, organize resources, get jobs, measure progress, and take calculated risks.
7. Human resources management competency: The ability in the field of team building, encouraging participation, developing talent, seeking performance feedback, and respecting diversity.
8. Leadership competency: A competency that includes skills in self-positioning, organizational development, managing transitions, strategic orientation, building vision, planning for the future, mastering change, and pioneering workplace health.
9. Client service competency: A competency in the form of identifying and analyzing customers, service and delivery orientation, working with customers, following up with customers, building partnerships, and commitment to quality.

10. Business competency: A competency that includes financial management, business decision-making skills, working in systems, using business acumen, and generating income.
11. Self-management competency: Related to being self-motivated, acting with confidence, managing self-learning, demonstrating flexibility, and taking initiative.
12. Technical/operational competency: Related to performing office tasks, working with computer technology, using other equipment, demonstrating technical and professional skills, and getting used to data and numbers.

d. Competency Characteristic Indicators

Quality competence is undoubtedly a benchmark that can be used as a benchmark or comparison to determine quality competencies. This limitation or benchmark can be used as a basis to determine the personal quality of human resources. According to Darmayanti (2014: 286), the characteristics of competence are as follows:

1. Knowledge: Includes knowledge of financial accounting and other related sciences and knowledge of business activities and organizations.
2. Skills: Covers technical and functional skills, intellectual skills, organizational skills, personal skills, communication, and intrapersonal skills.

3. Attitude: Having a commitment to the public interest and sensitivity to social responsibility, self-development, continuous learning, reliability, responsibility, punctuality, and mutual respect, and obeying applicable penalties and regulations.

Basically, many indicators affect employee competence.

According to Ruky et al. (2013), the indicators are:

1. Personal traits: The physical characteristics and reactions or responses that are carried out consistently to a situation or information.
2. Self-concept: A set of attitudes, value systems, or self-image that a person has.
3. Knowledge: Information that a person has about a specific area.
4. Skill: The ability to perform specific physical or mental tasks.
5. Motives: Something that is consistently thought or desired by a person, which will then direct, guide, and choose a specific behavior towards a number of actions or objectives.

The components of knowledge, skills, and behavioral attitudes, according to the International Federation of Accountants (2014), are as follows:

1. Intellectual skills.
2. Technical and functional skills.

3. Personal skills.
4. Interpersonal and communication skills;
5. Organization and business management skills.
6. Public interest and sensitivity to social responsibility.
7. Continuous improvement and lifelong learning.
8. Reliability, responsibility, punctuality, courtesy, and respect.
9. Laws and regulations.

Meanwhile, according to Spencer and Spencer in Sudarmanto (2014: 53) there are 5 (five) characteristics of competence:

1. Motives: Things that a person thinks or wants consistently that give rise to actions. Motives will drive direct behavior toward specific actions or goals.
2. Traits: Behavioral attitudes that make people behave or how someone responds to something in a certain way. For example, self-confidence, self-control, stress resistance, and hardiness.
3. Self-concept: The attitudes and values that a person has. The values that a person upholds, as well as an attitude towards something ideal, aspired to that is embodied in his work or life, influences the individual in relating to other people.
4. Knowledge: Information a person has for a particular field and in a certain era (specific field). Knowledge is a complex competency. Usually, knowledge tests measure the ability to

choose the correct answers but cannot see if a person can do the job based on his knowledge.

5. Skill: The ability to carry out a certain physical and mental task. Physical ability is the ability to perform tasks that demand stamina, strength, and dexterity. In contrast, mental abilities are related to intellectual abilities possessed by individuals, such as the ability to think and solve problems.

Spencer in Sudarmanto (2019: 53) said that self-concept, disposition, traits, and competence motives are more hidden, deep, and different at the central point of a person's personality. They also tend to be challenging to develop in training and development programs. In the meantime, knowledge and expertise competencies tend to be more tangible and relatively different on the surface as one of the characteristics humans possess and are easily developed in training programs and human resource development.

### **2.2.3. Performance**

#### **a. Definition of Performance**

Performance is an integral part of an organization or company agency. It can be interpreted as an overview of the level of achievement of the implementation of the goals, objectives, mission, and vision of the company's organization as stated in the strategy plan of an organization.

Employee performance is natural behavior, such as work achievements demonstrated by employees following their role in a company or organizational agency. Good employee performance is one of the most important factors in an organization's efforts to increase productivity. An employee's performance in a company or organization is an individual thing because each employee has a different ability to do their duties. According to Hindriari (2018), performance results from profit-oriented and non-profit-oriented organizations generated over time. According to Faslah and Savitri (2017), performance is the relationship between productive system inputs and outputs.

According to Mangkunegara (2017: 67), performance (work performance) results from the quality and quantity an employee achieves in carrying out their duties under their responsibilities. Another opinion by Armstrong and Baron in Saleh and Utomo (2018) is that performance results from work that strongly relates to the organization's strategic objectives, customer satisfaction, and economic contribution.

Performance is the result of a process that is measured over a certain period based on predetermined terms or agreements. According to Sutrisno (2010: 172), performance is the result of employee work seen from the aspects of quality, quantity,

working time, and cooperation to achieve the goals set by the organization.

From the theories above, it can be concluded that performance results from employee work in completing activities to realize an organization's goals, visions, and mission. Thus, researchers conclude that the definition of performance is a work result of an employee in a process or the implementation of duties according to his responsibilities in a certain period that can affect the achievement of a particular organization.

b. Factor Affecting Performance

In the world of work, there are many factors that can affect employee performance in carrying out their responsibilities. The factors may come from internal and external companies, the employees themselves, and the environment around the company. If employee performance is good, then the targets and objectives to be achieved in a company will be easier to achieve. Conversely, if employee performance could be better, then the targets and objectives to be achieved in a company will be more challenging to achieve.

From the description that has been described earlier, the researcher puts forward some experts' opinions about the factors that affect performance. According to Mangkunegara (2017: 67) the factors that affect performance achievement are as follows:

## 1. Ability Factor

Employees' abilities consist of potential abilities (IQ) and reality abilities (knowledge skills). Employees with an above-average IQ, adequate education for their position, and skills in doing daily work will find it easier to achieve the expected performance. The company or organization is in dire need of people with an above-average IQ. Therefore, employees need to be placed in jobs that fit their expertise.

## 2. Motivational Factors

Motivation is formed from an employee's attitude when dealing with work situations. Motivation is a condition that moves employees to achieve organizational goals (work goals). A mental attitude is a mental condition that encourages employees to strive to achieve maximum work expectations.

Armstrong and Baron (2005) suggested several factors that affect performance:

1. Personal factors: indicated by the level of skill, competence, motivation, and commitment of the individual.
2. Leadership factor: determined by the quality of encouragement, guidance, and support by managers and team leaders.



3. Team factors: demonstrated by the quality of support provided by colleagues.
4. System factor: indicated by the existence of a working system and facilities provided by the organization.
5. Contextual situational: indicated by high levels of pressure and changes in the internal and external environment.

According to Gilmore and Fromm as quoted in Sedarmayanti (2009), the following are markers of performance:

1. His actions/behaviors are productive. The employee takes steps that will facilitate the achievement of organizational goals.
2. Believe in yourself. A person's confidence can enhance his talent, allowing him to increase his production as well,
3. Responsible. A strong sense of responsibility will increase work enthusiasm, morale, and achievement of company goals.
4. Having a positive contribution to the environment (creative, imaginative, and innovative).
5. Having a love for work.
6. Having a foresight.
7. Being able to overcome problems and to adapt to changing environments.
8. Having the power to bring out self-potential.

The working indicators, according to Sutrisno (2017), are as follows:

1. Ability. Having the ability to get things done. The ability of a worker largely depends on his talent and professionalism. This gives them the capacity to fulfill the tasks assigned to them.
2. Increasing the results achieved and striving to improve the achievements obtained. The results can be felt by the individual who does the work and those who benefit from it. Thus, efforts are made to maximize the work of each individual who works on a project.
3. Self-development. Always strive to strengthen talents at work. Self-improvement can be achieved by examining the difficulties and expectations that will be faced. Self-improvement is a fundamental need. Similarly, the goal of being better will significantly influence workers' motivation to improve their skills.
4. Morale. Passion for one's work is an attempt to outweigh yesterday's performance. This can be determined by comparing today's work ethics and results with those of the previous day.
5. Quality. Constantly strive to improve quality in the past. Quality is a work product that indicates the work quality of

an employee. Therefore, quality improvement seeks to deliver the most remarkable results, which will greatly benefit the company and the employees themselves.

6. Efficiency. Comparison between the results produced and the overall resources used. Input and output are working factors that have a substantial effect on workers.

In addition, according to Tarwaka, Solichul, and Sudiajeng (2004), the following variables can affect the work of employees:

1. Motivation. It is the force or motor that drives one's actions towards a specific goal and includes all the talents acquired to achieve it.
2. Discipline. It is a mental disposition that manifests itself in the behavior of a group or society in the form of conformity or compliance with applicable rules, regulations, ethical standards, and laws.
3. Work ethic. It measures how much one gets work done and continually strives for the best results in every task.
4. Skills. The amount of work achieved will be determined by technical and management expertise. Thus, everyone must always master technological skills, especially the latest technical advances.
5. Education and teaching. The level of education should be improved through formal or informal education as every

technology company needs trustworthy information, skills, and talents to master.

Based on the criteria mentioned above, it can be argued that the factors include work attitude, skills, work ethic, disciplined attitude towards time and self, education, discipline, continuous improvement, improvement of work quality, challenging work assignments, physical condition of the workplace, self-building actions, having a sense of responsibility, ability, love of work, foresight, able to solve problems and adapt to changing environments, make a positive contribution to the environment, and have a positive impact on the environment (creative, imaginative).

c. Performance Indicators

In an organization, performance appraisal is one of the essential factors for the success of performance management. For many organizations, performance appraisal aims to improve the performance of individuals within the organization. Performance appraisals need to be done with a good and correct measuring tool or technique following the conditions of a company or organizational agency to minimize negative things for employees.

Employee performance can objectively and accurately be evaluated through performance-level benchmarks. The

measurement means allowing employees to know their performance level.

According to Wibowo (2007: 85), there are several performance indicators, namely:

1. Purpose

Goals are different circumstances that an individual or organization actively seeks to achieve. A goal is a better situation that a person wants to achieve in the future. Thus, the goal indicates which direction the performance should be carried out. To achieve the goal, performing individuals, groups, and organizations is necessary.

2. Standard

A standard is a measure of whether a desired goal can be achieved. With standards, it can be known when a goal will be achieved. A person's performance is successful if he can achieve standards determined or mutually agreed upon between superiors and subordinates.

3. Feedback

Feedback reporting progress, both quality and quantity, in achieving the goals defined by the standard. Feedback is vital when considering "real goals". Feedback is the input used to measure performance progress, performance standards, and goal achievement.

4. Tools or means.

Tools or means are supporting factors to achieve goals.

Without tools and means, specific job tasks cannot be performed, and goals cannot be completed as they should.

With tools or means, it is possible to do the job.

5. Competence

Competency is a key requirement in performance.

Competence allows a person to realize the work-related tasks necessary to achieve goals.

6. Motivation

Managers motivate employees with monetary incentives, provide recognition, set challenging goals, set affordable standards, ask for feedback, and provide freedom of work, which includes the time to perform work, providing necessary resources, and eliminating actions that disincentivize employees.

7. Chance

Workers need to get the opportunity to show their work performance. The opportunity includes getting tasks to gain higher priority and getting more attention.

Sudarmanto (2015: 14) suggests performance measures in the quality dimension are as follows:

1. Reliability: Includes consistency of performance and reliability in service; accurate, true, and precise.
2. Responsiveness: The desire and readiness of employees to provide services on time.
3. Competence: Expertise and knowledge in providing services.
4. Access: Services that are easily accessible to service users.
5. Decency: Includes courtesy, respect, care, and friendliness with service users.
6. Communication: Ability to explain and inform services to the service users well and can be understood easily.
7. Honesty: Includes honesty and trustworthiness in providing service to customers.
8. Security: Includes free from danger, physical safety, risk, and financial security.
9. Customer Knowledge: Strive to know customer needs and learn from customers' special requirements.
10. Direct Evidence: Includes physical facilities, employee appearance, equipment, and service equipment, service facilities.

According to Edison (2017: 192), to achieve or assess performance, there are dimensions that become benchmarks, namely:

1. Quality: error rate, damage, thoroughness.

2. Quantity: the amount of work produced.
3. The use of time at work, i.e., the rate of absenteeism, lateness, effective working time/lost working hours.
4. Cooperation with others at work.

From the various performance measurements described, the researcher concludes that with the performance measurement, we will know how much an employee achieves the company's targets. This measurement can also make it easier for companies to assess the performance of each employee.

A few indicators have been chosen to support this research based on the experts' explanation above. The indicators are as follows:

1. Quality
2. Quantity.
3. The use of time in work
4. Cooperation with others at work.

According to Kasmir (2016, p. 189), the factors that affect the performance of both results and work behavior are as follows:

1. Abilities and expertise
2. Knowledge
3. Working plan
4. Personality
5. Work motivation
6. Leadership



7. Leadership style
8. Organizational culture
9. Job satisfaction
10. Working environment
11. Loyalty
12. Commitment
13. Work discipline.

Therefore, the factors affecting employee performance come not only from the employee but also from many factors, such as encouragement or guidance from others and even facilities supporting an employee's work.

#### **2.2.4. Job Satisfaction**

##### **a. Definition of Job Satisfaction**

According to Saptarini (2018), job satisfaction is a person's attitude towards his work, reflecting his positive and negative work experiences and future goals. Further, according to Sardina (2020), job satisfaction is a general attitude towards one's job that shows a disparity between the number of rewards and the quantity obtained.

According to Ancient et al. (2019), there are several markers of job satisfaction, including wage satisfaction, promotion, superior performance, work environment, and worker cooperation. One of the most critical components of an

enterprise is job satisfaction, which indicates that goals can be achieved with maximum effort. According to Luthans (2006), job satisfaction results from workers' assessment of how much their work provides what they consider important.

According to Robbins (2006), job satisfaction is an individual's overall attitude about his job. Work requires contact with co-workers, superiors, work standards, organizational rules and procedures, and other factors. In addition, according to Handoko (2001), job satisfaction is an employee's positive or negative emotional state towards his job. Thus, job satisfaction represents an employee's attitude regarding their job.

From the explanations, job satisfaction is one of the most critical factors when a person has completed the task to the best of his ability and achieved a positive result.

#### b. Factors Affecting Job Satisfaction

When an organization can identify variables contributing to job satisfaction, it will be easier to achieve mutually agreed goals. According to Robbins (2007), four job-related characteristics affect or increase job satisfaction:

1. Mentally challenging work: Jobs that allow people to use their talents and abilities and provide diversity, autonomy, and performance feedback.

2. Appropriate incentives: Fair compensation structure and promotion process.
3. Favorable working conditions: Personal comfort or environmental considerations.
4. Supportive colleagues: Requirements of social interaction, supervisory behavior, and personal interests.

According to Hasibuan (2009), the following variables affect job satisfaction:

1. Physical factors: Includes the type of labor, scheduling and rest periods, work equipment, room arrangement, temperature, lighting, air circulation, employee health problems, and age.
2. Financial factors: Includes the system and quantity of compensation, social security, benefits, facilities provided, promotions, and other things related to employee security and welfare.
3. Psychological factors: Includes aspects of an employee's psyche, such as their hobbies, state of mind at work, attitude towards work, and abilities.
4. Social factors: Relates to social interactions between workers and employees and their bosses.

Herzberg (1968) argued that there are five factors that stand out as determinants of job satisfaction, namely:

1. Work itself.
2. Responsibility.
3. Advancement.
4. Achievement.
5. Recognition.

With these characteristics, job satisfaction is supported by several additional variables that can affect the results of a performance.

c. Job Satisfaction Indicators

An employee's job satisfaction indicator is measured using job satisfaction markers. According to Luthans (2011), six characteristics of job satisfaction can be measured as follows:

1. The work itself: In this case, it offers interesting tasks, learning opportunities, and the possibility to assume responsibility.
2. Salary and welfare: The amount of compensation received and the extent to which this can be considered reasonable compared to other employees in the business.
3. Promotion opportunities: Possibility for advancement within the company.
4. Surveillance: The company's ability to provide technical assistance and behavioral support.

5. Coworkers: The extent to which employees are technically competent and socially helpful.

Spector (2005) defined satisfaction as a group of evaluative sentiments about work and found an index of job satisfaction, namely:

1. Contingent Rewards: respect, recognition, and appreciation.
2. Operating Procedures: policies, procedures, and rules.
3. Coworkers: pleasant and competent colleagues.
4. Nature of Work: the task itself is enjoyable or not.
5. Salary: the amount and its sense of justice.
6. Promotion: opportunities and a sense of fairness to get promoted.
7. Supervise: fairness and competence of managerial assignments by providers.
8. Benefits: insurance, vacation, and other forms of facilities.
9. Communication: various information in the organization (verbal or nonverbal).

Meanwhile, according to Robbins (2007), job satisfaction indicators consist of:

1. Challenging work

Employees prefer jobs that allow them to use their talents and abilities and provide a wide range of responsibilities, independence, and feedback on their performance.

## 2. Corresponding awards

Employees want fair, transparent payment systems and promotion procedures that align with their expectations.

## 3. Decent working conditions

Employees will feel satisfied when working in a safe, pleasant, clean, and unobtrusive workplace.

## 4. Supportive colleagues

Having helpful, friendly, supportive, and kind coworkers increases happiness and job satisfaction.

Using the given indications makes setting standards for measuring employee job satisfaction easier.

### **2.2.5. Hypothesis Formulation**

Formulating hypotheses is the third step in research after the author presents a theoretical basis and thinking framework. Hypotheses are expressed as theoretical answers to the formulation of research problems, yet to be empirical in the presence of data. Sugiyono (2016) said a hypothesis is a temporary answer to the formulation of a research problem, where the formulation of the research problem has been stated in the form of a question sentence.

The truthfulness of the hypotheses must be proven by researching to obtain valid and precise data to match the actual reality. If the data obtained supports the hypotheses proposed, the truthfulness of the hypotheses is recognized, but if the data obtained contradicts the

hypotheses, then the hypotheses are rejected. The hypotheses in this study are as follows:

H1: Organizational culture has a significant and positive influence on performance.

H2: Organizational culture has a significant and positive influence on job satisfaction.

H3: Competence has a significant and positive influence on performance.

H4: Competence has a significant and positive influence on job satisfaction.

H5: Organizational culture has a significant positive effect on performance through job satisfaction.

H6: Competence has a significant and positive influence on performance through job satisfaction

H7: Job satisfaction has a significant and positive influence on performance

#### **2.2.6. Framework of Thought**

##### 1. Central Concepts:

- Organizational Culture
- Competence
- Job Satisfaction
- Performance

##### 2. Interrelationships:

- Organizational Culture → Performance
- Organizational Culture → Job Satisfaction
- Organizational Culture → Job Satisfaction → Performance
- Competence → Performance
- Competence → Job Satisfaction
- Competence → Job Satisfaction → Performance
- Job Satisfaction → Performance

3. Mediating Variables:

Job Satisfaction serves as a mediator between organizational culture and performance and between competence and performance.

4. Contextual Focus:

The study specifically focuses on National Land Agency (BPN) employees in Medan City, Indonesia.

5. Research Objectives:

Explore the relationships between organizational culture, competence, job satisfaction, and performance. Further, investigate the mediating role of job satisfaction in the relationship between organizational culture, competence, and performance.

6. Importance of Concepts:



Emphasize the importance of organizational culture and competence in influencing job satisfaction, which, in turn, affects performance.

7. Practical Implications:

Highlight the study's practical implications for the National Land Agency (BPN) in terms of human resource management, organizational culture development, and employee competence enhancement.

8. Methodological Considerations:

Consider the methodologies to be employed in data collection and analysis, such as surveys, interviews, or a mixed-methods approach.

9. Literature Review:

Refer to previous research studies by Almigo (2004), Suratman (2019), Pelsier and Ngwenya (2020), Ensour et al. (2018), and others to establish the theoretical foundation for your study.

10. Organizational Context:

Provide a clear understanding of the National Land Agency's roles and responsibilities to contextualize the study within the specific organizational setting.

11. Research Question:

Investigate whether there is a relationship between the influence of Organizational Culture and Competence on Performance through Job Satisfaction at BPN Medan City.

This thought framework provides a structured outline for this research, indicating the key components, relationships, and objectives. It will guide the development of the research design, data collection, and analysis, ensuring a comprehensive exploration of the interplay between organizational culture, competence, job satisfaction, and performance at BPN Medan City.

Human resources are valuable for companies in managing, organizing, and utilizing employees to function productively to achieve company goals. Human resources are the organization's driving force in achieving goals, so every company must encourage and motivate its employees to work better to produce good work for the company (Sekaran & Bougie, 2017).

The framework developed refers to how the variables of organizational culture and competence influence performance through job satisfaction used in this study. The following is a conceptual framework based on the literature review results and previous research. The framework includes the influence of organizational culture and competence on performance through job satisfaction.



**Figure 2.1. Conceptual Framework**

Description:

1. Variable (X1) organizational culture affects (Y) Performance
  2. Variable (X1) organizational culture affects (Z) Job Satisfaction
  3. Variable (X2) competence affects (Z) Job Satisfaction
  4. Variable (X2) competence affects (Y) Performance
  5. Variable (Z) Job Satisfaction affects (Y) Performance
  6. Variable (X1) organizational culture affects (Y) Performance through (Z) Job Satisfaction
  7. Variable (X2) competence affects (Y) Performance through (Z) Job Satisfaction
- a. The Influence of Organizational Culture on Performance

The influence of organizational culture is one indicator that can support performance improvement in a company. In the hypothesis of the influence of organizational culture on performance, the author obtained several previous studies, for

example, Maamari and Saheb (2018), which explained that the influence of organizational culture had a positive and significant influence on performance. In contrast, Harwiki (2016) explained that the influence of organizational culture had an insignificant influence on performance.

Theory of organizational culture influence used in previous research include Robbins (2003), Walker et al. (1996), Dubey et al. (2017), Denison (2000), Hofstede (1980), Robbins and Judge (2013), Edison (2016); performance theories are Kalhoff et al. (2011), Mithas et al. (2011), Wirawan (2009), Bernadin and Russel (1995) Salajegheh et al. (2015), Miner (1988). Based on several previous studies, organizational culture significantly and positively influences performance.

*H1: Organizational culture has a significant and positive influence on performance.*

**b. The Influence of Organizational Culture on Job Satisfaction**

If organizational culture is implemented well in a company, it will also result in reasonable job satisfaction. The hypothesis of organizational culture on job satisfaction was found in several previous studies, including research conducted by Gordana and Vladimir (2018), which concluded that organizational culture positively influenced job satisfaction.

Organizational culture theory in previous research is Park and Kim (2009), Egbu (2006), Cameron and Quinn (2006), Pareek and Rao (1983), Robbins (2002), Cameron and Quinn (2006), Robbins (2011), Denison and Misra (2007), while the job satisfaction theory used in previous studies include Davies et al. (2006), Braun et al. (2013), Luthans (2011), Robbins (2014), Spector (1997), Locke (1969), Singh (1989), and George (2012). Based on several previous studies, it can be concluded that organizational culture significantly and positively influences job satisfaction.

*H2: Organizational culture has a significant and positive influence on job satisfaction.*

c. The Effect of Competence on Performance

The influence of competence is one of the efforts made by the company to improve performance. In the hypothesis of the influence of competence on performance, the author obtained several previous studies, including research conducted by Kusumawati and Wahyuni (2019), Guan and Frenkel (2019), Sweis et al. (2019), Tetteh et al. (2017) and Sendawula et al. (2018), which showed that competence has a positive and significant influence on performance.

Theories of the influence of competence used in previous research include Elnaga and Imran (2013), Sun et al. (2017),

Diamantidis and Chatzoglou (2012), Noe (2012), Wright and Geroy (2001), Mathieu and Martineau (1997), while the performance theory used is Farh et al. (1991), Lutwama (2011), Basalamah (2018), Dessler (2003), Anderson (2003), Yang and Peng (2008). Based on several previous studies, it can be concluded that competence significantly and positively influences performance.

*H3: Competence has a significant and positive influence on performance.*

d. The Effect of Competence on Job Satisfaction

When the organization has competent employees, it will produce reasonable job satisfaction. A few prior studies investigated this research include Dihan (2018), Rahayu et al. (2019), Paposan and Kumar (2019), Enspur et al. (2018), Mua'rrifa et al. (2016), Timbowo et al. (2017), which explained that competence has a positive and significant influence on job satisfaction.

Competency theories used in previous research include Snell and Bohlander (2013), Busro (2018), Indrayani and Widiastuti (2020), Yuniar (2019), and Rahayu (2020). Based on previous studies, it can be concluded that competence significantly positively affects job satisfaction.

*H4: Competence has a significant and positive on job satisfaction.*

e. The Effect of Job Satisfaction on Performance

When the organization has employees who perform well in their work, it will also produce good job satisfaction. The competency hypothesis on job satisfaction was found in several previous studies conducted by Dihan (2018), Kessi (2019), and Iskandar et al. (2018).

Job satisfaction theories used in previous studies include Snell and Bohlander (2013), Kropp et al. (2008), Rae (2008), Choo and Bowley (2007), Noe (2011), Vroom (1964), while the job satisfaction theory used is Badeni (2014), Hanaysha and Tahir (2016), Smith et al. (1969), Robbins (2014), Chung et al. (2012), Asa'ad (2004). Based on previous studies, it can be concluded that job satisfaction significantly and positively influences performance.

*H5: Competence has a significant and positive influence on job satisfaction.*

f. The Influence of Organizational Culture on Performance through Job Satisfaction

An organizational culture implemented well by the company will produce reasonable job satisfaction so that employees will perform well. Several previous studies were found in the

hypothesis of organizational culture on performance through job satisfaction, including research conducted by Paais (2018) and Rozanna et al. (2019). These studies explain that work discipline positively and significantly influences performance through job satisfaction.

Organizational culture used in previous research includes Denison (1990), Edison (2016), Miner (1988), Bernadin and Russell (2013), and Dharma (2005), while the job satisfaction theory used is Ghiselli and Brown (2003), Smith et al. (1969), Robbins and Judge (2016). Based on several previous studies, it can be concluded that organizational culture significantly and positively influences performance through job satisfaction.

*H6: Organizational culture has a significant positive effect on performance through job satisfaction.*

g. The Effect of Competence on Performance through Job Satisfaction

Employees' competencies in the company will produce reasonable job satisfaction so that they will perform well for the company. Several previous studies were found in the hypothesis of competence on performance through job satisfaction, including research conducted by Paais (2018) and Rozanna et al. (2019), which explains that competence has a positive and significant influence on performance through job satisfaction.



Competency Theory used in previous research includes Busro (2018), Rahayu (2020), and Edison (2016), while the job satisfaction theory used by Kessi (2019), Iskandar et al. (2018), while the performance theory used by Sisca et al. (2020), and Mahawati et al. (2021). Based on several previous studies, it can be concluded that competence significantly and positively influences performance through job satisfaction.

*H7: Competence has a significant and positive influence on performance through job satisfaction.*

## **CHAPTER III**

### **RESEARCH METHODS**

#### **3.1. Research Stages**

This quantitative research study uses statistical formulas to help analyze the collected data and facts. According to Sugiyono (2016), quantitative research emphasizes numerical data (numbers) analyzed using statistical techniques. In general, quantitative research is a large sample study because quantitative techniques are used in inferential research, specifically to test hypotheses and base the findings on a zero probability of rejecting the hypothesis. As a result, this method will provide a substantial relationship between the variables studied.

According to Creswell (2009), quantitative methodology is a methodology used to test the objective hypothesis of relationships between variables. In this case, quantitative research is a method of acquiring knowledge that uses data in the form of numbers as a tool to test information about what the researcher desires to know. The sampling is done randomly, and the research instruments attempt to confirm the stated answers. In this study, questionnaires were distributed to staff at BPN Kota Medan.

According to Creswell (2012), a questionnaire is a data collection strategy in which respondents answer questions or statements, and

then, after filling in, the answers are returned to the researcher. Meanwhile, according to Sugiyono (2016), a questionnaire is a data collection strategy carried out by submitting a series of questions or written statements to respondents to be answered.

### **3.2. Location of the Research Site**

This research was conducted at BPN Medan City, located at Jl. Brigjend Katamso No.45, A U R, Kec. Medan Maimun, Medan City, North Sumatra 20218. This research was carried out for 4 (four) months, specifically from November 2022 to February 2023.

#### **a. Profile of the National Land Agency of Medan City**

The National Land Agency (abbreviated as BPN) is a non-ministerial government institution in Indonesia. Its task is to carry out government duties in the land sector under the provisions of laws and regulations. BPN was formerly known as the Agrarian Office. In carrying out its duties, BPN carries out the following functions:

1. Formulation and implementation of policies in the field of land rights determination, land registration, and community empowerment.
2. Formulation and determination of policies in the land sector.
3. Formulation and implementation of policies in the field of regulation, structuring, and control of land policies

4. Formulation and implementation of policies in the field of land acquisition.
5. Formulation and implementation of policies in the field of surveying, measurement, and mapping.
6. Formulation and implementation of policies in the field of control and handling of land disputes and cases.
7. Supervise the implementation of duties within BPN.
8. Implementation of task coordination, coaching, and providing administrative support to all organizational units within BPN.
9. Implementation of sustainable food agricultural land information data management and information in the land sector.
10. Implementation of research and development in the land sector.
11. Implementation of human resource development in the land sector.

To carry out the duties and functions of BPN in the regions, BPN Regional Offices were established in the provinces, and Land Offices were established in districts/cities. Land Offices can be established more than 1 (one) Land Office in each district/city.

b. Vision and Mission of BPN Medan City

Vision

The Realization of Trusted and World-Standard Spatial Planning and Land Management in Serving the Community to Support the Achievement of: "Advanced Indonesia that is Sovereign, Independent and Personality Based on Gotong Royong."

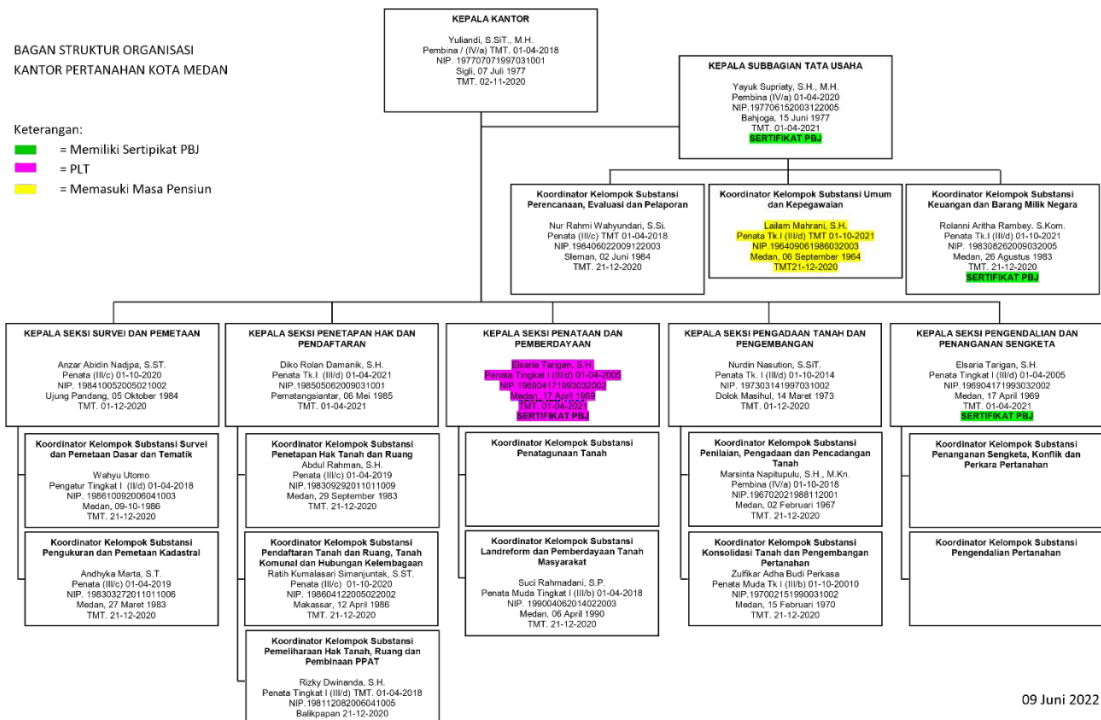
Mission

1. Organizing Productive, Sustainable and Equitable Spatial Planning and Land Management.
2. Organizing World Standard Land and Spatial Planning Services.

Moto

1. Serve, Professional, Trusted

c. Corporate Structure



Source: official website of BPN Kota Medan <https://kot-medan.atrbpn.go.id>

Figure 3.1. Organizational Structure of BPN Medan City

### **3.3. Identification of Research Variables**

According to Sekaran and Bougie (2013), variables serve as a differentiator or carrier of value variation. According to Creswell (2012), variables are individual characteristics that can be measured and observed by researchers. According to Sugiyono (2016), variables are everything in the form of knowledge in any form set by the researcher to be studied so that information about it is obtained. Based on the conclusions of the three definitions, research variables are characteristics or attributes that are made and determined by researchers to draw conclusions.

In this study, the independent factors used are organizational culture variables (X1) and competency variables (X2), while the dependent variables are performance (Y) and intervening variables Job Satisfaction (Z).

#### **1. Independent Variable (X)**

Sekaran and Bougie (2013) states that independent variables are the variables that affect the dependent variable both positively and negatively. The presence of the independent variable will be accompanied by the presence of the dependent variable and any increasing independent variable will also cause the dependent variable to increase or decrease. Sugiyono (2016) explained that the independent variable is the variable that causes changes or the emergence of dependent variables. In this study, there are two independent variables, namely organizational culture as (X1) and competence as (X2).

#### **2. Dependent variable (Y)**

The dependent variable according to Sekaran and Bougie (2013) is a variable that is of main interest to researchers. The goal is to describe and understand the dependent variable or explain its variability. Meanwhile, according to Sugiyono (2016) with the existence of independent variables, the dependent variable will be influenced or become a result. The dependent variable used in this study is performance (**Y**).

### **3. Intervening Variable (Z)**

The intervening variable according to Sekaran and Bougie (2013) is a variable that is useful as an interrupting variable located between the independent variable and the dependent variable. Sugiyono (2016) explained that intervening variables are the variables that provide strong or weak results on independent and dependent variables but are still measurable. Job satisfaction (**Z**) in this study serves as an intervening variable.

## **3.2 Operational Definitions of Research Variables and Indicators**

### **3.2.1 Job Satisfaction (Z)**

When a company has good employee performance, it will produce a good sense of job satisfaction for the company and for the employees concerned, making it easier in the process of achieving predetermined goals.

According to Luthans, (2011) job satisfaction is the result of employees' perceptions of how well their jobs deliver what they consider important. The indicators include:

1. The job itself (Job)
  - a. Can complete the assigned responsibilities
  - b. Can complete work independently
  - c. Can follow the operational standards of the work
2. Salary

- a. There is a regular salary giving
  - b. There is a salary provision according to the workload
  - c. There is sufficient salary to meet daily needs
3. Supervision
- a. There is oversight in the operating system of the work
  - b. Can meet the company's standard targets
  - c. There is ongoing surveillance
4. Coworkers
- a. There is cooperation with colleagues to solve problems.
  - b. There is an attitude of mutual support for each other.
  - c. There is friendliness in the relationship between colleagues.
5. Promotion Opportunities
- a. There is a clear promotion system.
  - b. There is a chance of fair promotion.
  - c. There is an opportunity to improve performance.

### **3.2.2 Performance (Y)**

Performance in an organization is very important because it is one part that explains the good or bad of a company in the process of achieving its goals.

Performance from a standpoint of Mathis, et al, (2016) is something that affects the extent to which they contribute to the organization. The indicators include:

#### **1. Quality**

- a. Thoroughness in work.
- b. Ability to complete work according to work standards.
- c. The ability to overcome difficulties at work.

#### **2. Quantity**

- a. Ability to meet given targets.
- b. Ability to work efficiently.
- c. Ability to work according to standard time.



### 3. Attendance

- a. The ability to arrive on time.
- b. The ability to complete tasks on time.
- c. Punctuality when returning home from work.

### 4. Reliability

- a. The ability to utilize resources efficiently.
- b. The ability to perform tasks in accordance with work operating standards.
- c. Ability to reduce failures.

### **3.2.3 Organizational culture (X1)**

Organizational culture is a system of disseminating ideas and values that develop within an organization and guide the behavior of its members. If the organizational culture supports the organization's strategy, it may be the organization's primary competitive advantage. Organizational culture is a collection of assumptions or belief systems, values, and standards formed within the organization and used by its employees as behavioral guidelines to overcome the difficulties of external adaptation and internal integration (Mangkunegara, 2005: 113). Organizational culture refers to a system of shared understanding held by members of an organization, which distinguishes the organization from other organizations. Robbins (2006), divides seven main characters, all of which become important elements of organizational culture. The Organizational Culture Indicators include the following:

1. Innovation.
  - a. The ability of employees is encouraged to create new ideas.
  - b. The ability of employees gives sensitive insight into issues potentially leading to organizational losses.
2. Pay attention to problems.
  - a. The ability of employees to be more prudent while working
  - b. Be meticulous in doing the work.

3. Leads to results.
  - a. Supports managers to direct focus on results.
  - b. Ability to set targets to be achieved by the company.
4. Leads to the interests of employees.
  - a. Meet the need to do work.
  - b. Supporting employee achievement
5. Advance in work.
  - a. The ability of workers in the organization shows aggressiveness in working.
  - b. Ability leading to the procedure of the rules of the enterprise.
6. Protect and maintain work stability.
  - a. Supports managers to supervise subordinates while working.

#### **3.2.4 Competence(X2)**

Mangkunegara (2012: 40) said "Competence is related to knowledge, skills, abilities and personality characteristics that directly affect their performance."

Spencer in (Wati et al, 2018) states that competence is the ability and characteristics possessed by a person in the form of knowledge, skills and behavioral attitudes needed in carrying out the duties of his position in his work environment. The level of competence is needed in order to determine the expected level of performance for the good or average category. The determination of the required competency threshold will certainly be used as a basis for the process of selection, succession, succession planning, performance evaluation, and Human Resource development. Competency indicators are as follows:

1. *Knowledge.*
  - a. Factual Knowledge Basic. understanding of facts and ability to describe information.
  - b. Conceptual knowledge is an understanding of the

structure and levels of a set of information.

- c. Procedural knowledge and understanding of the steps and procedures for carrying out a process.

2. *Skills.*

- a. Administrative Skills. The ability to manage a process in a predefined situation.
- b. Managerial Skills. The ability to manage in situations where decision making must be done.
- c. Technical skills. Proficiency in a particular professional field, mastery in the use of techniques to produce.

3. *Attitude*

- a. Support commitment to the public interest and sensitivity to social responsibility,
- b. Support self-development and continuous learning, and mutual respect.

4. *Personal image traits.*

- a. Self-Confidence. A person's confidence in his or her abilities.
- b. Personal Values. A person's personal perception or point of view in responding to a situation, phenomenon, or problem.

5. *Motivation Consistency*

- a. Social Skills. Ability to interact, communicate, motivate, and negotiate.
- b. Economic Encouragement. The drive to meet economic needs, obtain financial and material well-being.
- c. Psychological Encouragement. The drive to meet spiritual needs, a form of self-actualization.

### **3.3 Population and Research Sample**

#### **3.3.1 Population**

Population according to Sekaran and Bougie (2013) is a generalization area consisting of subjects or objects that have certain characters and qualities set by a researcher to be studied later. The population in this study is a subject related to the research that the author conducted at BPN Kota Medan.

### 3.3.2 Research Samples

The research sample according to Sugiyono (2016) is a part of the whole and characteristics possessed by a population. Meanwhile, according to Sekaran and Bougie (2013) the sample is part of a population consisting of several selected members.

The sampling technique used in this study is non-probability sampling, and the method used is saturated sampling (census). According to Sugiyono (2016), the saturated sampling approach is an approach in which all members of the population are sampled. Due to the relatively small population size, the author selected the sample using a saturated sampling method. Thus, the sample used in this study amounted to 110 employees at BPN Medan City and notaries in Medan City along with population data.

Table 3.1: BPN population of Medan city

No	Divisions	Number of people
1	General parts	4
2	Administration Subdivision	6
3	Substance Group Coordinator for Planning, Evaluation and Reporting	6
4	General Substance and Staffing Group Coordinator	5
5	Coordinator of the Financial Substance and State Property Group	3
6	Survey and mapping section	4
7	Entitlement and registration section	3
8	Structuring and empowerment section	4

9	Land acquisition and development section	6
10	Dispute control and handling section	5
11	Coordinator of Basic and Thematic Survey and Mapping Substance Group	4
12	Coordinator of the Land and Space Rights Determination Substance Group	7
13	Coordinator of the Land Use Substance Group	8
14	Coordinator of the Land Assessment, Procurement and Reserve Substance Group	6
15	Coordinator of the Cadastral Measurement and Mapping Substance Group	5
16	Coordinator of the Land and Space Registration Substance Group, Communal Land, and Institutional Relations	5
17	Coordinator of the Land reform and Community Land Empowerment Substance Group	4
18	Coordinator of the Land Consolidation and Land Development Substance Group	6
19	Coordinator of Land Control Substance Group	4
20	Coordinator of the Substance Group for the Maintenance of Land Rights, Space and PPAT Development	5
21	Notary in Medan City	10
	Total amount	110

Source: data derived from fadjar paramesta's research (2022)

### **3.4 Data Types and Data Retrieval Techniques**

#### **3.4.1 Data Types**

##### **1. Primary Data**

Sekaran and Bougie (2013) stated that primary data is the data sourced from the first party, can be directly observed further in order to determine solutions to the problems to be studied. Primary data is obtained from interviews, observations, and surveys.

##### **2. Secondary Data**

Secondary data is the data that refers more to information derived from the data source owned (Sekaran and Bougie, 2013). Secondary data comes from books, journals, or other articles.

### **3.4.2 Data Collection Techniques**

This research study uses questionnaires as a medium for data collection. Sekaran and Bougie (2013) explained that questionnaires are a technique for compiling a list of questions to be asked that have previously been formulated in advance. Furthermore, this list of questions is given to respondents to record answers based on predetermined choices.

Each answer point in the questionnaire has been determined using the *Likert* scale. According to Sekaran and Bougie (2013), Likert scale is an activity to design a scale by seeing how influential the research subject is in agreeing to a statement that will be described into variable indicators. The weights used in each question are: 1 = Strongly Disagree; 2 = Disagree; 3 = Hesitate; 4 = Agree; 5 = Strongly Agree. The author also mentions that it is possible to eliminate hesitate in order to force a less “neutral” choice.

### **3.5 Data Analysis Techniques**

Data analysis carried out using the Partial Least Square (PLS) method is one of the methods of solving Structural Equation Modeling (SEM) which in this case is more than other SEM techniques. SEM has a higher degree of flexibility in research that connects theory and data and is able to perform path analysis with latent variables, so it is often used by researchers who focus on social sciences. Partial Least Square (PLS) is a fairly powerful analysis method because it is not based on many assumptions. The data also do not have to be normally multivariate distributed (indicators with scale categories, ordinals, intervals to ratios can be used in the same model), the sample does not have to be large (Gozali, 2012).

Partial Least Square (PLS) serves two functions. It is used to confirm theories, so in prediction-based research, PLS is more suitable for analyzing data. Partial Least Square (PLS) can also be

used to explain the presence or absence of relationships between latent variables. Partial Least Square (PLS) can simultaneously analyze constructs formed with reflexive and formative indicators. This cannot be done by a covariance-based SEM because it would be an unidentified model. The selection of the *Partial Least Square (PLS)* method was based on the consideration that in this study there are 4 latent variables formed with reflexive and variable indicators measured by the second order factor reflexive approach.

The reflexive model assumes that latent variables affect indicators, in which the direction of the causality relationship from construct to indicator or manifest (Ghozali, 2012) requires confirmation of the relationship between latent variables. The approach to analyzing the second order factor is to use a repeated indicators approach or also known as the hierarchical component model. Although this approach repeats the number of manifest variables or indicators, it has the advantage that this model can be estimated with standard PLS algorithms (Ghozali, 2012).

### **3.5.1 Measurement Model or Outer Model**

#### **3.7.1.1 Validity Test**

The validity test is used to assess the validity of a questionnaire. Validity is an instrument in which questionnaires can be used to measure what should be measured (M. Birks and Wills, 2013). A valid instrument is an instrument that can actually measure what results will be measured. The validity that will be proven in this study is construct validity. Construct validity describes the extent to which an instrument measures the construct a theory should measure (Allen and Yen, 2001). The construct validity test in this study is one of a series of SEM-PLS analyses carried out, namely convergent validity. Convergent

validity is part of the measurement model which in SEM-PLS is usually referred to as the outer model. There are criteria for assessing whether the outer model meets the convergent validity requirements for reflective constructs. Outer loading between 0.40-0.70 should still be considered to be maintained (Hair Jr. *et al.*, 2017).

### ***Content Validity***

The validity of the questionnaire can be obtained by using questionnaires that have been widely used by researchers. The questionnaire used in this study is the result of a literature study with modifications as necessary to avoid respondents' tendency towards certain preferences.

#### ***a. Convergent Validity***

This convergence measurement shows whether each question item measures the similarity of the variable's dimensions. Therefore, only question items have a high level of significance, which is greater than twice the standard error in measuring question items of the research variables. In this study, the expected AVE limit value is more than 0.5 and composite reliability is 0.7. An AVE value of more than 0.5 indicates more than half of the construct explaining the indicator (Hair Jr. *et al.*, 2017). Removing indicators in research needs to be considered for their impact on the validity of the content construct (content validity). Predictors with small loads are sometimes retained because they contribute to the validity of construct content.

#### ***b. Average Variance Extracted (AVE)***

This validity test is by assessing the validity of the question item by looking at the average variance extracted (AVE) value. AVE is the average percentage of variance extracted (AVE) values between question items or indicators of a variable which is a summary convergent indicator. For good requirements, if the AVE of each question item is a value greater than 0.5 (Ghozali, 2012).



### ***c. Discriminant Validity***

This validity test describes whether two variables are sufficiently different from each other. The discriminant validity test can be fulfilled if the correlation value of the variable to the variable itself is greater when compared to the correlation value of all other variables. In addition, another way to meet the discriminant validity test can be seen in the cross-loading value, if the cross-loading value of each variable statement item to the variable itself is greater than the correlation value of the statement item to another variable (Ghozali, 2012).

#### **3.7.1.2 Composite reliability**

Composite reliability is an index that shows the extent to which a measuring device can be trusted to be reliable (the consistency of measuring devices to measure in the same phenomenon). The value of the latent variable composite reliability is a value that can measure the stability, consistency of reliability measurements. If a value of  $\geq 0.7$  is obtained, then it can be said that the value is good even though it is not the absolute standard used. Meanwhile, if the indicator is formative, then the significance of weights is used to see the suitability of the model.

#### **3.7.1.3 Model estimation**

There are two stages in estimating the PLS method. The first is to estimate iteratively so that latent variables are obtained as a linear combination of a group of manifest variables. The second is to estimate non-iteratively to obtain structural model coefficients from the measurement model.

After the estimation of the latent variable is obtained, then the estimation results will be used to calculate the weights and coefficients of the structural model where both results are obtained from partial regression results by applying the least

squares method. For structural model path coefficients, regression is obtained for each relationship, while weight is obtained by progressing manifest variables on each block.

In more detail, the parameter estimation method in PLS is the least square method. Parameter estimation in PLS includes three things, namely:

1. *Weight estimates* are used to create latent tour recipient scores.
2. *Path estimation* that connects latent tour receipts and loading estimates between latent tour recipient and indicators.
3. *Means and parameters* (regression constant values, intercepts) for all tour structures and latent tour structures.

### **3.5.2 Structural Model or Inner Model**

The inner model (inner relation, structural model, and substantive theory) describes the relationship between latent variables based on substantive theory. Structural models were evaluated using R-square for the dependent variable, *Stone-Geisser Q-square* test for *predictive elevation* and the t test as a significance of the structural path parameter coefficients. In assessing a model with PLS begins by looking at the R-square for each dependent latent variable. The interpretation is the same as the interpretation on regression. Changes in R-square values can be used to assess the effect of certain independent latent variables on whether dependent latent variables have a substantive influence (Ghozali, 2012). In addition to looking at the R-square value, the Partial Least Square (PLS) model was also evaluated by looking at the Q-square predictive relevance for the one structure model. The Q square measures how well the observation values are produced by the model and also the estimation of its parameters.

### 3.5.3 Hypothesis Testing

Hypothesis testing makes use of full model structural equation modeling (SEM) analysis with *smartPLS*. In full model structural equation modeling in addition to confirming the theory, it also explains the presence or absence of relationships between latent variables (Ghozali, 2012). Hypothesis testing is conducted by looking at the value of calculations.

*Path Coefficient* in inner model testing. A hypothesis is said to be accepted if the statistical T value is greater than the table T of **1.96** ( $\alpha$  5%) which means that if the statistical T value of each hypothesis is greater than the table T it can be declared accepted or proven.

## CHAPTER IV

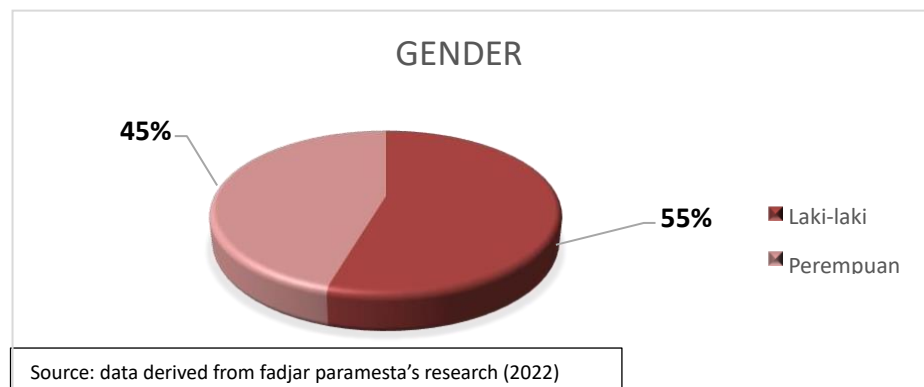
### DATA ANALYSIS AND DISCUSSION

#### 4.1 Analysis of Respondents' Characteristics

This section presents data analysis and discusses the research findings. The data that has been collected in accordance with the subject matter is described at the beginning of the chapter. The results of data processing are the information that will later show whether the hypotheses can be accepted or not.

##### 4.1.1 Respondents' Gender

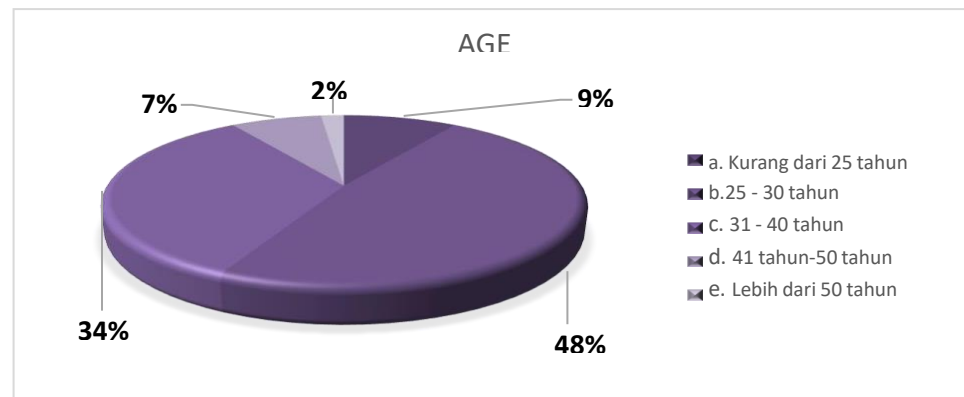
Based on the results of questionnaires that have been collected from 110 respondents, male respondents are 60, while female respondents are 50. So, the respondents are predominantly men, that is by 55%.



**Figure 4.1 Gender of Respondent**

##### 4.1.2 Age of Respondents

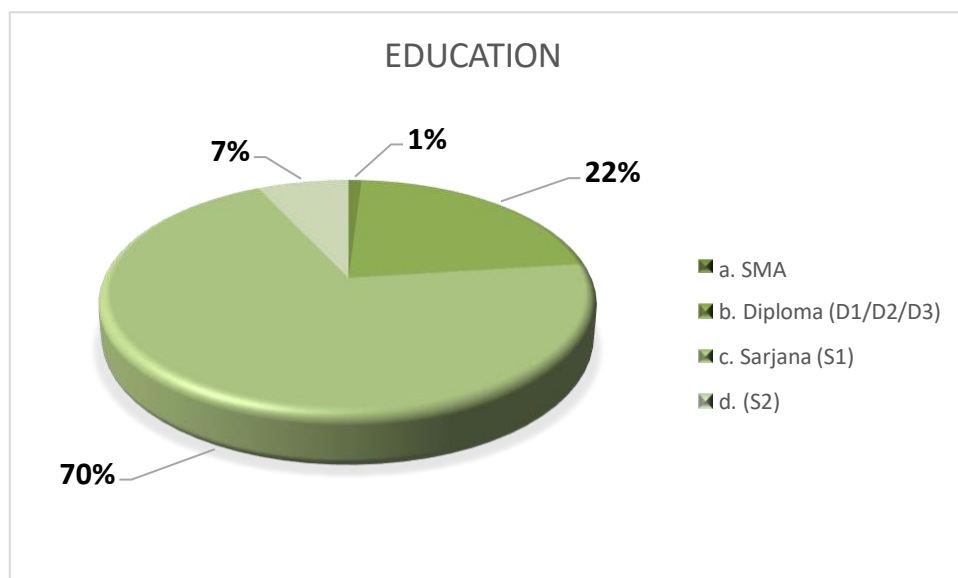
Age of respondents are classified into five categories. Less than 25 years = 10, b. 25-30 years = 53, c. 31-40 years = 37, d. 41-50 years = 8, e. More than 50 years = 2. It can be seen that the respondents are predominantly by an age range of 25-30 years, that is 53 respondents or 48%.

**Image 4.2 Respondents' age**

Source: data derived from fadjar paramesta's research (2022)

#### 4.1.3 Respondents' Education

The respondents come from a range of educational level; a. Senior High School = 11, b. Diploma (D1 / D2 / D3) = 22, c. Bachelor's degree (S1) = 70, d. Master's Degree (S2) = 7. It can be seen that the respondents are predominantly by those with Bachelor's Degree (S1), that is 70 respondents or 70%.

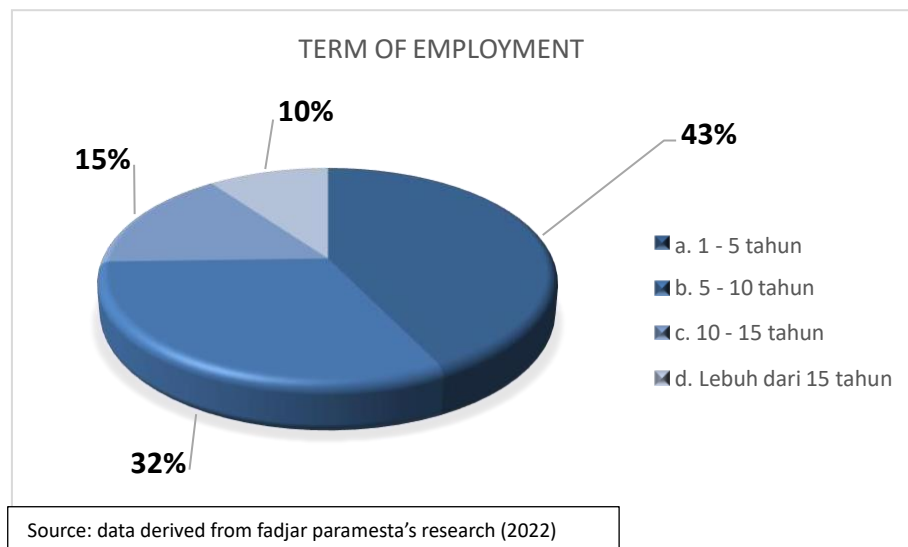
**Image 4.3 Respondents' Education**

Source: data derived from fadjar paramesta's research (2022)

#### 4.1.4 Respondents' Term of Employment

Characteristics of respondents based on term of employment

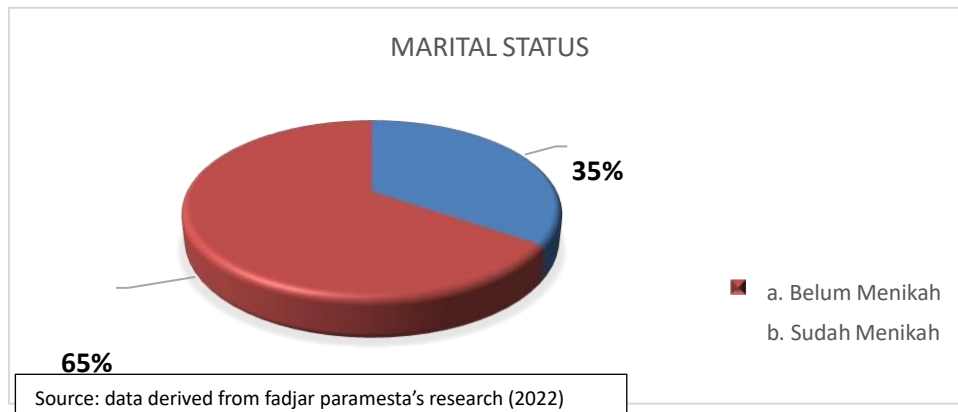
a. 1 - 5 years = 47, b. 5 - 10 years = 35, c. 10 - 15 years = 17, d. More than 15 years = 11. The data shows that the respondents are predominantly those with 1 - 5 year term of employment, that is 47 respondents or 43%.



**Figure 4.4 Respondents' term of employment**

#### 4.1.5 Marital Status of Respondents

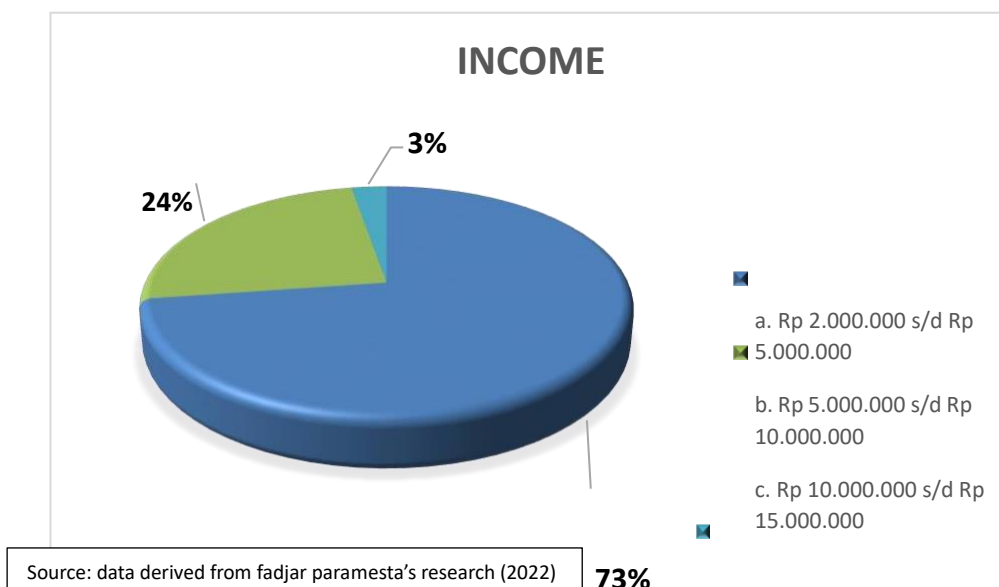
Based on the results of questionnaires that have been collected from 110 respondents, most of the respondents are married (65%): a. Unmarried = 38, b. Married = 72 total respondents.



**figure 4.5 Marital status of respondents**

#### 4.1.6 Respondents' Income

The results of questionnaires show that the respondents' income vary. a. IDR 2,000,000 to IDR 5,000,000= 80, b. IDR 5,000,000 to IDR 10,000,000=27, c. IDR 10,000,000 to IDR 15,000,000= 3. It can be seen from the data that the respondents are predominantly those with the income ranging from IDR 2,000,000 to IDR 5,000,000, that is 80 respondents or 73%.



**figure 4.6 respondents' income**

## 4.2 Test Instrument Analysis

### 4.2.1 Validity Test

Testing of the outer model was carried out to test the validity and reliability of the construct, to find out if the outer model result be seen in convergent validity and discriminant validity.

### 4.3 Model Evaluation

Model evaluation is carried out by looking at the construction results of the outer model and inner model. To read the results, it can be seen from the report of the PLS Algorithm on SmartPLS software, from the research data processed using SmartPLS 3.0 with the following chart:

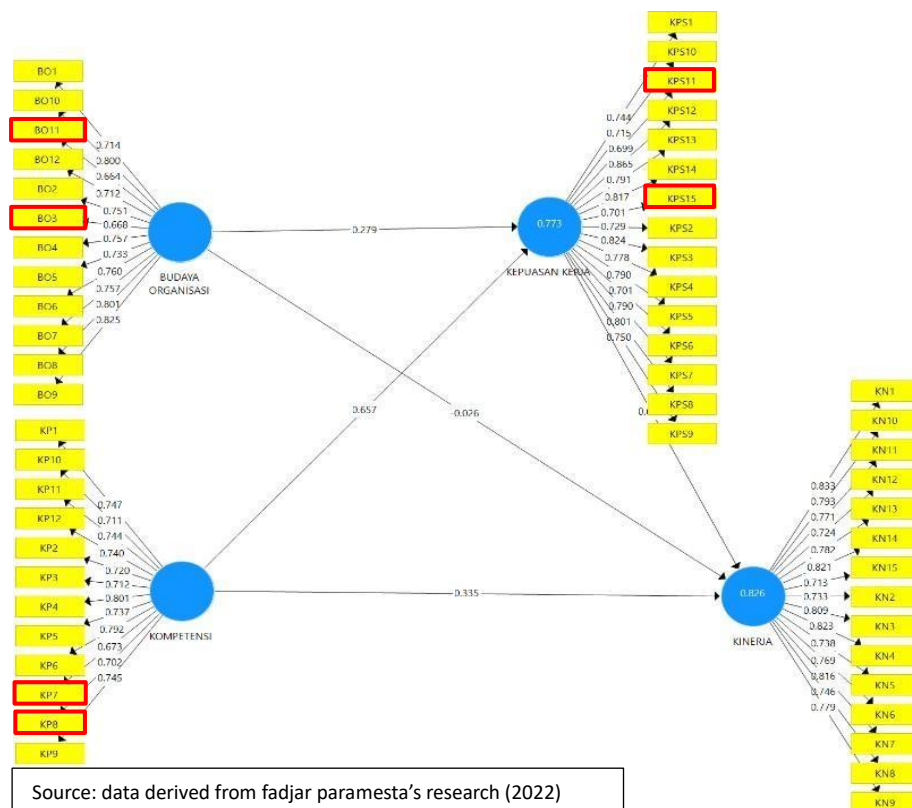


figure 4.1 Results of Phase 1 Data Processing

### 4.3.1 Measurement Model (Outer Model)

#### a. Convergent Validity

The following is the first data usage based on 4 variables with a total of



54 statements.

**Table 4.1 Loading Factor**

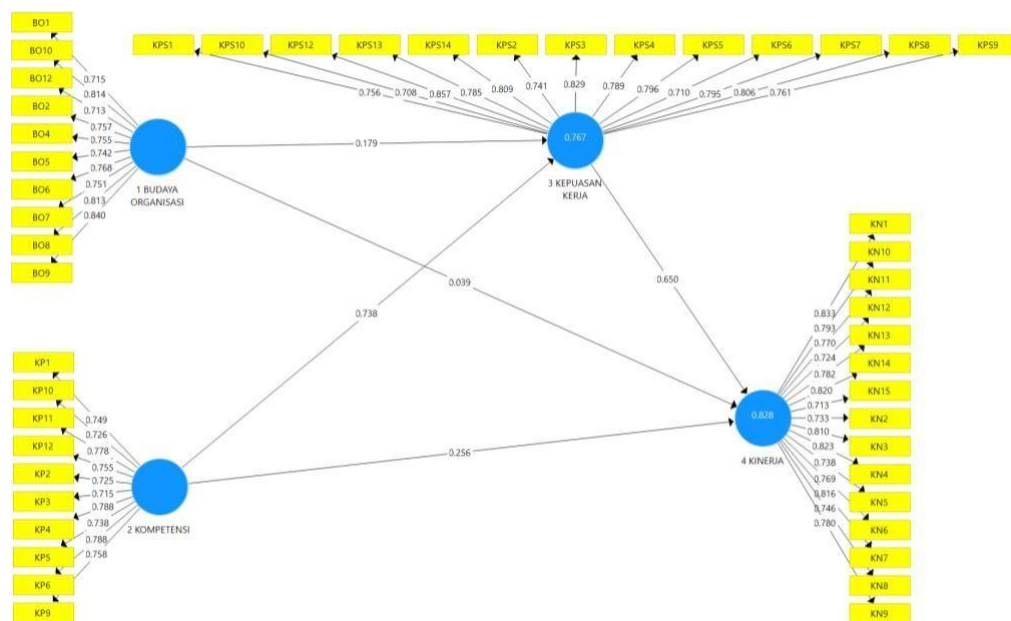
<i>Latent Variables</i>	<i>Indicators</i>	<i>Loading Factor</i>	<i>Rule of Thumb</i>	<i>Information</i>
BO1		0.714	>0.7	Valid
BO10	(X1) Organizational Culture	0.8		
BO11		0.664	<0.7	Invalid
BO12		0.712	>0.7	Valid
BO2		0.751		
BO3		0.668	<0.7	Invalid
BO4		0.757	>0.7	Valid
BO5		0.733		
BO6		0.76		
BO7		0.757		
BO8		0.801		
BO9		0.825		
KP1		(X2) Competence	0.747	>0.7
KP10	0.711			
KP11	0.744			
KP12	0.74			
KP2	0.72			
KP3	0.712			
KP4	0.801			
KP5	0.737			
KP6	0.792			
KP7	0.673		<0.7	Invalid
KP8	0.699		<0.7	
KP9	0.745		>0.7	Valid
KPS1	(Z) Job Satisfaction	0.744	>0.7	Valid
KPS10		0.715		
KPS11		0.698	<0.7	Invalid
KPS12		0.865	>0.7	Valid
KPS13		0.791		
KPS14		0.817		
KPS15		0.699	<0.7	Invalid
KPS2		0.729	>0.7	Valid
KPS3		0.824		
KPS4		0.778		
KPS5		0.79		
KPS6		0.701		
KPS7		0.79		

KPS8		0.801		
KPS9		0.75		
KN1		0.833		
KN10		0.793		
KN11		0.77		
KN12		0.724		
KN13	(y) Performance	0.782	>0.7	Valid
KN14		0.82		
KN15		0.713		
KN2		0.733		
KN3		0.81		
KN4		0.823		
KN5		0.738		
KN6		0.769		
KN7		0.816		
KN8		0.746		
KN9		0.78		

**Source: data derived from fadjar paramesta's research (2022)**

The convergent validity of the measurement model can be from the correlation between the item/instrument score and its construct score (loading factor) with the criteria for the loading factor value of each instrument  $> 0.7$ . Based on the first data processing with organizational culture variable, there are 2 invalid instruments ( $< 0.7$ ), namely BO3 and BO11, the rest are valid ( $> 0.7$ ). Competency variable has 2 invalid instruments ( $< 0.7$ ), namely KP7 and KP8, the rest are valid ( $> 0.7$ ). There are 2 invalid instruments ( $< 0.7$ ), namely KPS11 and KPS15, the rest are valid ( $> 0.7$ ). The performance variables of all instruments are valid ( $> 0.7$ ).

loading factor values that  $< 0.7$  should be eliminated or removed from the model. In order to meet the required *convergent validity*, which is higher than ( $> 0.7$ ), a second test data processing is carried out.



Source: data derived from fadjar paramesta's research (2022)

**Figure 4.2 Results of Phase II Data Processing**

Source: data derived from fadjar paramesta's research (2022)

After dropping, recalculation is then carried out to provide confidence that the loading value is above 0.70. Then the value of the load (*loading*) has met the requirement of more than 0.70 and it has been done that all binding indicators are valid.

**Table 4.2 variable that proven valid**

<i>Latent Variables</i>	<i>Indicators</i>	<i>Loading Factor</i>	<i>Rule of Thumb</i>	<i>Information</i>
(X1) Organizational Culture	BO1	0.715	>0.7.	Valid
	BO10	0.814		
	BO12	0.713		
	BO2	0.757		
	BO4	0.755		
	BO5	0.742		
	BO6	0.768		
	BO7	0.751		
	BO8	0.813		
BO9	0.840			

KP1	(X2) Competence	0.749	>0.7.	Valid
KP10		0.726		
KP11		0.778		
KP12		0.755		
KP2		0.725		
KP3		0.715		
KP4		0.788		
KP5		0.738		
KP6		0.788		
KP9		0.758		
KPS1	(Z) Job Satisfaction	0.756	>0.7.	Valid
KPS10		0.708		
KPS12		0.857		
KPS13		0.785		
KPS14		0.809		
KPS2		0.741		
KPS3		0.829		
KPS4		0.789		
KPS5		0.796		
KPS6		0.710		
KPS7		0.795		
KPS8		0.806		
KPS9		0.761		
KN1		(y) Performance		
KN10	0.793			
KN11	0.770			
KN12	0.724			
KN13	0.782			
KN14	0.820			
KN15	0.713			
KN2	0.733			
KN3	0.810			
KN4	0.823			
KN5	0.738			
KN6	0.769			
KN7	0.816			
KN8	0.746			
KN9	0.780			

Source: data derived from fadjar paramesta's research (2022)

### ***b. Discriminant Validity***

Discriminant validity is the degree of differentiation of an indicator in measuring the construct of an instrument. Testing discriminant validity can be done by checking *Cross Loading*, namely the correlation coefficient of indicators to the construct of association (*cross loading*) compared to the correlation coefficient with other constructs (*cross loading*). The value of the indicator's correlation construct must be greater to its associated construct than to other constructs. This greater value indicates the suitability of an indicator to explain its associated constructs than to explain other constructs (Jorg Henseler et al., 2016).

The next test is to test the validity of the discriminant. This test aims to determine whether a reflective indicator is a good measurement for the construct based on the principle that the indicator is highly correlated with the construct. The table shows the cross-loading results of discriminant validity testing.

**Table 4.3 Cross loading**

Latent Variables	Organizational Culture	Competence	Job satisfaction	Performance
BO1	<b>0.715</b>	0.603	0.554	0.488
BO10	<b>0.814</b>	0.605	0.646	0.609
BO12	<b>0.713</b>	0.501	0.528	0.512
BO2	<b>0.757</b>	0.484	0.435	0.475
BO4	<b>0.755</b>	0.501	0.418	0.452
BO5	<b>0.742</b>	0.480	0.497	0.490
BO6	<b>0.768</b>	0.553	0.558	0.489
BO7	<b>0.751</b>	0.549	0.513	0.503
BO8	<b>0.813</b>	0.600	0.592	0.578
BO9	<b>0.840</b>	0.633	0.653	0.625
KP1	0.744	<b>0.749</b>	0.647	0.648
KP10	0.335	<b>0.726</b>	0.623	0.670
KP11	0.628	<b>0.778</b>	0.697	0.669
KP12	0.527	<b>0.755</b>	0.608	0.576
KP2	0.696	<b>0.725</b>	0.680	0.609
KP3	0.438	<b>0.715</b>	0.721	0.663
KP4	0.401	<b>0.788</b>	0.645	0.660

KP5	0.554	<b>0.738</b>	0.617	0.553
KP6	0.420	<b>0.788</b>	0.626	0.665
KP9	0.691	<b>0.758</b>	0.642	0.645
KPS1	0.537	0.650	<b>0.756</b>	0.746
KPS10	0.496	0.555	<b>0.708</b>	0.637
KPS12	0.800	0.816	<b>0.857</b>	0.801
KPS13	0.701	0.716	<b>0.785</b>	0.681
KPS14	0.777	0.778	<b>0.809</b>	0.724
KPS2	0.461	0.659	<b>0.741</b>	0.734
KPS3	0.568	0.707	<b>0.829</b>	0.757
KPS4	0.449	0.598	<b>0.789</b>	0.661
KPS5	0.441	0.712	<b>0.796</b>	0.687
KPS6	0.383	0.527	<b>0.710</b>	0.587
KPS7	0.492	0.717	<b>0.795</b>	0.709
KPS8	0.534	0.693	<b>0.806</b>	0.718
KPS9	0.481	0.606	<b>0.761</b>	0.660
KN1	0.507	0.734	0.731	<b>0.833</b>
KN10	0.555	0.628	0.687	<b>0.793</b>
KN11	0.529	0.648	0.666	<b>0.770</b>
KN12	0.551	0.586	0.620	<b>0.724</b>
KN13	0.522	0.568	0.699	<b>0.782</b>
KN14	0.542	0.670	0.755	<b>0.820</b>
KN15	0.457	0.618	0.727	<b>0.713</b>
KN2	0.427	0.639	0.667	<b>0.733</b>
KN3	0.566	0.729	0.721	<b>0.810</b>
KN4	0.570	0.695	0.723	<b>0.823</b>
KN5	0.543	0.676	0.685	<b>0.738</b>
KN6	0.548	0.669	0.712	<b>0.769</b>
KN7	0.572	0.705	0.719	<b>0.816</b>
KN8	0.559	0.654	0.682	<b>0.746</b>
KN9	0.555	0.648	0.683	<b>0.780</b>

Source: data derived from fadjar paramesta's research (2022)

Discriminant Validity Testing on SmartPLS using cross loading test yield that the indicator must have a higher correlation with other variables. From the results of the table above, it can be seen that the construct indicator has a higher correlation compared with other indicators. In other words, all tests of the validity of the indicator discriminant are valid.

### *c. Discriminant Validity Fornell Larcker*

Assessment of discriminant validity has become a generally accepted prerequisite for analyzing relationships between latent variables. For variant-based structural equation modeling, such as partial least squares, the *Fornell Larcker* criterion and cross-loading checks are the dominant approaches for evaluating discriminant validity.

Table 4.4 Fornell-Larcker Criterion Discriminant Validity

Latent Variables	Organizational Culture	Competence	Job satisfaction	Performance
<b>Organizational culture</b>	<b>0.768</b>			
<b>Competence</b>	0.722	<b>0.867</b>		
<b>Job satisfaction</b>	0.712	0.848	<b>0.900</b>	
<b>Performance</b>	0.686	0.752	0.781	<b>0.778</b>

Source: data derived from fadjar paramesta's research (2022)

Table 4.4 shows that the loading value of each indicator item against its construct is greater than the cross-loading value. Thus, it can be concluded that all latent constructs or variables already have good discriminant validity, which in the indicator block the construct is better than other block indicators.

### *c. Construct Validity and Reliability*

After testing construct validity, the next test is a construct reliability test measured by Composite Reliability (CR) from an indicator block that measures the CR construct used to display good reliability. A construct is considered reliable if the value of composite reliability  $> 0.6$ . According to Hair et al, (2017), the composite reliability coefficient must be greater than 0.7 although a value of 0.6 is still acceptable. However, internal consistency tests are not absolute to perform if construct validity has been met, because valid constructs are reliable ones, whereas reliable constructs are not necessarily valid (Cooper and Schindler, 2014).

**Table 4.5.1 Construct Validity and Reliability**

Latent Variables	Cronbach's Alpha	rho_A	Composite Reliability
Organizational Culture	0.922	0.927	<b>0.935</b>
Competence	0.915	0.915	<b>0.929</b>
Job Satisfaction	0.947	0.949	<b>0.953</b>
Performance	0.953	0.954	<b>0.958</b>

Source: data derived from fadjar paramesta's research (2022)

Based on table 4.6.1 the results of the composite reliability test show that the highest value is performance (0.958). It can be seen also that each variable shows a value above  $>0.6$  which means that all variables are declared reliable.

**Table 4.5.2 average variance extracted (AVE) values.**

Latent Variables	Average Extracted Variance(AVE)
Organizational Culture	0.589
Competence	0.566
Job Satisfaction	0.610
Performance	0.605

Source: data derived from fadjar paramesta's research (2022)

Table 4.5.2 demonstrates that the value of average variance extracted (AVE) from each variable is above the specified value of  $>0.5$ . The variable that has the highest AVE value is variable X1 (Job Satisfaction) with a value of 0.610.

#### **4.3.2 Inner Model Analysis**

After evaluating the model and obtaining that each construct has met the requirements of Convergent Validity, Discriminant Validity, and Composite Reliability, then the next is the evaluation of the structural model which includes testing model match, Path Coefficient, and  $R^2$ . The testing is used to find out if a model matches the data.



### ***a. Path Coefficient***

Based on figure 4.2 which is the result of eliminating some invalid statements, the organizational culture variable has an influence on the job satisfaction variable of 0.179 or 17.9%. The competency variable has an influence on the job satisfaction variable of 0.738 or 73.8%. Furthermore, the organizational culture variable has an influence on the performance variable by 0.039 or 3.9%. The competency variable has an influence on the performance variable of 0.256 or 25.6%. The job satisfaction variable has an influence on the performance variable of 0.650 or 65%.

**Table 4.6: Path Coefficient**

<i>Latent Variables</i>	Job satisfaction	Performance
Organizational culture	0.179	0.039
Competence	0.738	0.256
Job satisfaction		0.650

*Source: data derived from fadjar paramesta's research (2022)*

### ***b. R Square***

Inner models (inner relations, structural models, and substantive theory) describe the relationships between latent variables based on substantive theory.

Structural models are evaluated using R-squares for dependent constructs. The R<sup>2</sup> value can be used to assess the influence of certain endogenous variables and whether exogenous variables have a substantive influence (Ghozali, 2012. R<sup>2</sup> results of 0.767 and 0.828, indicate that the model is "good", "moderate", (Ghozali, 2012).

**Table 4.6.1 R Square**

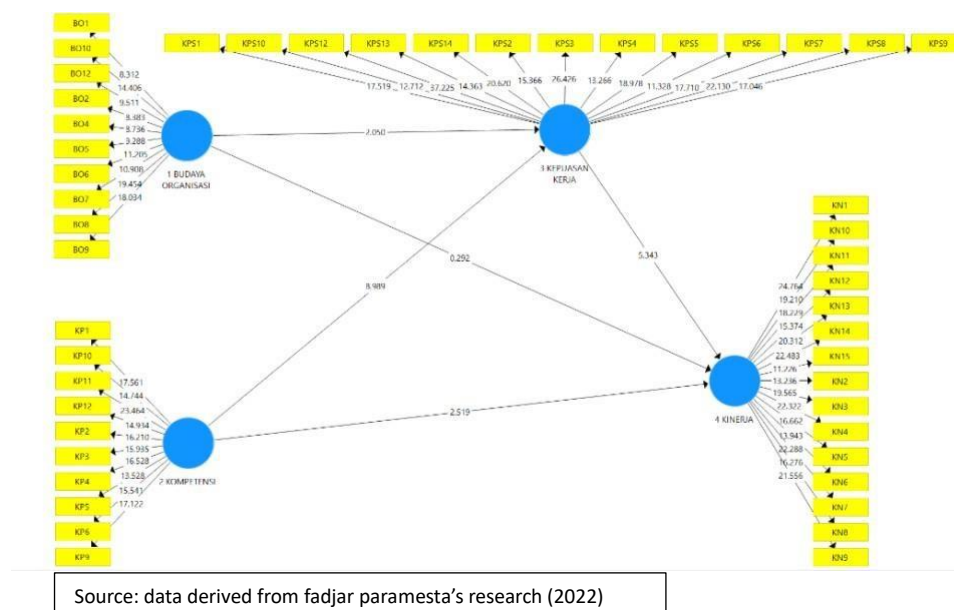
<b>Latent Variables</b>	<b>R Square</b>	<b>Adjusted R Square</b>
Job satisfaction	0.767	0.763
Performance	0.828	0.824

*Source: data derived from fadjar paramesta's research (2022)*

Based on table 4.6, the R Square value of job satisfaction is 0.767, and the R Square value of performance 0.828, this translates to 82.8% of variations or changes in performance are influenced by organizational culture, and competence, while the remaining 17.2% is influenced by other causes. So, it can be said that the R Square in the working variable is moderate.

### **4.3.3 Hypotheses Testing**

Hypothesis testing is carried out based on the results of Inner Model testing (structural model) which includes r-square output, parameter coefficients and t- statistics. To see whether a hypothesis can be accepted or rejected among others by considering the significant value between contracts, t-statistics, and p-values. Hypothesis testing of this study was carried out with the help of SmartPLS 3.0 software. This value can be seen from the results of bootstrapping. The rules of thumb used in this study are t-statistics  $>1.96$  with a significance level of p-value of 0.05 (5%) and a positive beta coefficient. Here is figure 4.8 of hypothesis testing:



**Figure 4.3 Hypothesis Testing Results**

To determine the structural relationship between latent variables, hypothesis testing must be carried out on the path coefficients between variables by comparing the p-value number with alpha (0.005) or t-statistic of ( $>1.96$ ). The magnitude of P-value and also t-statistics are obtained from the output on SmartPLS using the bootstrapping method. The following is the direct influence table.

**Table 4.7 Table of direct influence**

Latent Variables	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics (I/STDEV I)	P Values
Organizational culture -> Jobsatisfaction	0.179	0.201	0.087	2.050	0.041
-> Organizational culture Performance	0.039	0.067	0.132	0.292	0.770
Competence -> Job satisfaction	0.738	0.722	0.082	8.989	0.000
-> Performance Competency	0.256	0.248	0.102	2.519	0.012
Job satisfaction -> Performance	0.650	0.633	0.122	5.343	0.000

Source: data derived from fadjar paramesta's research (2022)

1. The first hypothesis examines whether organizational culture positively affects job satisfaction. The test results show the p-value of organizational culture on job satisfaction of (0.041) and t-statistics of (2.050). These results indicate t-statistically significant. As it is greater than  $>1.96$  and the p-value is lower than  $<0.05$  so the first hypothesis is accepted. This proves that organizational culture is proven to have a positive influence on job satisfaction.
2. The second hypothesis tests whether organizational culture positively affects performance. The test results show the p-value of organizational culture on performance of (0.770) and t-statistic is 0.292. This p-value is greater than 0.05 and the t-statistic is smaller than the t-table value of 1.96. This result it is declared insignificant meaning that organizational culture is proven not to have a significant influence on performance. So, the second hypothesis is rejected.
3. A third hypothesis tests whether competence positively affects job satisfaction. The test results show the value of competency p-value on job satisfaction of (0,000) and t-statistic of (8,989). These results indicate t- statistically significant. As it is greater than  $>1.96$  and the p-value is lower than  $<0.05$  so the third hypothesis is accepted. This proves that competence is proven to have a positive influence on job satisfaction.
4. The fourth hypothesis tests whether competence positively affects performance. The test results show a competency *p-value* of performance of 0.012 and t-statistics of 2.519. These results indicate t-statistically significant. As it is greater than  $>1.96$  and the p-value is lower than  $<0.05$  so the fourth hypothesis is accepted. This proves that competence is proven to have a positive influence on performance.
5. The fifth hypothesis tests whether job satisfaction positively affects performance. The test results show a p-value of job

satisfaction on performance of (0.000) and t-statistics of (5.343). These results indicate t-statistically significant, more >1.96 with a p value of <0.05 so that the fifth hypothesis is accepted. This proves that job satisfaction is proven to have a positive influence on work.

To determine the structural relationship between latent variables, hypothesis testing has been carried out on the path coefficients between variables with the bootstrapping method. The following is the indirect influence table:

Table 4.8 Table of indirect influences

Latent Variables	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Organizational culture -> jobsatisfaction -> performance	0.116	0.126	0.055	2.098	0.036
Competency -> job satisfaction -> performance	0.480	0.459	0.109	4.411	0.000

Source: data derived from fadjar paramesta's research (2022)

6. The sixth hypothesis examines whether organizational culture positively influences performance through job satisfaction. The test results show the p-value of organizational culture towards work through job satisfaction of 0.036 and t-statistics, which was 2.098. This result indicates t-statistically significant. As it is more than >1.96 with a p value below <0.05 so that the sixth hypothesis is accepted. This proves that organizational culture is proven to have a positive influence on performance through job satisfaction.
7. The seventh hypothesis examines whether competence positively affects performance through job satisfaction. The test results show the *p-value* of competence on performance through job satisfaction

of 0.000 and t-statistics of 4.411. This result indicates t-statistically significant because it is more  $>1.96$  with a p value below  $<0.05$  so that the seventh hypothesis is accepted. This proves that competence is proven to have a positive relationship and influence on performance through job satisfaction.

This test is intended to test the hypotheses: Recapitulation of Hypothesis

Table 4.7 Test Results

Hypothesis	Description	Information
H1	(X <sub>1</sub> ) organizational culture influences (Z) job satisfaction	Accepted
H2	(X <sub>1</sub> ) organizational culture influences (Y) performance	Not Accepted
H3:	(X <sub>2</sub> ) competence on (Z) job satisfaction	Accepted
H4:	(X <sub>2</sub> ) competence influences (Y) performance	Accepted
H5	(Z) job satisfaction influences (Y) performance	Accepted
H6	(X <sub>1</sub> ) organizational culture influences (Y) performance through (Z) job satisfaction	Accepted
H7	(X <sub>2</sub> ) competence influences (Y) performance through (Z) job satisfaction	Accepted

Source: data derived from fadjar paramesta's research (2022)

## 4.4 Discussion

### 4.4.1 Descriptive Data

Based on the results of questionnaires that have been collected from 110 respondents, data on the gender, age, education, term of employment, marital status, and income of respondents in this study were obtained. The male respondents are more dominant with a total number of 60 respondents (55%). The characteristics of the age ranging from 25-30 years is the most dominant with a total number of 53 respondents (48%). Based on education, Bachelor's Degree (S1) is the most dominant with a total number of 70 respondents (70%). The characteristics of respondents based on term of employment, 1 - 5 year term is the most dominant with a total number of 47 respondents (43%). The characteristics of

respondents based on marital status; married status is more dominant with a total number of 72 respondents (65%). The last characteristics is income; the income range of IDR 2,000,000 to IDR 5,000,000 is the most dominant with a total number of 80 respondents (73%).

#### 4.4.2 Discussion of hypotheses

##### *1. Testing the effect of (X1) organizational culture on (Z) job satisfaction*

Based on the results of the data that has been tested. The test results show the p-value of organizational culture on job satisfaction of 0.041 and t-statistics of 2.050. From this result we can see t-statistically significant because it is greater than  $>1.96$  and the p-value is lower than  $<0.05$ . So, the first hypothesis is accepted. This proves that organizational culture is proven to have a positive influence and relationship on job satisfaction.

This research was conducted on employees of BPN Medan City to find out whether the hypothesis can be proven by previous theories. The performance theory used comes from Mathis and Jackson, (2006) *indicators of Quality, Quantity Reliability, Attendance*. Thus, the first hypothesis stating that "organizational culture has a significant and positive influence on job satisfaction" is supported.

The organizational culture of a company consists of the shared values, strategies, vision, and goals of its members as well as norms of trust and understanding. These elements serve as guides for all aspects of the business and help shape employee attitudes and behaviors. In short, building a successful organizational culture requires a strategy that can be used as one of the cornerstones of organizational competitiveness. Employees who work for companies with a strong organizational culture have a clear idea of how to handle any issues that arise. Culture also offers organizational stability. The author refers a number of expert viewpoints to help explain the study of organizational (corporate) culture. In

Introduction to Business Administration (Harvey and Brown, 2009) describe organizational culture as a system of shared values and beliefs that interact with people, structures, and organizational processes to establish norms of behavior.

## ***2. Testing the effect of (X1) organizational culture on (Y) performance***

Based on the results of the data that has been tested. The test results show the p-value of organizational culture on performance of 0.770 which means that the p-value is greater than 0.05 and t-statistics is 0.292. It indicates that t-statistics is smaller than t-table value 1.96. From this result it is declared insignificant. This proves that organizational culture is proven to have no significant influence on performance. So, the second hypothesis is rejected.

This research was conducted on employees of BPN Medan City to find out whether the hypothesis can be proven by previous theories. The performance theory used comes from Mathis and Jackson (2006) *indicators of Quality, Quantity, Reliability, Attendance*. Thus, the second hypothesis saying that "organizational culture has a significant and positive influence on performance" is not accepted.

The culture within the organization serves as a code of conduct for its members. A system of disseminating ideas and values that develops within an organization and guides the behavior of its members is called organizational culture. If the organizational culture supports the organization's strategy, it may be the organization's primary competitive advantage. Organizational culture is a collection of assumptions or belief systems, values, and standards that are formed within the organization and used by its employees as behavioral guidelines to overcome the difficulties of external adaptation and internal integration (Mangkunegara, 2005: 113).



### ***3. Testing the effect of (X2) competence on (Z) job satisfaction***

Based on the results of the data that has been tested. The test results show the value of competency *p-value* on job satisfaction of 0.000 and *t*-statistic of 8.989. These results indicate *t*-statistically significant. As it is greater than  $>1.96$  and the *p*-value is lower than  $<0.05$ . So, the third hypothesis is accepted. This proves that competence is proven to have a positive influence on job satisfaction.

This research was conducted on employees of BPN Medan City to find out whether the hypothesis can be proven by previous theories. Swanson *et al.* (2020) conducted a study entitled "*The effect of leader competencies on knowledge sharing and job performance: Social capital theory*". The study describes the influence of leadership from a competency perspective. It allows academics to understand the different dimensions of leader quality and capacity. Based on social capital theory, the study proposed, and tested a model that adheres to the concepts of leader competence, knowledge sharing, employee job performance, and employee loyalty in the context of expatriate general managers. The study showed leader competencies are critical to promoting knowledge sharing and improving employee job performance. Both knowledge sharing and employee work performance were found to have a direct effect on employee loyalty.

Competence is the basic characteristics or ability of human resources that allows them to bring out superior performance in carrying out the duties and responsibilities with adequate education, training, and experience. Competence is a skill and knowledge derived from the social and work environment that is absorbed, mastered, and used as an instrument to create value by carrying out duties and work as well as possible (Ahmadi, F. 2019). Competency levels are needed in order to determine the expected level of performance for good or average categories. The determination of the required competency threshold will

certainly be used as a basis for the selection process, succession planning, performance evaluation, and HR development.

#### ***4. Testing the effect of (X2) competence on (Y) performance***

Based on the results of the data that has been tested. The test results show a competency *p-value* of performance of 0.012 and t-statistics of 2.519. These results indicate t-statistically significant. As it is greater than >1.96 and the p-value is lower than <0.05. So, the fourth hypothesis is accepted. This proves that competence is proven to have a positive influence on performance.

This research was conducted on employees of BPN Medan City to find out whether the hypothesis can be proven by previous theories. Rosmaini and Tanjung (2019) investigated "The Effect of Competence, Motivation and Job Satisfaction on Employee Performance" aiming at determining the influence of competence, motivation and job satisfaction on employee performance. This type of research is associative research. Hypothesis testing was performed by multiple regression tests. The sampling technique used was saturated samples. The sample of this study was all employees within the scope of the Public Works and Public Housing Office of Aceh Tamiang Regency totaling 80 people. Data processing used SPSS software. Data analysis techniques employed classical assumption testing, multiple linear regression analysis, hypothesis testing and determination coefficient testing. The results showed that partially competence had a positive and insignificant influence on employee performance, motivation had a positive and insignificant effect on employee performance, job satisfaction had a positive and significant effect on employee performance. Simultaneously, competence, motivation and job satisfaction had a significant effect on employee performance.

Competence is a set of interrelated knowledge, skills, and attitudes affecting most positions (roles or responsibilities), correlated with

performance in those positions, and can be measured to acceptable standards, and can be improved through training and development efforts.

According to the International *Federation of Accountants* (2014) in *IAESB: Handbook of International Education Pronouncements*, competence is defined as the ability to perform job roles in accordance with established standards with reference to the work environment. To demonstrate competence for his or her role, a professional accountant must possess (a) the necessary professional knowledge, (b) professional skills, and (c) professional values, ethics, and attitudes.

Watson Wyatt quoted by (A S. Ruky, 2013: 106) defines competence as "a combination of skills, knowledge and behavior that can be observed and applied critically to the success of an organization and the work achievements and personal contributions of employees to their organization".

##### ***5. Testing the effect of (Z) job satisfaction on (Y) performance***

Based on the results of the data that has been tested. The test results show a p-value of job satisfaction on Performance of 0.000 and t-statistics of 5.343. These results indicate t-statistically significant, more >1.96 with a p value of <0.05. So that the fifth hypothesis is accepted. This proves that job satisfaction is proven to have a positive relationship on performance.

This research was conducted on employees of BPN Medan City to find out whether the hypothesis can be proven by previous theories. Andrade and Westover (2018) conducted a study entitled "*Generational differences in work quality characteristics and job satisfaction*". The study was twofold: first, to determine whether job satisfaction increases with age, and whether this is consistent across countries; and second, if individuals belonging to the same age group, who experience similar life conditions and events and are considered to have the same attitudes and behaviors, differ in terms of job satisfaction, and if these differences can be compared

across countries. For design/ methodology/ approach, this study provides a comparative analysis of the impact of age and generational differences on job satisfaction globally, based on non-panel longitudinal data from the latest wave of the International Social Survey Program (Work Orientation IV, 2015).

According to Saptarini (2018), job satisfaction is a person's attitude towards his work, reflecting his positive and negative experiences at work and his future goals. Further, according to (Sardina, 2020), job satisfaction is a general attitude towards job that shows a disparity between the amount of rewards earned, the quantity obtained, and what supposed to receive.

According to (Ancient, et al. 2019), there are several markers of job satisfaction, including wage satisfaction, promotion, superior performance, work environment, and worker cooperation. One of the most important components of an enterprise is job satisfaction, which indicates that goals can be achieved with maximum effort. According to Luthans (2006), job satisfaction is the result of workers' assessment of the extent to which their work delivers what they consider important.

#### ***6. Testing the effect of (X1) organizational culture on (Y) performance through (Z) job satisfaction***

Based on the results of the data that has been tested. The test results show the p-value of organizational culture on performance through job satisfaction of 0.036 and t-statistics of 2.098. These results indicate t-statistically significant, more  $>1.96$  with a p value of  $<0.05$ . So, the sixth hypothesis is accepted. This proves that organizational culture is proven to have a positive influence on performance through job satisfaction.

This research was conducted on employees of BPN Medan City to find out whether the hypothesis can be proven by previous theories. Arif, et al, (2019) conducted a study entitled "*Influence of Leadership, Organizational Culture, Work Motivation, and Job Satisfaction of Performance Principles of Senior High School in Medan City.*" In this

study, there is a positive impact of work motivation on performance through job satisfaction. This is evidenced through the results of research examining the influence of Leadership (X1), Organizational Culture (X2), Work Motivation (X3), and Job Satisfaction (X4) on the Performance of High School Principals (X5) in Medan City. This study also aims to determine the theoretical model of performance (fixed model) that can describe the structure of the causal relationship between exogenous variables and endogenous variables.

According to (Robbins, 2006), job satisfaction is an individual's overall attitude about his job. Work requires contact with co-workers, superiors, work standards, organizational rules and procedures, and other factors. In addition, according to Handoko (2001), job satisfaction is a positive or negative emotional state of an employee towards his job. Job satisfaction represents an employee's attitude regarding his job.

#### ***7. Testing the effect of (X2) competence on (Y) performance through (Z) job satisfaction***

Based on the results of the data that has been tested. The test results show the p-value of competence on performance through job satisfaction of 0.000 and t- statistics of 4.411. These results indicate t-statistically significant, more >1.96 with a p value of <0.05. So, the sixth hypothesis is accepted. This proves that competence is proven to have a positive influence on performance through job satisfaction.

This research was conducted on employees of BPN Medan City to find out whether the hypothesis can be proven by previous theories. Indarti (2018) conducted a research entitled "*the Effect of Competence and Compensation on Motivation of Employees and Its Impact on Employee Performance in the Personnel and Training Board of Karawang Regency*" In this study, work motivation and work discipline have a positive effect on job satisfaction. The results of research conducted at the Karawang Regency Personnel and Training Agency

showed that 1) Employee competence had very good criteria, Compensation had good criteria, Work Motivation and Employee Performance had very high criteria; 2) Competency with Compensation had a positive and significant correlation at a low correlation level with a correlation coefficient of 0.329.

Performance is a real behavior displayed as work achievements produced by employees according to their role in a company or organizational agency. Good employee performance is one of the most important factors in the efforts of a company or organization to increase productivity. The performance of an employee in a company or organization is an individual thing, as each employee has different levels of ability in carrying out their duties (Hindriari, 2018).

## CHAPTER V

### CONCLUSIONS AND SUGGESTIONS

#### 5.1 Conclusions

Based on the analysis and discussions, some conclusions can be drawn.

1. The *p-value* of organizational culture on job satisfaction is 0.041 and *t- statistic* is 2.050. These results indicate *t*-statistically significant. As it is greater than  $>1.96$  and the *p*-value is lower than  $<0.05$ , so the first hypothesis is accepted
2. Organizational culture does not have a positive and significant influence on the performance. The *p*-value of organizational culture on performance of 0.770 which is greater than 0.05 and the *t-statistic* is 0.292. This means that the *T*-statistics is smaller than the *T*-table value of 1.96. This result it is declared insignificant.
3. Competency *p*-value on job satisfaction is 0.000 and *t*-statistics is 8.989. These results indicate *t*-statistically significant. As it is greater than  $>1.96$  and the *p*-value is lower than  $<0.05$ , so the third hypothesis is accepted. This proves that competence is proven to have a positive influence on job satisfaction.
4. The *p*-value of competence on performance is 0.012 and *t*-statistics is 2.519. These results indicate *t*-statistically significant. As it is greater than  $>1.96$  and the *p*-value is lower than  $<0.05$ . So, the fourth hypothesis is accepted. This proves that competence is proven to have a positive influence on performance.
5. The *p*-value of job satisfaction on performance is 0.000 and *t*-statistics is 5.343. These results indicate *t*-statistically significant, more  $>1.96$  with a *p* value of  $<0.05$ . So, the fifth hypothesis is

accepted. This proves that job satisfaction is proven to have a positive influence on work.

6. The p-value of organizational culture on performance through job satisfaction is 0.036 and t-statistics is 2.098. These results show t- statistically significant, more  $>1.96$  with a p value of  $<0.05$ . So, the sixth hypothesis is accepted. This proves that organizational culture is proven to have a positive influence on performance through job satisfaction.
7. The p-value of competence on performance through job satisfaction is 0.000 and t-statistics is 4.411. These results are stated t-statistically significant, more  $>1.96$  with a p value  $<0.05$ . So, the sixth hypothesis is accepted. This proves that competence is proven to have a positive influence on performance through job satisfaction.
8. The test results, the R-square value in this study involved two latent variables- job satisfaction and performance. The R Square value of job satisfaction is 0.767, or 76.7% and the R Square value of performance is 0.828, or 82.8%. Variation or change in performance variable is influenced by organizational culture, and competence through job satisfaction, while the remaining 17.2% is influenced by other factors. So, it can be said that the R Square in the working variable is moderate.

## 5.2 Suggestions

Based on the results of the analysis and discussion, the following conclusions can be drawn:

1. In supporting the improvement of organizational culture, it is suggested that companies consider issues about the demands for achievement that must be achieved by employees. With these demands, employees will be more enthusiastic about achieving targets so as to get awards from the company for the



achievements they achieve. If this is done, it will create a good organizational culture in the company, especially in terms of rewarding employee achievements.

2. In terms of improving competence, of course, deepening the knowledge and skills required by the institution, the institution must set competency standards that employees must own so that employees have targets when participating in competency-related training programs. That way, the knowledge gained during training can be applied to work.
3. In improving employee performance, it is suggested that companies provide employees adequate time to complete the tasks with a considerable level of difficulty hence achieving optimal results.

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## **APPENDIX 1**

### **Research Location**

This research was conducted at BPN Medan City which is located at Jl. Brigjend Katamso No.45, A U R, Kec. Medan Maimun, Medan City, North Sumatra 20218, This research was carried out for 4 (four) months, namely from May 2022 to August 2022.

### **1. Company Profile**

The National Land Agency (abbreviated as BPN) is a non-ministerial government institution in Indonesia that has the task of carrying out government duties in the Land sector in accordance with the provisions of laws and regulations. BPN was formerly known as the Agrarian Office. BPN has the task of carrying out government duties in the land sector in accordance with the provisions of laws and regulations. In carrying out its duties, BPN carries out functions.

#### **Duties and Functions of BPN**

1. Formulation and implementation of policies in the field of land rights determination, land registration, and community empowerment.
2. Formulation and determination of policies in the land sector.
3. Formulation and implementation of policies in the field of regulation, structuring and control of land policies.
4. Formulation and implementation of policies in the field of land acquisition.
5. Formulation and implementation of policies in the field of surveying, measurement, and mapping.

6. Formulation and implementation of policies in the field of control and handling of land disputes and cases.
7. Supervision over the implementation of duties within BPN.
8. Implementation of task coordination, coaching, and providing administrative support to all organizational units within BPN.
9. Implementation of sustainable food agricultural land information data management and information in the land sector.
10. Implementation of research and development in the land sector; and
11. Implementation of human resource development in the land sector

## 2. Company Vision and Mission

### VISION

The Realization of Trusted and World-Standard Spatial Planning and Land Management in Serving the Community to Support the Achievement of: "Advanced Indonesia that is Sovereign, Independent and Personality Basedon Gotong Royong."

### MISSION

1. Organizing Productive, Sustainable and Equitable Spatial Planning andLand Management.
2. Organizing World Standard Land and Spatial Planning Services.MOTO
3. Serve, Professional, Trusted

## 3. Company Structure

The following is the organizational structure in BPN Kota Medan:

- 1) The Board of Heads of Office, consists of:
  - a. Head of Office = Yuliandi, S. Sit., M.H
  - b. Head of Administration Subdivision = Yayuk Supriaty, S.H., M.H.
  - c. Substance Group Coordinator  
Planning, Evaluation and Reporting = Nur Rahmi W, S. Si
  - d. Substance Group Coordinator  
General and Staff= Lailam Mahrani, S.H
  - e. Substance Group Coordinator  
Finance and State Property = Rolanni A R. S. Kom

2) Section Head, consisting of:

- a. Head of Survey and Mapping Section = Anzar Abidin  
Nadjpa, S.ST
- b. Head of Rights  
Determination  
Section and  
Registration = Diko  
Rolan Damanik, S.H
- c. Head of  
Structuring  
Section and  
Empowerment=  
Elsaria Tarigan,  
S.H
- d. Head of Land Acquisition Section and  
Developern = Nurdin Nasution, S. SiT
- e. Head of Control Section and  
Dispute Handling= Elsaria Tarigan, S.H

#### **4 Operational Definition of Research**

##### **Variables and Indicators1). Job Satisfaction**

**(Z)**

When a company has good employee performance, it will produce a good sense of job satisfaction for the company and for the employees concerned, making it easier in the process of achieving predetermined goals. According to (Luthans, 2011) job satisfaction is the result of employees' perception of how well their jobs deliver what they consider important. The

indicators include:

1. *The job itself (Job)*

- a. Can complete the assigned responsibilities.
- b. Can complete work independently.
- c. Can follow the operational standards of the work.

2. *Salary*

- a. There is a regular salary giving.
- b. There is a salary provision according to the workload.
- c. There is sufficient salary to meet daily needs.

3. *Supervision*

- a. There is oversight in the operating system of the work.
- b. Can meet the company's standard targets.
- c. There is ongoing surveillance.

4. *Coworkers*

- a. There is cooperation with colleagues to solve problems.
- b. There is an attitude of mutual support for each other.
- c. There is friendliness in the relationship between colleagues.

5. *Promotion Opportunities*

- a. There is a clear promotion system.
- b. There is a chance of fair promotion.
- c. There is an opportunity to improve performance.

**2). Performance (Y)**

Performance in an organization is very important because it is one part that explains the good or bad of a company in the process of achieving its goals.

Performance from a standpoint (Mathis, Jackson and Valentine, 2016) is something that affects how much they contribute to the organization. The indicators include:



### 1. Quality

- a. Thoroughness in work.
- b. Ability to complete work according to work standards.
- c. The ability to overcome difficulties at work.

### 2. Quantity

- a. Ability to meet given targets.
- b. Ability to work efficiently.
- c. Ability to work according to standard time.

### 3. Attendance

- a. The ability to arrive on time.
- b. The ability to complete tasks on time.
- c. Punctuality when returning home from work.

### 4. Reliability

- a. The ability to utilize resources efficiently.
- b. The ability to perform tasks in accordance with work operating standards.
- c. Ability to reduce failures.

### **3). Organizational culture (X1)**

Organizational culture is a collection of assumptions or belief systems, values, and standards formed within the organization and used by its employees as behavioral guidelines to overcome the difficulties of external adaptation and internal integration (Mangkunegara, 2005: 113), Organizational culture refers to a system of shared understanding held by members of an organization, which distinguishes the organization from other organizations. Robbins (2002) divides seven main characters, all of which become important elements of organizational culture. The Organizational Culture Indicators include the following:

1. Innovation.
  - c. The ability of employees is encouraged to create new ideas.
  - d. The ability of employees gives sensitive insight to issues that cause organizational losses.
2. Pay attention to problems.
  - c. The ability of employees to be careful on things while working
  - d. Be meticulous in doing the work.
3. Leads to results.
  - c. Supports managers to direct focus on results.
  - d. Ability Set targets to be achieved by the company.
4. Leads to the interests of employees.
  - c. Meet the need to do work.
  - d. Supporting employee achievement
5. Advance in work.
  - c. The ability of workers in the organization shows aggressiveness in working.
  - d. Ability leads to the procedure of the rules of the enterprise.
6. Protect and maintain work stability.
  - b. Supports managers to supervise subordinates while working.

#### **4). Competence(X2)**

Opinion (Sutrisno, 2010) that, Competence is related to knowledge, skills, abilities and personality characteristics that directly affect its performance , Competence "Main characteristics from an employee who results in the creation of an effective performance"

1. *Knowledge.*

- a. Factual Knowledge Basic understanding of facts and ability to describe information.
  - b. Conceptual knowledge is an understanding of the structure and levels of a set of information.
  - c. Procedural knowledge and understanding of the steps and procedures for carrying out a process.
2. *Skills.*
- a. Administrative Skills Ability to manage a process in a predefined situation.
  - b. Managerial Skills The ability to manage in situations where decisionmaking must be done.
  - c. Technical skills Proficiency in a particular professional field, mastery in the use of techniques to produce.
3. *Attitude*
- a. Support commitment to the public interest and sensitivity to social responsibility,
  - b. Support self-development and continuous learning, and mutual respect.
4. Personal image *traits.*
- a. Self-Confidence A person's confidence in his or her abilities.
  - b. Personal Values A person's personal perception or point of view in responding to a situation, phenomenon, or problem.
5. *Motivation* is something that is consistent.
- a. Social Skills Ability to interact,

communicate, motivate, and negotiate.

- b. Economic Encouragement The drive to meet economic needs, obtain financial and material well-being.
- c. Psychological Encouragement The drive to meet spiritual needs, a form of self-actualization.

## Appendix 2 AUTHOR BIO



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