

THE MEDIATION ROLE OF ORGANIZATIONAL CULTURE: FACTORS AFFECTING COMPETENCIES TOWARD EMPLOYEE PERFORMANCE

(Study at Shipping Companies in Jakarta, Indonesia)

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Abstract. This study aims to examine the effect of intellectual, emotional, and social competencies toward organizational culture. This study also examines the role of organizational culture in mediating the effect of intellectual, emotional, and social competencies toward employee performance at shipping companies in Jakarta. The method used in this study is quantitative method. The samples of this study were taken by conducting random sampling technique, by collecting samples from as many as 120 employees at the shipping companies in Jakarta. Path analysis is used as the data analysis technique. The results of this study show that intellectual and emotional competencies have an effect toward organizational culture and have an implication on employee performance. On the other hand, social competencies do not have any effect toward organizational culture and employee performance. This study also found that organizational culture has an effect on employee performance. The findings of this study indicate that in order to improve employee performance at the shipping companies, intellectual and emotional competencies, as well as the application of good organizational culture are required.

Keywords: intellectual competencies, emotional competencies, social competencies, organizational culture, employee performance, shipping company

INTRODUCTION

Sea transportation has become increasingly important because of the vast territory of the Indonesian Republic which consists of thousands of islands and is separated by vast waters. Sea transportation is a means of transportation that can connect one region to another. Structuring a national sea transportation system that is reliable, safe, integrated, and directed requires planning and development that are supported by the quality improvement of human resources.

The issues of human resources, facilities, and technology are some important factors in creating quality service. These resources should be used effectively to achieve the desired results. In order to achieve these results, efforts that are supported by all parties in the organizations, both from the management and the employees are required. Therefore, the management needs to make a new strategy to mobilize all of its human resources. No matter how good and sophisticated the technology owned by the sea transportation company is, it will not be able to realize optimal results if it is not supported by reliable human resources. Thus, human resources are the aspect that needs special attention.

The application of work culture values is expected to have a positive impact on the changes in the way employees work, which is implicated to their performance. Work culture is defined as a form of understanding of the organization's vision, mission, and strategy. Machwati (2015) stated that work culture has a very deep meaning, because it can change the attitudes and behavior of people in a group to achieve performance.

One of the factors that can improve the quality of human resources is employee competencies. Competencies are the main factor to increase work performance (Klärner, *et al.*, 2013). Besides, the competencies of quality human resource will also raise sense of belonging toward the organization, which will have an impact on the increase of organizational commitment (Sujana; 2012). The application of competencies on sea transportation is related to sea worthiness, which absolutely must be fulfilled by shipping companies as a sailing requirement since there is an element of safety, which becomes the top priority. Competencies are necessary to help organization create high culture. The increasing number of competencies used by human resources (sailors) will increase performance (Wibowo, 2012).

Several previous studies, such as Yuliatin *et al.* (2017) found that there is a positive effect of human resource competencies, motivation, work environment, and organizational commitment on performance. The results from Asmoro, *et al.*, (2020) stated that competencies can increase performance. Sriwidodo and Haryanto (2010) conducted research that found that the effectiveness of employee work can be determined by required competencies. In addition, Winanti (2011) stated that competencies affect employee performance. Similar to the others, Qamariah and Fadli (2011) found in their study that competencies have a positive and significant effect on performance.

This study attempts to understand the mediation role of work culture between competencies determinants towards performance at the shipping companies in Indonesia. Besides, this study aims to examine the effect of competencies determinants (intellectual, emotional, and social competencies) toward performance at the shipping companies in Indonesia.

LITERATURE REVIEW

Work Competencies

Competencies are the ability to realize management tasks that include planning, actuating, and controlling in order to achieve goals. Competencies can be linked to performance that is described in self-goals and concept. Dasler (2011: 169) defined competencies as characteristics of someone's ability to encourage performance. Zainal (2014) added that competencies include knowledge, skills, abilities, or personalities of individuals which directly affect employee performance. The concept of individual competencies is an old tradition in managerial field. Wirawan (2015) described competencies as the ability, skills, knowledge, expertise, and mindset that are required to successfully carry out a particular task or job. So, in this sense those aspects are very comprehensive and oriented toward achieving goals.

Fogg (2004:90) divided competencies into two categories, namely threshold competencies and differentiating competencies according to the criteria that are used to predict job performance. Threshold competencies are the main characteristics that are usually in the form of basic knowledge or skills (such as the ability to read). On the other hand, differentiating competencies are competencies that make someone different from others. Spencer & Spencer (1993:34) classified the dimension of individual competencies into three, namely intellectual, emotional, and social competencies. According to Robbin (2007) competencies are determined by 2 factors that include intellectual and physical abilities.

Organization Culture

Culture is a pattern of all material and behavioral arrangements that have been adopted by society as a traditional way of solving the problems of its members. Culture also includes organized methods, beliefs, norms, implicit cultural values, and basic premises that contain an order. According to Fahmi (2013), organizational culture is a habit that has lasted a long time and is used and applied in the life of work activities as one of the drivers to improve the work of employees and company managers. Robbins (2013) defined organizational culture as the willingness to use high-level business for organizational purposes which is conditioned by the ability of businesses to meet individual needs.

The results of the study from Wijaya and Soedarmadi (2013) showed that there is a direct effect of organizational culture toward performance. The results from Wilderom and Van Den Berg (2000) found that organizational culture that is operationalized in the dimension of work autonomy, external orientation, interdepartmental orientation, resource orientation, and development orientation affects the management performance with the mediation of transformational leadership of the top management.

Employee Performance

Performance is the level of achievement of the results of certain tasks implementation. Based on this definition, performance is a function of motivation and ability (Zainal 2014:406). Performance is the real behavior displayed by someone as a role. According to Otley in Mahmudi (2015:6), performance is the result achieved from the activities of working. Bangun (2015:410) added that performance is the result of work achieved by employees based on job requirements.

HYPOTHESES DEVELOPMENT

There are several factors that affect the good and bad performances of employees, as understood in the concept of behavioral change. Robbins (2001) stated that there are four critical variables of human output that will determine the level of performance of organization/individual, namely motivation, commitment, competition, productivity, absenteeism, and job satisfaction. This means that the human element in the framework of the modern approach is seen as a determining factor in the process of increasing organizational effectiveness. Cascio (2003) refers ability and organizational culture as the factors that interact with performance. Competencies are determined by expertise

and knowledge, while expertise is affected by skills, personality, and knowledge that is formed by education, training experience, and interests that are all summarized in the competency theory. Furthermore, according to the individual perspective, employee performance is influenced by achievement of motivation, competencies, and commitment. Employees must have the qualifications needed for the delivery of information to the relevant unit.

Susilo (2001:6) stated that individual competencies are the capacity of knowledge, skills, and attitudes possessed by an employee that is relevant to the standard of work that will be performed. Therefore, an individual will be able to carry out the work that has been designed for both now and in the future. According to Spencer & Spencer (1993), intellectual, emotional, and social competencies are part of the deepest personality in a person that can predict or affect the effectiveness of individual performance. Empirical statements that support this is stated by Kusumastuti (2001:228) which mentioned that individual competencies have a positive and significant effect on performance.

The increase of competencies is also influenced by culture. According to Robbins (2013), organizational culture is the willingness to use high-level effort for organizational purposes that is conditioned by the ability of businesses to meet some individual needs. From the definitions stated in the literature review, there are three important elements, namely business, goals, and needs. The business element is an instrument of measurement. Business that is directed towards and consistent with organizational goals is the type of business that should be sought and organizational culture is a process of meeting needs.

From Peccei and Rosenthal (1998), it is obtained a conclusion that there is a strong causality relationship between employee organizational culture in customer service activities with the variable of capacity, knowledge, and competencies of employees to affect performance (Worsfold, 1999:).

H1: Intellectual, Emotional, and Social Competencies has an effect on Organizational Culture

H2: Organizational Culture has an effect on Employee Performance

H3: Intellectual, Emotional, and Social Competencies has an effect on Employee Performance

RESEARCH METHOD

This study is a **causality research** that aims to analyze whether there are interrelationships between variables. The populations in this study are all employees of shipping companies in Jakarta and Tangerang. The sampling technique is using random sampling method, which resulted in 120 respondents in 5 shipping companies in Jakarta, Indonesia.

The variable in this study is measured using 6-point Likert scale, in which '1' is 'strongly disagree' to '6' which is 'strongly agree'. The variable of employee

competencies is developed from Spencer & Spencer (1993:78) who divided it into three competencies, namely intellectual, emotional, and social competencies. The variable of work culture is developed from Luthans (1998), which consists of: (1) timeliness; (2) ability to utilize and use office equipment; (3) producing satisfactory work; (4) following the way of work that has been determined; and (5) having high responsibility. The variable of Employee Performance is developed from Bangun (2015), which consists of: (1) number of works; (2) quality of work; (3) understanding of work procedures; (4) work creativity; (5) cooperation in work; (6) initiative; and (7) personal quality. The analysis technique that is used for hypothesis testing is Path Analysis with AMOS 22 software.

RESULTS AND DISCUSSION

Respondents' Characteristics

The respondents in this study are 120 employees of shipping companies in Jakarta. The characteristics of the respondents are shown in Table 1 below:

Table 1. Respondents' Characteristics

No.	Respondents' Characteristics	Condition	
		Amount	Percentage
1	Gender		
	a. Male	70	64%
	b. Female	50	41.6%
2	Age		
	a. 18-28 years old	22	18.3%
	b. 29-38 years old	42	35%
	c. >40 years old	56	46.6%
3	Length of work		
	a. 1-3 years	24	20%
	b. 4-6 years	28	23.3%
	c. >7 years	68	56.6%
4	Education		
	a. Associate's Degree	21	17.5%
	b. Bachelor Degree	89	74.1%
	c. Master Degree	10	8.3%
	d. Doctoral Degree	0	0

Source: Processed Data (2020)

Validity and Reliability Test

The test results of validity and reliability of all questionnaire items are valid and reliable. The requirement for validity is fulfilled because each questionnaire item has the significant value above 0.5, and the reliability test result is above 0.7 for each item. Likewise, the construct reliability and extracted variance tests show that all instruments are reliable, which is shown by the value of construct reliability above 0.7 and variance extracted that is recommended on 0.5.

Figure 1 shows the results of the data processing using path analysis with AMOS-22 software which texamine the causal relationship between constructs that is used in the hypothesized path model. The test results of the structural model generally show a fit indices model.

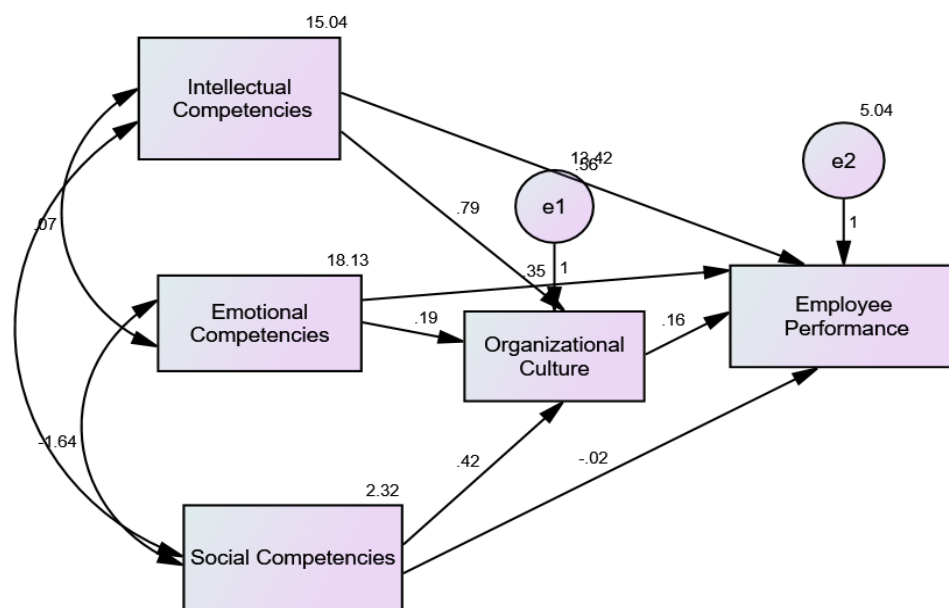


Figure 1. Diagram of the Path Model Test Results

Table 2. The Effect of Dependent and Independent Variables in the Structural Model

Relationship between Variables			Standardized	Unstandardized	P-value	Note
Intellectual Competencies	->	Organizational Culture	0.631	9.240	***	Significant
Emotional Competencies	->	Organizational Culture	0.165	2.334	0.020	Significant
Social Competencies	->	Organizational Culture	0.132	1.876	0.061	Not Significant
Organizational Culture	->	Employee Performance	0.199	2.862	0.004	Significant
Intellectual	->	Employee	0.560	8.180	***	Significant

Competencies		Performance				
Emotional Competencies	->	Performance	0.383	6.885	***	Significant
Social Competencies	->	Performance	-0.008	-.154	0.877	Not Significant

Table 2 shows that:

1. Intellectual Competencies has an effect on Organizational Culture with the β value of 0.631 or P-value of $0.00 < 0.05$.
2. Emotional Competencies has an effect on Organizational Culture with the β value of 0.165 or P-value of $0.020 < 0.05$.
3. Social Competencies does not have an effect on Organizational Culture with the β value of 0.0132 or P-value of $0.061 < 0.00$.
4. Organizational Culture has an effect on Performance with the β value of 0.199 or P-value of $0.004 < 0.005$.
5. Intellectual Competencies has an effect on Employee Performance with the β value of 0.560 or P-value of $0.00 < 0.05$.
6. Emotional Competencies has an effect on Employee Performance with the β value of 0.383 or P-value of $0.000 < 0.05$.
7. Social Competencies does not have an effect on Employee Performance with the β value of -0.008 or P-value of $0.877 < 0.05$.

Table 3. Indirect Effect and Total Effect of Intellectual and Emotional Competencies on Employee Performance through Organizational Culture

Independent Variables	Mediator Variable	Dependent Variables	Indirect Effect	Total Effect	P-Value
Intellectual Competencies	Organizational Culture	Employee Performance	.126	0.686	0.000
Emotional Competencies	Organizational Culture	Employee Performance	.033	0.415	0.000
Social Competencies	Organizational Culture	Employee Performance	.026	.018	0.199

Table 3 explains that organizational culture mediates the effect of intellectual competencies toward employee performance with the total effect of 0.686. Organizational culture mediates the effect of emotional competence toward employee performance with the total effect of 0.415. This means that organizational culture mediates the effect of intellectual and emotional competencies toward employee performance. On the contrary, organizational culture does not mediate the effect of social competencies toward employee performance, with the total effect of 0.018. This indicates that organizational culture cannot mediate the effect of social competencies toward employee performance at the shipping companies in Jakarta.

DISCUSSION

This study emphasizes on the intellectual, emotional, and social competencies in creating a good organizational culture that can improve performance. The results of this study prove that intellectual and emotional competence has an effect on organizational culture, and it implies toward performance. This means that intellectual and emotional performance can enhance the application of organizational culture and improve performance. The results of this study develop the statement from Robbins (2001) who defined competencies as abilities, namely the capacity of individual to perform various tasks in a job. Furthermore, it is stated that individual's ability is formed by two factors, namely the factor of intellectual ability and physical ability. Intellectual ability is the ability needed to perform mental activities, while physical ability is the ability needed to perform tasks that require stamina, dexterity, strength, and skills.

Emotional competence has an effect on organizational culture as well as increasing Employee Performance. The results of this study prove that emotional competencies are a character of attitude and behavior, or the willingness and abilities to master themselves and understand the environment objectively and morally. Therefore, the emotional patterns are relatively stable when dealing with various problems in the workplace that are formed through the synergy between character, self-concept, and internal motivation with the capacity of emotional knowledge (Spencer & Spencer, 1993:35).

Unfortunately, social competencies do not have any effect on organizational culture and performance. The results of this study prove that high social ability of employees does not always have an effect toward the application of organizational culture. This finding contradicts Susilo's (2001:6) statement that competencies will help individual perform jobs that have been designed for them for both now and in the future.

The results of this study show that organizational culture has an effect on employee performance. This finding shows that the higher the organizational culture, the better the employee performance will be. This supports the study from Shein (1999) who stated that organizational culture is a result of interaction between organization and performance, so that it can enhance the performance. The results of this study develop the study from Wijaya and Soedarmadi (2013) that there is a direct effect between organizational culture toward performance.

CONCLUSION AND IMPLICATION OF RESEARCH

Based on the results of the data analysis in this study, it can be concluded that: (1) intellectual and emotional competencies has an effect on organizational culture; (2) social competencies does not have any effect on organizational culture; (3) organizational culture has an effect on employee performance (4) intellectual and emotional competencies has an effect on employee performance; (5) social competencies do not have any effect on employee performance; (6) organizational

performance mediates the effect of intellectual and emotional competencies on employee performance; and (7) organizational performance does not mediate the effect of social competencies on employee performance.

The implication of this study is that intellectual, emotional, and social competencies as well as organizational culture can be a reference to support the creation of an attitude that is full of responsibility for the duties and obligations of employees that must be carried out sustainably, as well as work professionally. It is also added that work culture with standard operating procedures that have been set can be used as a lifestyle of employees when working in the company, although it still needed supervision and control.

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