



## **THE INFLUENCE OF ORGANIZATIONAL CULTURE AND ORGANIZATIONAL CLIMATE ON THE PERFORMANCE OF PRIVATE UNIVERSITIES IN INDONESIA**

<sup>1</sup>I Dewa Agung Ayu Eka Idayanti, <sup>2</sup>Anak Agung Istri Agung Ovy Dwijayanthi,

<sup>3</sup>I Komang Gede

<sup>1,2</sup>Management Study Program, Faculty of Economics and Business, Ngurah Rai University

<sup>3</sup>Faculty of Economics, Business and Tourism, Hindu University of Indonesia

### **Keywords:**

Organizational Culture, Organizational Climate, Organizational Performance

### **\*Correspondence Address:**

Email: [eka.idayanti@gmail.com](mailto:eka.idayanti@gmail.com)

### **Abstract:**

The influence of culture and organizational climate on organizational performance in private universities is the main objective of this research. The research method used in this research is Causal Explanatory research, namely research that will prove the influence of the independent variable on the dependent variable, namely the independent variables organizational culture, organizational climate. The dependent variable is the organizational performance variable of private universities. The data obtained comes from primary data sources related to research variables, and then explains the influence between variables, including the effect of moderating variables using Structural Equation Model (SEM) analysis. The results of this research show that organizational culture does not have a significant relationship with organizational performance, while organizational climate has a positive and significant relationship with organizational performance. The suggestion from this research is Organizational culture should be maintained even if it has no influence significant impact on organizational performance, because with a strong culture it will makes it easier for organizations to implement existing discipline and rules for the sake of organizational progress. A comfortable organizational climate with a supportive work environment, because this can increase organizational commitment and have an impact on organizational performance.

## **INTRODUCTION**

The level of progress of a country can be measured using an index Human Development (HDI) or Human Development Index (HDI) with three indicators namely Health, Economy and Education. The results show resource readiness quality human beings for national development. One of the important components of the indicators above are regarding education. As stated in the preamble to the 1945 Constitution, paragraph 4, that is one of the objectives



the state's aim is to educate the nation's life and also in article 31 of the 1945 Constitution shows that our country's founders were aware of the progress education would bring progress of the nation, then the progress of education is always fought for continuously by government to date, of course it is not easy, there will be many obstacles. Law Number 25 of 2000 concerning the National Development Program (Propenas) In 2000-2004, there were three big challenges facing the world of education in Indonesia.

As a result of the monetary crisis, education is the key to re-increasing the quality of economic growth. Second, massive global changes require good quality human resources to be able to compete against external influences. Furthermore, the country must be able to achieve equitable education in every region. Private universities are at the forefront of regional development because they are spread throughout Indonesia.

As the last line of education, universities play a role very important. Quality and competent college graduates are non-negotiable Again, it has become a necessity. In order to win the competition in the world of work. Globally, the quality and competence of university graduates is a demand absolutely from the development programs of countries in the world, which have changed from the MDGs (Millennium Development Goals) become SDGs (Sustainable Development Goals), namely a document that will become a reference in the development framework sustainable countries in the world. The implementation of the MEA (Asean Economic Community) is an era of integration ASEAN economy in free trade between ASEAN countries demands availability of competent and qualified human resources. It becomes a necessity Universities are able to produce qualified and competent graduates. To produce quality graduates, universities must also maintain high standards. This principle is well acknowledged by the government of Indonesia, which, through the Ministry of Research and Technology, makes significant efforts to achieve this objective. These efforts are guided by Law No. 12 of 2012 on Higher Education, Law No. 8 of 2012 on the Indonesian National Qualifications Framework, and further supported by the Regulation of the Minister of Research, Technology, and Higher Education No. 44 of 2015 on National Higher Education Standards.

According to Wirawan (2007; 10), The norms found in society which are formed from beliefs, philosophies and activities carried out repeatedly over a certain period of time can be the source of the formation of organizational culture. This dimension is formed and coordinated by the founders, leaders and community members and then passed on to new members. This behavior continues to be implemented in all social system activities so that it influences thought patterns, attitudes and behavior in realizing a common goal.



Organizational climate factors also influence the performance of the organization. According to the view of Gibson et al. (1998:28) organizational climate is defined as a set of characteristics work environment that is felt both directly and indirectly by employees and is suspected of influencing his work behavior, then universities must ensure that the organizational climate can be controlled well. Produces that management becomes positive because it is influenced by the climate and organizational structure (Chung-Jen Chen, Jing-Wen Huang, Yung-Chang Hsiao, 2010).

Universities must properly manage all influencing factors performance, so that when performance measurements are carried out, you will get good results Good. Research Kuspijani, DR. Ir. Indung Sudarso, MT, (2010), Devi's research Lisnawati, Ambar Harsono, Sugih Arijanto (2014) and research by Moses L. Singgih, 2008 proves the importance of performance measurement to see the extent of a college's performance tall. The better the results indicate good performance and quality. The results of the accreditation process that has been carried out show the facts worrying.

According to current data from BAN PT, there are 124 State Universities (PT), 3,127 Private PTs, 175 Ministry/Institution PTs, 968 PTAS, and 78 PTAN (PDDikti Data, March 11, 2017). The data shows that only 1,131 institutions are accredited, with 50 having A accreditation (4%), 345 with B accreditation (31%), and 736 with C accreditation (65%), while the remaining 3,340 are not yet accredited. Additionally, there are 26,672 study programs (PDDikti, May 4, 2017), with 20,254 accredited study programs. Among these, 2,512 study programs have A accreditation (12%), 9,922 have B accreditation (49%), and 7,820 have C accreditation (39%), while approximately 5,000 programs are not accredited (BAN-PT, May 3, 2017).

This finding is consistent with earlier research showing that in order to improve performance, higher education must give organizational culture and climate management more serious consideration and effectively manage them. The purpose of this study is to ascertain how organizational climate and culture affect the organizational performance of Indonesia's private universities in light of the aforementioned issues.

## RESEARCH METHODS

Research design is all the processes required in planning and implementation of research. In a narrower sense research design only regarding data collection and analysis only. In the research process, it can be seen that the process It consists of two parts, namely:

### **1. Research Planning**

### **2. Implementation of Research or Research Operational Processes**

#### **2.1. Data**

Both qualitative and quantitative data were used in this investigation. According to Sugiyono (2015) qualitative data is data in the form of words, schemes, and images. Qualitative data in this study is in the literature for influence of organizational culture and organizational climate on the performance of private universities in Indonesia

#### **2.2 Populations and sample**

According to Sugiono (2012; 80), population does not only consist of residents or living objects but can also consist of institutions and institutions. The population encompasses all of the attributes that the subject or object has, not just the quantity of subjects or objects under study. With 2,209 universities, all of Indonesia's health universities make up the study's population. According to the Slovin formula, 401 universities make up the study's sample. Simple random sampling was used to choose the respondents.

#### **2.3 Data Analysis**

Both descriptive and inferential data analysis were employed in this study. In order to elucidate the features of related data, descriptive analysis is used in conjunction with data presentation and analysis. Research variables and subject data serve as the foundation for descriptive research data (Sekaran & Bougie, 2017). The minimum, average, maximum, and standard deviation values are all determined by this analysis.

Inferential analysis techniques are used to test the empirical model and hypotheses proposed in this research. The analysis technique used is a structural equation model (SEM), known as Partial Least Square (PLS). PLS does not use a specific measurement scale, is used on small sample sizes (30-50) units, or <100 units and can also be used to confirm Ghazali's (2008) theory. The reason for using PLS in this research is because, PLS is a general method for estimating path models that use latent variables with multiple indicators, in accordance with the empirical model in this research which consists of two exogenous variables and two endogenous variables.

## **RESULTS AND DISCUSSION**

Data analysis was carried out using several analytical techniques, the first of which was analysed is the average of respondents' answers to each indicator from all over the world latent variables, then test the validity and reliability of the construct variables with using an internal validity test, followed by displaying the data descriptively through frequency and percentage. The next stage is to continue with displaying SEM test results are divided into two stages, namely the measurement stage model using Confirmatory Factor Analysis (CFA) and structural stages (structural model). In the measurement stage, the first step is: testing the suitability of the model on variables included in exogenous constructs and endogenous. After ensuring that the model is appropriate, the next step is to ensure validity constructs, namely convergent validity and reliability. This research uses PLS as a data analysis technique. The program used is smartPLS with the help of computer media. The results of the PLS analysis will be subjected to structural, outer model and inner model tests. This test aims to determine the validity and reliability of the indicators of each latent variable and the model used.

### 3.1. Outer model

The validity and reliability of the indicators used to measure the construct or latent variable are tested through evaluation of the measurement model. Using a measurement model with reflective indicators, this study examines four latent variables: organizational performance (Y) and determinants of innovation (X). Convergent and discriminant validity testing, as well as composite reliability testing for each indicator block, are thus part of the assessment of the measurement model. Convergent validity, discriminant validity, and composite reliability are among the test results on the outer model.

#### 3.1.1. Convergen validity

Table 1. Convergen validity

	Outer Loading	T Statistics ( O/STDEV )	P Values
X1.1 <- Organisation culture	0.792	8.593	0.000
X1.2 <- Organisation culture	0.768	8.336	0.000
X1.3 <- Organisation culture	0.788	9.620	0.000
X1.4 <- Organisation culture	0.899	7.237	0.000
X1.5 <- Organisation culture	0.765	7.706	0.000
X1.6 <- Organisation culture	0.876	9.005	0.000
X1.7 <- Organisation culture	0.765	5.960	0.000
X2.1 <- Organisation climate	0.763	11.292	0.000
X2.2 <- Organisation climate	0.876	8.976	0.000
X2.3 <- Organisation climate	0.765	9.876	0.000
X2.4 <- Organisation climate	0.776	9.876	0.000
X2.5 <- Organisation climate	0.876	9.876	0.000
Y1.1 <- Organisation performance	0.779	9.951	0.000
Y1.2 <- Organisation performance	0.866	7.939	0.000
Y1.3 <- Organisation performance	0.789	7.877	0.000
Y1.4 <- Organisation performance	0.768	8.228	0.000
Y1.5 <- Organisation performance	0.769	7.939	0.000

Y1.6 <- Organisation performance	0.786	8.147	0.000
Y1.7 <- Organisation performance	0.788	4.228	0.000

Each indicator's outer loading value is used to evaluate convergent validity. Based on table 1, all indicators pass the convergent validity test because they have an outer loading value below 0.700. Based on this value, it means that the analysis is worthy of continuing

### 3.1.2. Discriminant Validity

Tabel 2. Fornell-Larcker Criterion Test

	Organisation culture	Organisation Climate	Organisation performance
Organisation culture	0.742		
Organisation Climate	0.645	0.765	
Organisation performance	0.655	0.651	0.800

Table 2 shows that the square root of AVE for each construct is greater than the correlation values between other latent variables, as demonstrated by the Fornell-Larcker Criterion. Furthermore, all latent variables have loading indicator values greater than 0.7.

This confirms that the model possesses strong discriminant validity..

### 3.1.3. Composite reliability and Cronbach's Alpha

Table 3. *Composite reliability and Cronbach's Alpha*

Variable	Composite Reliability	Cronbach's Alpha
Organisation culture	0.900	0.798
Organisation Climate	0.905	0.798
Organisation performance	0.987	0.712

Based on table 3, the composite reliability value of two latent variables has a value of > 0.70 and the Cronbach's alpha of the variable is > 70. This means that the variable indicators are valid and reliable.

## 3.2. Inner model

The inner model is a test used to assess the feasibility of the model used. This test assesses the R-square of the dependent variable against the independent variable. A good value is an r-square value close to 1.

### 3.2.1 R-square test



Tabel 4. R-square

Structural Model	Variable	R-square
1	Organisation performance	0,910

Based on table 4, the R-Square value reaches a value of 0.910. These results show that the model used simultaneously is able to explain 91% of the model and 9% is explained by variables outside the model.

### 3.3. The Effects of Organizational Climate and Culture on Indonesia's Private Universities' Performance

Tabel 5. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Organisation culture -> Organisation performance	0.1750	0.165	0.081	0.828	0.724
Organisation culture -> Organisation performance	0.675	0.765	0.086	7.987	0.001

Table 5 shows The organizational culture at the private universities in the sample of this research has been running very well. The probability value of 0.724, which displays a figure above 0.05, indicates that the research's findings indicate that Organizational Culture has no significant impact on Private Higher Education's performance. Therefore, it can be concluded that the second hypothesis, according to which Organizational Culture has a significant impact on Organizational Performance, is rejected.

These findings suggest that neither organizational commitment nor the performance of Indonesia's private universities are significantly impacted by organizational culture. These results suggest that organizational culture need not be a determining factor in raising private university performance. This could be because Indonesian private universities have essentially established a very strong organizational culture, particularly with regard to ethics, discipline, respect for seniority, and compliance with rules.

This strong organizational culture is realized through the application of strict discipline and values applied in daily activities, which are very important for producing competent graduates in the private sector. Even though organizational culture does not significantly influence



performance, Maintaining its implementation is still crucial for achieving peak performance and assisting Indonesia's private universities in fulfilling their vision and mission.

Table 5 shows that organizational commitment is influenced by organizational climate. This demonstrates that organizational commitment will rise in tandem with an improvement in the organizational climate. Given that the probability value is 0.001, which is less than 0.05, it can be concluded that organizational climate has a significant impact on organizational commitment. Accordingly, the fifth hypothesis, according to which organizational climate significantly affects organizational commitment, is accepted. The term "organizational climate" refers to a collection of aspects of the workplace that employees experience both directly and indirectly and that are believed to affect how they behave at work. Recurring behavioral patterns seen in the organization's everyday surroundings are related to its climate, as the experiences, understandings, interpretations of individuals in the organization. This concerns a person's perception that influences attitudes and behavior at work, such as performance and productivity levels.

## CONCLUSIONS AND RECOMMENDATION

As demonstrated by the study's findings, organizational climate has a positive and significant relationship with organizational performance, whereas organizational culture has no significant relationship with it. Recommendations for private universities need to adapt organizational culture to current developments, especially in facing changes in technology and job market needs, while ensuring the active involvement of all members in the decision-making process. Increasing transformational leadership and balance between professional and personal life are also important factors for creating a climate that supports productivity and job satisfaction, which in turn can improve overall organizational performance.

## REFERENCES

- A. Azis Jakfar, 2012, Influence of Individual Characteristics, Organizational Culture and Work Motivation to Satisfaction and Performance of Hand-Rolled Cigarette Workers at the Cigarette Industry in Madura, International Journal of Science and Research (IJSR), ISSN (Online): 2319-7064
- Abubakr M. Suliman, Hanan Al Obaidli, 2011, Organizational climate and turnover in Islamic banking in the UAE, The British University in Dubai, Emerald Group Publishing, United Kingdom.





- Adebayo Agbejule, 2011, *Organizational culture and performance: the role of management accounting system*, Vaasa University of Applied Sciences, Vaasa, Finland, Emerald Group Publishing, United Kingdom.
- Adel Mohamed Ali, Shurbagi, 2011, *The Effect of Organizational Culture on the Relationship between Job Satisfaction and Organizational Commitment*, Faculty of Economics, Azzaytuna University Tarhunah, Libya, *International Journal of Humanities and Management Sciences (IJHMS)*.
- Adli Abouzeedan, Thomas Hedner, 2012, *Organization structure theories and open innovation paradigm*, Emerald Publishing, University of Gothenburg
- Ajay K. Jain, 2015, *Volunteerism and Organisational Culture: Relationship to Organizational Commitment and Citizenship Behaviors in India*, Management Development Institute, Gurgaon, Sukhrali, India, Emerald Group Publishing, United Kingdom.
- Alisher Tohirovich Dedahanov, Jaehoon Rhee, 2015, *Examining the relationships among trust, silence and organizational commitment*, School of Business, Yeungnam University, Gyeongsang, South Korea, Emerald Insight, United Kingdom.
- Andre A. de Waal, 2007, *The characteristics of a high-performance organization*, Maastricht School of Management, Emerald Group Publishing.
- Andre A. Waal, 2010, *Performance-driven behavior as the key to improved organizational performance*, Maastricht School of Management, Emerald Group Publishing, United Kingdom.
- Tsung-Hsien Kuo, 2007, *The mediate effect of learning and knowledge on organizational performance*, National Taipei University of Technology, Emerald Group Publishing, United Kingdom.
- Chung-Jen Chen, Jing-Wen Huang, Yung-Chang Hsiao, 2010, *Knowledge management and innovativeness; The role of organizational climate and structure*, National Taiwan University, Emerald Insight, United Kingdom.
- Dae-seok Kang, Jim Stewart, Hayeon Kim, 2011, *The effects of perceived external prestige, ethical organizational climate, and leader-member exchange LMX quality on employees' commitments and their subsequent attitudes*, Inha University, Emerald Group Publishing, united Kingdom.
- Daniel I. Prajogo, Christopher M. McDermott, 2011, *The relationship between multidimensional organizational culture and performance*, Lally School of Management and Technology, Rensselaer Polytechnic Institute, Troy, New York, USA, Emerald Group Publishing, United Kingdom.
- Devi Lisnawati, Ambar Harsono, Sugih Arijanto, 2014, *Pengukuran Performansi Berdasarkan MBCFPE Pada Kategori Proses Pengukuran, Analisis dan Manajemen Pengetahuan Serta Kategori Hasil Item Kinerja Anggaran, Keuangan dan Pasar Di Perguruan Tinggi X*, Institut Teknologi Nasional, Bandung, REKA INTEGRA, Vol 1, No 04 (2014):



Edisi Keempat, available online at  
<http://jurnalonline.itenas.ac.id/index.php/rekaintegra/article/view/310>

Dorthe Døjbak Haakonsson, Richard M. Burton, Børge Obel, Jørgen Lauridsen, 2008, How failure to align organizational climate and leadership style affects performance, Aarhus School of Business, University of Aarhus, Emerald Group Publishing, United Kingdom.

Edward Shih-Tse Wang, 2014, Moderators of the relationship between social bonding and organizational commitment, Graduate Institute of Bio-industry Management, National Chung Hsing University, Taichung, Taiwan, ROC, Managing Service Quality, Vol. 24 Issue: 3, pp.300-314, Emerald Insight, this document available online at <https://doi.org/10.1108/MSQ-08-2013>