

# The Influence of Organizational Culture toward Work Satisfaction and Motivation to Organizational Commitment in Indonesian Plantation Company (case of AALI Tbk)

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The main focus on this research is about human resource management in the plantation company that has different organizational cultures. This research was aimed at: (a) Analyzing the influence of organizational culture toward work satisfaction and organizational commitment; (b) Analyzing the influence of motivation toward work satisfaction and organizational commitment; (c) Analyzing the influence of motivation toward organizational commitment; (d) Analyzing the Relation Among organizational culture, work satisfaction, motivation and organizational commitment variables. This research took samples from two affiliates company of AALI Tbk of 214 respondents. The research instrument is closed questionnaire, while the simultaneous analysis tool to test the model is structural equation modeling (SEM). The research result showed that organizational culture has positive influence directly and indirectly to the work satisfaction and organizational commitment. The work satisfaction has positive influence directly or indirectly toward motivation and organizational commitment. Motivation influence organizational commitment.

**Keywords:** Organizational Culture, Work Satisfaction, Motivation, Organizational Commitment

## 1. INTRODUCTION

Management is a science and art that have implications specifically on the behavior of the human resources in implementing organization. Human resource management should be based on a critical understanding that must be harmony between the individual and organizational goals. Organizational culture is the foundation for the organization to develop. Organizations need a good organizational culture that gave rise to the specific characteristics and be a guideline or rule of the game. If the culture of the organization has touched the basics and guide the behavior in order to optimize its ability to continuously accordance with the objectives, the organization's survival will last a long time.

Much research has focused human resource management issues at manufacturing and service companies such as hospitals, restaurants and government agencies. This study has a different focus, which is to see the management of human resources in the plantation company. Development of human resources in the plantation towards improving intellectual ability, is more important in addition of venture capital. Because the management of plantation requires innovation, technology and creativity. Many plantation companies has resulted in a healthy organizational management and is able to get through the crisis well.

Some research indicates that organizational commitment of individuals is an indicator of employee turnover, is more than just a job satisfaction indicators (Mowday, Steer and Porter, 1982)<sup>1</sup>. Organizational commitment is a better predictor, because it indicates a more global response rate. High level of commitment will have implications: acceptance of individuals to the goals and values of the organization, a willingness to be part of the organization, and a strong feeling to remain in the organization.

To see the organizational commitment, this study want to determine that variable on a large plantation companies in Indonesia, namely the oil palm plantation company of AALI Tbk. In particular,

this study aims to analyze: the influence of organizational culture on job satisfaction and organizational commitment; the influence of job satisfaction on motivation and organizational commitment; the motivation influence on organizational commitment, and review the relationship between the variables of organizational culture, job satisfaction, motivation, and commitment organization.

## 2. LITERATURE REVIEW

The concept in this research is the fact that in every organization has an organizational culture. This culture is very specific, and it is typical as well as control over the admissibility of the behavior of members of the organization. Organization culture in this study reflected the behavior of innovation and the orientation of the implementation of the employee's duties. Organizational culture is a supporting system for the development of capabilities, innovative new products, commitment, and ability to manage change through teamwork.

Organizational commitment is a condition in which an employee is in favor of the organization and the organization's goals (Robbins, 2003)<sup>2</sup>. Lok and Crawford (2004)<sup>3</sup> tried to relate the organizational culture, job satisfaction and organizational commitment<sup>3</sup>. The result is, organizational culture, commitment and innovative cultural, impact on job satisfaction. Smith and Wakely in As'ad (1998)<sup>4</sup> revealed that members of the organization who have received the organization's culture and adapt to harmonize individual interests with the interests of the organization, performing the task look forward and try to get a better state. This relates to the perceived level of job satisfaction.

Job satisfaction is very important to the organization. Job satisfaction is a positive emotional statements as a result of appreciation of employees to work and a certain work experience (Locke in Luthans, 1995)<sup>5</sup>. Davis said less stable organization due to

its low satisfaction (Davis and Newstrom, 1996)<sup>6</sup>. Related to this research, work satisfaction indicated by three concepts, namely the response to the situation in the workplace, implementation of the tasks and the behavior of the evaluation work. Yousef (2000)<sup>7</sup>, conducted research linking variables job satisfaction, commitment and performance. This study has found the positive and significant relationship between job satisfaction, commitment and performance.

Motivation is the willingness to do something. Motivation is determined by the intensity of the motifs in the form of needs and desires. Igaes and Roussel (1999)<sup>8</sup> conducted research on motivation and job satisfaction. The findings of this study indicate that, when the expectation of wages is higher than the reality of employee wages, then has implications for the employees/workers that not have a good motivation and impact on performance. Dale Timple (1999:268)<sup>9</sup> argues about the motivation is as controlling the selection process. Thus the motivation will also be strongly related to employee commitment. Employees who work in an organization/company with high motivation will have implications for the self-limiting (controlled) over the choices other work. The company's aim, of course, is how to raise morale or high motivation of the employees.

Our previous research of human resources on plantation companies, is by looking at same independent variables of this study, organizational culture, job satisfaction and motivation, on organizational performance as dependent variable. The results found, there is a link between organizational culture and performance. Job satisfaction does not affect the performance of the organization, but affects motivation. The satisfaction of the payment is the one of the components that make up the job satisfaction and impact on motivation. Work motivation affect organizational performance. The management of the human resource development, will greatly help foster the performance of employees, especially with regard to the understanding of the obligations of his duties in the organization, the commitment to organize, and become a part of the organization.<sup>10</sup>

The findings above as a reference for the preparation of this research model that organizational commitment as dependent variable. Furthermore, in more detail, the model of the conceptual framework of this study are presented in figure 1.

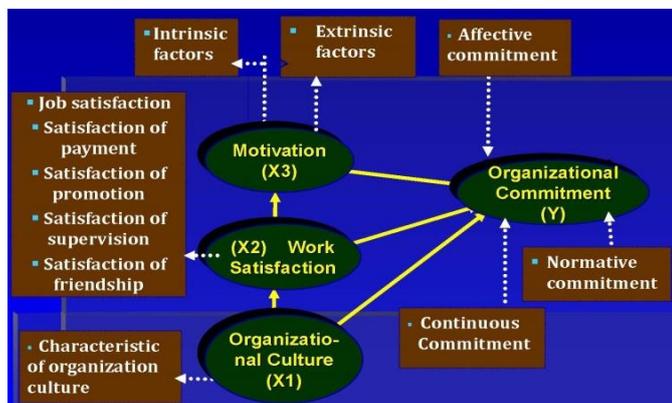


Fig.1. Model Framework Research Concepts. Source: the establishment of theoretical models

### 3. RESEARCH METHODS

This study will explain the influence of organizational culture, job satisfaction and motivation on organizational commitment. The research location of plantation companies (AALI) are in West Sulawesi and East Kalimantan. The data collections use the enclosed questionnaire. We interviewed of 241 respondents with a variety of characteristics of respondents, by age, educational level and tenure. Employee who are respondent that under 35 years of age are amounted to 79.66% and above 20 years old are 33%; equivalent senior secondary education are 80.91%, and 19.1% are D3, S1 and

S2 educated; the employee of under 5 years service work are 46.05%, while over 5 years are 53.94%.

Observations variable covering all items in the questionnaire, was measured directly with an ordinal scale according to the perception of the respondents. Scales form in the enclosed questionnaire is used with a likert scale standard of 1 to 5. The construct of the exogenous variables (see Figure 1) consist of: organizational culture (X1), job satisfaction (X2) and motivation (X3) variables. Organizational culture (X1) is composed by organizational characteristics indicators with considered are: innovative risk charge (X1.1), attention to the problem in detail (X1.2), results orientation (X1.3), and oriented to all employees (X1.4).

Job satisfaction variables (X2) consist of indicators groups are: satisfaction with the work, i.e. the completeness of the task (X2.1), compatibility with talent (X2.2); satisfaction of the payment, namely compliance with the salary (X2.3); equivalence with payment (X2.4); satisfaction with the sale, namely development career (X2.5); promotion (X2.6); satisfaction with supervision, namely the effect of the supervision level (X2.7); supports the work (X2.8); satisfaction with a friend, which is interwoven social cooperation (X2.9); and there is cooperation outside the duties discharge (X2.10).

Work motivation (X3) consist of indicators that are intrinsic (motivation that comes from self-employees) and extrinsic (the motivation that comes from the environment/outside himself where employees work). The intrinsic indicators, namely: achievement (X3.1); recognition (X3.2); responsibility (X3.3); progress (X3.4); work itself (X3.5); and the possibility of developing (X3.6). While extrinsic indicators are: wage (X3.7); job security (X3.8); working conditions (X3.9); and status (X3.10).

The construct of endogenous variables are the organizational commitment (Y), where the groups of indicators are: effective commitment, namely career (Y1); ownership (Y2); a sense of attachment (Y3); part of the family (Y4); normative commitment, namely the obligation to the organization (Y5); the benefits to the organization (Y6); guilt (Y7); a sense of debt to the organization (Y8); and ongoing commitment, which remain in the organization (Y9); the desire to leave the organization (Y10); and the desire to work in another society together (Y11).

Validity and reliability are used to test the questionnaire to be trustworthy and reliable. Validity and reliability of organizational culture variables (X1), job satisfaction (X2), motivation (X3) and organizational commitment (Y), using 40 respondents at random. Provided that the results of the research instrument used, is valid where the correlation value is greater than 0.3 (Masrun in Sugiono, 2002: 106)<sup>11</sup>. In terms of reliability (Cronbach Alpha) is greater than 0.6 (Sekaran, 2003: 11)<sup>12</sup>, where alpha coefficient of organizational culture is 0.673, job satisfaction is 0.692, work motivation and organizational commitment for 0.814 and 0.781. Thus, the question items have statistically significant and reliable for further testing.

Data analysis techniques that used in this study, using multivariate analysis model with structural equation analysis, known as structural equation models. Inferential statistical analysis was used to test the effect of organizational culture, job satisfaction and motivation on organizational commitment. We will do two test phases, namely: (1) confirmatory factor analysis (CFA) measurement model, and (2) structural equation modeling (SEM).

CFA is directed to investigate unidimensionalitas of indicators that describe a factor or a latent variable. SEM testing is to test the suitability of the model as well as causality test through the test regression coefficient. Step of the test analysis of the model was conducted in three phases, the first to test the conceptual model, a second to modification of the model when necessary to improve the model. If the second phase is still less than satisfactory results are obtained, then reached the third step by eliminating or remove (drop) a variable that has a weight factor of 0.40, because this variable is seen not the same dimension as other variables to explain a latent variable (Ferdinand, 2002: 131)<sup>13</sup>. Loading factor or lambda value

used to assess the suitability or unidimensionalitas of indicators that make up a dimension or variable.

The last step is the evaluation criteria of goodness-of-fit, with the first action is to evaluate whether the data used to meet the assumptions of SEM. If these assumptions are met, then the model can be tested by looking at the indexes suitability and cut-off value used in testing whether a model can be accepted or rejected. Some of the indexes is: X2-Chi-square statistic, RMSEA (root mean square error of approximation), GFI (goodness of fit index), AGFI (adjusted goodness of fit index) and CMN/DF which is the minimum sample discrepancy function is divided by the degree of freedom.

#### 4. RESULTS

The results of descriptive data statistics from all respondents give employees the average yield and the standard deviation of the calculation of the Likert scale (skala1-5), namely: (a) a statement of organizational culture has an average of 3.99 with an average standard deviation of 0.7424; (B) a statement regarding job satisfaction had an average of 3.75 with an average standard deviation of 0.889 (c) a statement regarding work motivation has an average of 3.91 with an average standard deviation of the 0836; and

(d) a statement about the commitment the organization has an average of 3.71 with an average standard deviation of 0.8245.

From the test results of CFA measurement models, there are some constructs that have a weighting factor of less than 0.40. Thus these variables must be eliminated and the final model should be modified. The variables that must be eliminated are: X1.3, X2.2, X2.2, X2.4, X2.5, X2.7, X2.9, X2.10, X3.1, X3.2, X3.3, X3.7, X3.8, X3.9, X3.10, Y.1, Y.8, Y.10 and Y.11. Other variables that can be incorporated into the model for loading factor value or lambda coefficients of each indicator is greater than 0.40. After modification, the model tested again based on the criteria of goodness of fit indices to obtain a final model that complies with the data. The following table 1 give the results of further evaluation on the criteria of each variable.

From the results of the test criteria of goodness of fit indices, indicate that the evaluation model of the overall construct can accept the model or own suitability data. In summary, the final model of the links between organizational culture (X1), job satisfaction (X2) and motivation (X3) on organizational commitment (Y) are summarized in figure 2.

Table 2 below is a test of the hypothesis by comparing the value of t-arithmetic with t-table value, to see whether the relationship between variables significant or not. For more clearly it, can be seen from table 3 below, the effects of direct and indirect influence on the results of path analysis. The detailed dependent variable observed were organizations commitment (Y).

Table 1. Evaluation Criteria of Goodness of Fit Indices

Goodness of fit index	Cut-off Value	Model Result (X1)	Result (X1)	Model Result (X2)	Result (X2)	Model Result (X3)	Result (X3)	Model Result (Y)	Result (Y)
X2-chi-sq	kecil	0.145	Good	3.384	Good	0.509	Good	16.246	Good
Sig.prob	0.05	0.704	Good	0.184	Good	0.476	Good	0.299	Good
CMIN/DF	2.00	0.145	Good	1.692	Good	0.509	Good	1.160	Good
GFI	0.90	1.000	Good	0.993	Good	0.999	Good	0.981	Good
AGFI	0.90	0.998	Good	0.964	Good	0.992	Good	0.961	Good
TLI	0.95	1.048	Good	0.954	Good	1.004	Good	0.991	Good
CFI	0.95	1.000	Good	0.985	Good	1.000	Good	0.994	Good
RMSEA	0.08	0.000	Good	0.054	Good	0.000	Good	0.026	Good

Source: the data processing

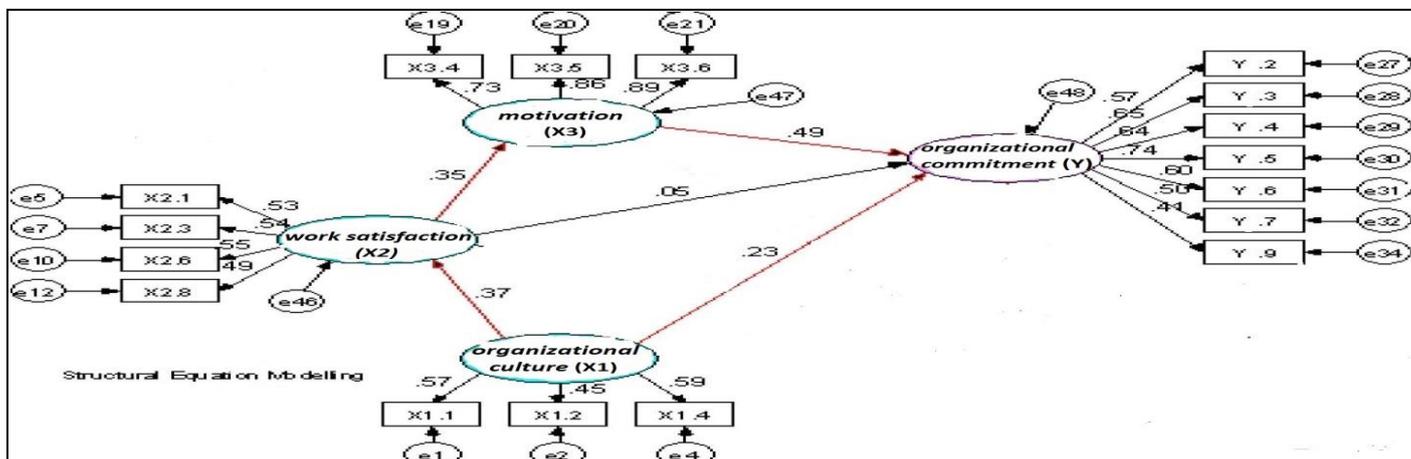


Fig.2. Final Model influence linkages between organizational culture (X1), job satisfaction (X2), motivation (X3) on organizational commitment (Y). Source: the data processing

Table 2. Testing of Model Testing Hypothesis

Effect Type	Loading Factor	t-count.	Sign.
Satisfaction ← Culture	0.375	2.899*	sig.
Commitment ← Culture	0.227	2.142*	sig.
Motivation ← Satisfaction	0.355	3.589*	sig.
Commitment ← Satisfaction	0.050	0.486	no
Commitment ← Motivation	0.486	5.347*	sig.

Notes: \* significant at the 5% level. T table = 1.98.  
 Culture (culture of the organization = X1), Satisfaction (job satisfaction = X2), motivation (motivation to work = X3), Commitment (commitment organizations = Y)  
 Source: The results of data processing.

Table 3. Direct-Indirect Effect Testing

Indepen. Variable	Dependent Variable	Direct Effect	Indirec Effect	Total Effect	Difference
Culture	Commitment	0,227	0,083	0,310	TE>DE
Satisfaction	Commitment	0,050	0,172	0,222	TE>DE
Motivation	Commitment	0,486	0,000	0,486	TE=DE

Description: Culture (X1), Satisfaction (X2), motivation (X3), Commitment (Y);

Sign=significance; sig=significant; no=not significant.

Source: The result of data processing.

### 5. CONCLUSIONS

Organizational culture has a significant influence on organizational commitment. These results support the idea of Kirckman and Shapiro (2001)<sup>14</sup>. Culture of innovation, employee orientation and attention to employee into the concept of organizational culture, influence the organizational commitment (affective, normative and continuous). The influence of job satisfaction on motivation showed a positive and significant value. These results support the idea of Igales and Roussel (1999)<sup>8</sup>, and contrary to the opinion of Timreck (2001)<sup>15</sup>. Satisfaction of payment will form job satisfaction and impact on motivation. Satisfied with the work in job satisfaction has implications for motivation. No significant difference between job satisfaction and organizational commitment. These results support the Jernigan, Beggs and Kohut (2001)<sup>16</sup>, but contrary to Fenstein (2000) idea<sup>17</sup>. Job satisfaction does not directly affect organizational commitment, but job satisfaction, pay, promotion attentions are more directed to form an intrinsic element, in the form of skills and abilities that encourage motivation. There is a significant relationship between motivation and organizational commitment. These results suport the idea of Jae Moon (2000)<sup>18</sup>. Management that can account the skills and abilities of employees, will greatly help to foster employee commitment. The results showed that a healthy work culture and employees attention have been brought to the work comfort. Organizational culture and motivation are the driving force in improving the commitment to organization.

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