International Journal of Economics, Management and Accounting

ISSN: 2988-7615 | 2023(3)
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Research Article

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The Effect of Organizational Culture on Employee Performance with Emotional Intelligence as an Intervening Variable in the Public Works Department and Spatial Planning for Binjai City

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Received: August 12, 2023; **Accepted:** August 17, 2023; **Online:** August 25, 2023. | DOI: https://doi.org/10.47353/ijema.v1i3.46

Abstract: *In facing globalization, human resource management plays an important role in company activities. This study aims to analyze the influence of organizational culture on employee performance with emotional intelligence as an intervening variable. This research was conducted at the Public Works and Spatial Planning Office of the City of Binjai. The number of this research is 79 employees. The sample used is a saturated sample. The research model uses path analysis as a measuring tool using smart PLS version 3.3.3. The results of this study are Organizational Culture has a positive and significant effect on Emotional Intelligence. Organizational Culture has a positive and significant effect on Employee Performance. Emotional intelligence has no significant positive effect on employee performance.*

Keywords: *Organizational Culture, Emotional Intelligence, Employee Performance*

Introduction

In facing globalization, human resource management plays an important role in company activities. With the growing role of human resources in the company, it will produce an organization that is good at working and competing. Therefore it is necessary to develop human resources in the world of work which is assessed from employees, namely their performance. If the performance is good, then the expectation for a career is higher. Conversely, if the performance is poor, then there is little chance of career prospects, even the shadow of termination of employment increases the chances. One of the important roles of human resource management is to maintain and improve employee performance. Employee performance can affect the achievement of company goals that have been set. Low or bad employee performance will result in losses for the company. Seeing the enormous influence of the employee's performance on the company, it is important for a company to maintain and improve the performance of employees according to the desired goals.

Organizational culture is a system that can be interpreted together and embraced by members of the organization and provides identity or differentiator from other organizations (Robbins, 2013). Every organization has a different culture as a guide in thinking and behaving to achieve organizational goals. The application of organizational culture can be done since employees start joining the organization, this is intended to make it easier for new employees to adapt and instill organizational culture into the employee's personality. Organizational culture must be able to support the goals of the company and must be managed properly as a guide to employee behavior and a driver of performance perceptions. Employee performance is work performance, namely the comparison between work results that can be seen in real terms with work standards that have been set by the organization. Quality performance will be realized if an organization is able to select prospective employees who have the motivation in accordance with their work and have qualities that enable them to work optimally.

Performance is basically what employees do or cannot do. An employee's performance will be good if the employee has quality expertise, willingness to work, decent wages or rewards and has hope for the future. Performance is very important for an organization because quality performance can certainly reduce absenteeism or not working due to laziness, with quality performance from laborers and employees, the tasks assigned or work addressed to them will be completed in a shorter or faster time. Emotional intelligence is one that needs to be an important part of cultivating character for students. Because emotional intelligence is a state of a person who can manage emotions in himself, so that you can respect your own feelings and those of others. In this case also himself as a social being trying to be able to accept, assess, manage and control the emotions of himself and others around him. The components within the scope of emotional intelligence are self-knowledge, self-mastery, self-motivation, empathy and effective relationships. Emotional intelligence is important to be instilled in students because the role of emotional intelligence is the heart. The phenomenon that occurs in civil servants in the city of Binjai is an organizational culture that does not support employees so that the emotional intelligence of employees is useless because they follow the will of their superiors and do not accept other employees' ideas so that employee performance only follows the way of work shown by the existing organizational culture.

Literature Review

Organizational culture

According to Hari (2019), the definition of organizational culture is: Organizational culture is the values that guide human resources in carrying out their obligations and behavior within the organization. Meanwhile, according to Sulaksono Hari (2015), organizational/company culture are values that become the basis for Human Resources in carrying out their obligations and behavior within the organization.

Organizational Culture Indicator

According to Hari (2015) organizational culture indicators are as follows:

1. Innovative taking into account risks, such as:
   a. Creating new ideas for the success of the company
   b. Dare to take risks in developing new ideas
2. Result oriented, such as:
   a. Set targets to be achieved by the company
   b. Evaluation of the results of the work that has been carried out
3. Oriented to all employee interests, such as:
   a. Meet the need to run and do the job
   b. Support employee achievement
4. Detail oriented on tasks, such as:
   a. Thorough in doing the task
   b. The accuracy of the work

Emotional Intelligence

According to Goleman (2015) emotion is basically the urge to act and an immediate plan to solve a problem. The root of the word emotion is movere which means to move, to move, implying that the tendency to act is absolute in emotion. (Goleman, 2015) classifies emotions into large groups, namely:

defining emotional intelligence is the ability to monitor and control one's own feelings and those of others and use feelings to integrate thoughts and actions.

Emotional Intelligence Indicator

Indicators of Emotional Intelligence Emotional intelligence can be measured from various existing aspects. According to Goleman (2015) there are five basic skills in emotional intelligence which are indicators, namely:

1. Self Awareness / Self Awareness
2. Self Management / Self Regulation
3. Motivation / Motivation
4. Social Awareness / Empathy
5. Relationship Management / Social Skills.

Employee Performance

Theoretically, Mangkunegara (2017) explains that performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. So what is meant by quality is the level of good and bad results obtained, while quantity is the amount obtained from work. According to Hasibuan (2018) performance is a work result that is achieved by someone in carrying out their duties on skills, effort and opportunity. Based on the explanation above, performance is a result achieved by someone in carrying out tasks based on skills, experience and sincerity as well as time according to predetermined standards and criteria.

Employee Performance Indicators

Employee performance indicators are instruments used to measure employee performance. Some experts have argued about employee performance indicators, including according to Mangkunegara (2017) to measure employee performance, 4 (aspects) can be used as follows:

1. Quality
2. Quantity
3. Task execution
4. Responsibility

Method

The type of research that will be used is quantitative associative, namely research that aims to determine the relationship between two or more variables (Sugiyono, 2013). In this study, the exogenous variable is Organizational Culture (X1), while the endogenous variable is Employee Performance (Y) and the Intervening Variable, namely Emotional Intelligence (Z). This research was conducted at the Public Works and Spatial Planning Office, Jl. MT. Haryonto No. 8 Pepper Garden Village, North Binjai District, Binjai City. The time of this research was carried out from March 2023 to July 2023.

According to Sugiyono (2018), population is a generalized area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then the conclusion is drawn that the population used is 79 employees. According to Sugiyono (2018), the sample is part of the number and characteristics possessed by the population. The sampling technique used is a saturated sample technique, which involves all respondents to become a sample, meaning that the sample to be used is 79

employees. The data analysis technique used in this study is a quantitative data analysis method. Data analysis in this study used Partial Least Square (PLS) based Structural Equation Modeling (SEM) using SmartPLS 3.3.3 software

Measurement Model (Outer Model)

The procedure for testing the measurement model consists of a validity test and a reliability test.

1. Validity Test

   The validity test is used to assess whether or not a questionnaire is valid. A questionnaire is said to be valid if the questionnaire questions are able to reveal something that is measured by the questionnaire. Validity testing is applied to all question items in each variable.

2. Reliability Test

   In general, reliability is defined as a series of tests to assess the reliability of statement items. The reliability test is used to measure the consistency of measuring instruments in measuring a concept or measuring the consistency of respondents in answering statement items in questionnaires or research instruments. To measure the level of reliability of research variables in PLS, you can use the value of the alpha coefficient or Cronbach's alpha and composite reliability). Cronbach's alpha value is suggested to be greater than 0.7 and composite reliability is also suggested to be greater than 0.7. (Now, 2014)

Structural Model (Inner Model)

This test was conducted to determine the relationship between exogenous and endogenous constructs which has become a hypothesis in this study (Hair et al., 2017). To produce inner model test values, steps in SmartPLS are carried out using the bootstrapping method. The structural model is evaluated using the R-square for the dependent variable, the Stone-Geisser Q-square test for predictive elevation and the t test and the significance of the structural path parameter coefficients with the following explanation:

1. Coefficient of Determination / R Square (R2)

   In assessing the model with PLS begins by looking at the R-square for each dependent latent variable. The interpretation is the same as the interpretation in regression. Changes in the R-square value can be used to assess the effect of certain independent latent variables on the dependent latent variable whether it has a substantive effect (Ghozali, 2012). The value of R2 is generally between 0 and 1.

2. Predictive Relevance (Q2)

   This test is used to measure how well the observed values are generated by the model and also the parameter estimates. If the Q2 value is greater than 0, it indicates that the model has predictive relevance, which means it has a good observation value, whereas if the value is less than 0, it indicates that the model does not have predictive relevance (Ghozali, 2014).

3. t-Statistics

   At this stage it is used for hypothesis testing, namely to determine the significance of the relationship between variables in research using the bootstrapping method. In the full Structural Equation Modeling model besides confirming the theory, it also explains whether or not there is a relationship between latent variables (Ghozali, 2012). The hypothesis is said to be accepted if the t statistic value is greater than the t table. According to (Latan and Ghozali, 2012) the criteria for a t table value of 1.96 with a significance level of 5%

5. Path Coefficient (Path Coefficient)

This test is used to determine the direction of the relationship between variables (positive/negative). If the value is 0 to 1, then the direction of the relationship between variables is positive. Meanwhile, if the value is 0 to -1, then the direction of the relationship between variables is declared negative.

4. Fit models
   This test is used to determine the level of suitability (fit) of the research model with the ideal model for this study, by looking at the NFI value in the program. If the value is closer to 1, the better (good fit).

Results and Discussion

Outer Model Analysis

Measurements in the evaluation of the model are divided into three stages of testing such as convergent validity test, composite reliability test and discriminant validity test. The following describes each test in the evaluation of the measurement model.

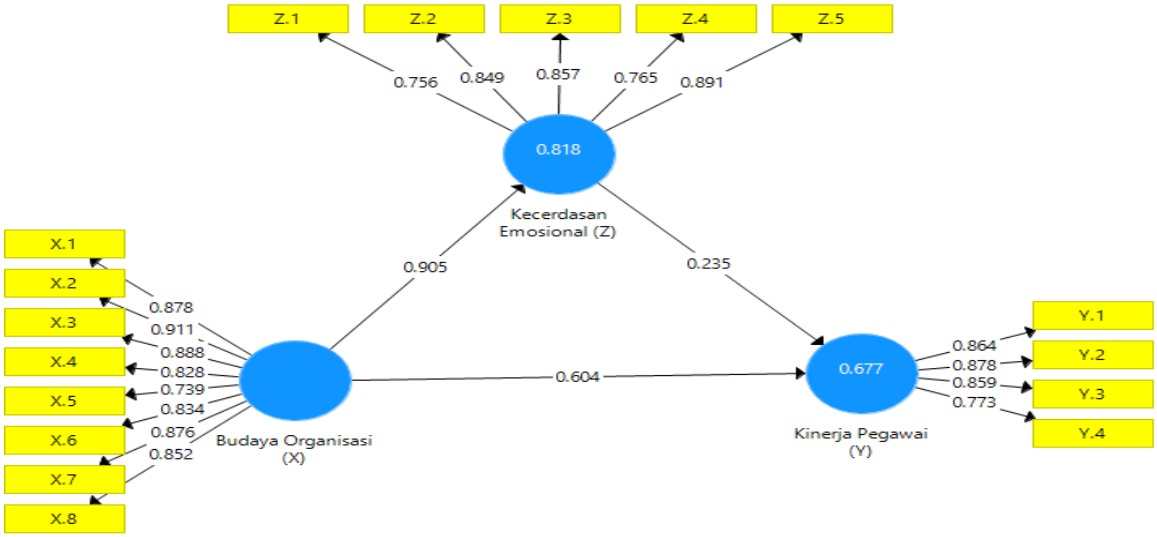

Figure 1. Outer Model
Source: Smart PLS 3.3

If seen in Figure 1 above, it can be seen that in the latent variables each variable has a loading factor value for each manifest variable which is larger with a value of 0.7, which means that all indicators and loading factors have a valid distribution. The regression equation of this study is as follows:

Substructure 1
Z = b1X + e1
Z = 0.905 + e1
For substructure 2
Y = b2X + b3Z + e2
Y = 0.604 + 0.235 + e2

Convergent Validity Test (convergent validity)

Convergent validity is the level of correlation between different measurement instruments used in measuring the same construct. Testing on convergent validity in SEM-PLS, assessment of reflective

indicators based on the loading factor of each indicator to measure its construct. According to Ghozoli (2012) that the value of the loading factor is said to be high if it has a correlation of more than 0.70, but if the initial research is the value of the loading factor is 0.50-0.60. Calculation of the loading factor value using smart PLS version 3.0 can be seen in the table below. The convergent validity value in Figure 1 shows that all the indicator variables in this study have a loading factor value above 0.50. So that the research is considered to have fulfilled convergent validity.

Table 1. Outer Loadings

	Organizational Culture (X)	Emotional Intelligence (Z)	Employee Performance (Y)
X.1	0.878		
X.2	0.911		
X.3	0.888		
X.4	0.828		
X.5	0.739		
X.6	0.834		
X.7	0.876		
X.8	0.852		
Y. 1			0.864
Y.2			0.878
Y.3			0.859
Y.4			0.773
Z. 1		0.756	
Z. 2		0.849	
Z. 3		0.857	
Z. 4		0.765	
Z. 5		0.891	

Source: Smart PLS 3.3

Discriminant Validity Test (discriminant validity)

Discriminant validity on reflective indicators is used to compare cross loading values. In principle, the value of the discriminant validity of different construct measurements does not have to be highly correlated. The indicators in this study are seen from the value of discriminant validity which can be seen in Table 2 below:

Table 2. Discriminant Validity

	Organizational Culture (X)	Emotional Intelligence (Z)	Employee Performance (Y)
X.1	0.878	0.804	0.675
X.2	**0.911**	0.887	0.701
X.3	0.888	0.812	0.650
X.4	0.828	0.791	0.734

X.5	0.739	0.544	0.499
X.6	0.834	0.755	0.827
X.7	0.876	0.751	0.745
X.8	0.852	0.769	0.687
Y. 1	0.703	0.672	0.864
Y.2	0.733	0.722	**0.878**
Y.3	0.673	0.603	0.859
Y.4	0.643	0.635	0.773
Z. 1	0.723	0.756	0.564
Z. 2	0.803	0.849	0.561
Z. 3	0.753	0.857	0.807
Z. 4	0.644	0.765	0.674
Z. 5	0.806	**0.891**	0.598

Source: Smart PLS 3.3

It can be seen in the results of the table above that the cross loading value for each variable has a value that is greater than the cross loading value for other latent variables, meaning that the research is considered discriminantly valid.

Evaluating Reliability and Average Variance Extracted (AVE)

The validity and reliability criteria can also be seen from the reliability value of a construct and the Average Variance Extracted (AVE) value of each construct. The construct is said to have high reliability if the value is 0.70 and the AVE is above 0.50. Table 3 will present the Composite Reliability and AVE values for all variables.

Table 3. Composite Reliability and Average Variance Extracted

	Composite Reliability	Average Variance Extracted (AVE)
Organizational Culture (X)	**0.955**	**0.726**
Emotional Intelligence (Z)	**0.914**	**0.681**
Employee Performance (Y)	**0.908**	**0.713**

Source: Smart PLS 3.3

Based on the table above it can be concluded that all constructs meet the criteria of being reliable. This is indicated by the composite reliability value above 0.70 and AVE above 0.50 as the recommended criteria.

Structural Model Testing (Inner Model)

Testing of the inner model or structural model is carried out to see the relationship between the constructs, the significance value and the R-square of the research model. The structural model is evaluated using R-square for the dependent construct.

Coefficient of Determination (R2)

Evaluation of the structural model in SEM with PLS was carried out by conducting the R-squared (R2) test and significance test through path coefficient estimation. The output for the value of R2 using the smartPLS 3.0 computer program is obtained:

Table 4. R Square Results

	R Square	Adjusted R Square
Emotional Intelligence (Z)	0.818	0.816
Employee Performance (Y)	0.677	0.668

Source: Smart PLS 3.3

There is an R square value on the Emotional Intelligence variable of 0.818 and the percentage is 81.8%, meaning that the influence of the Organizational Culture variable on Emotional Intelligence is 81.8%, the rest is in other variables. The R square value of the Employee Performance variable is 0.677 and the percentage is 67.7%, meaning that the influence of Organizational Culture and Emotional Intelligence variables on Employee Performance is 67.7%, the rest is in other variables.

Hypothesis test

After assessing the inner model, the next thing is to evaluate the relationship between latent constructs as hypothesized in this study. Hypothesis testing in this study was carried out by looking at the T-Statistics and P-Values. The hypothesis is declared accepted if the T-Statistics value is > 1.96 and the P-Values are <0.05. The following are the results of the Path Coefficients of direct influence:

Table 5. Path Coefficients (Direct Effects)

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
Organizational Culture (X) -> Emotional Intelligence (Z)	0.905	50,951	**0.000**
Organizational Culture (X) -> Employee Performance (Y)	0.604	2,768	**0.006**
Emotional Intelligence (Z) -> Employee Performance (Y)	0.235	1,278	**0.202**

Source: Smart PLS 3.3

In the table above it can be seen that the results of the hypothesis will be explained as follows:

1. Organizational culture has a positive and significant effect on emotional intelligence with an original sample value of 0.905 and P values of 0.000 meaning that if organizational culture increases, emotional intelligence increases and if emotional intelligence decreases.
2. Organizational culture has a positive and significant effect on employee performance with an original sample value of 0.604 and P values meaning that if organizational culture increases, employee performance will increase; if it decreases, performance will decrease.

3. Emotional intelligence has no significant positive effect on employee performance with a value of 0.235 and P values of 0.202 meaning that if emotional intelligence increases, employee performance does not necessarily increase; performance and vice versa.

Table 6. Path Coefficients (Indirect Effects)

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
Organizational Culture (X) -> Emotional Intelligence (Z) -> Employee Performance (Y)	0.212	1,264	**0.207**

Source: Smart PLS 3.3

It can be seen from the indirect hypothesis research above that there is an insignificant value, meaning that Emotional Intelligence is not an intervening variable because it is not able to influence X and Y variables indirectly, the explanation is as follows:
Organizational culture has no significant positive effect on employee performance through emotional intelligence with an original sample value of 0.212 and a P value of 0.207, meaning that emotional intelligence is not an intervening variable and cannot affect organizational culture and employee performance.

Closing

Conclusion

The conclusions of this study are as follows:

1. Organizational Culture has a positive and significant effect on Emotional Intelligence in the Binjai Office of Public Works and Spatial Planning.
2. Organizational Culture has a positive and significant effect on Employee Performance at the Binjai Office of Public Works and Spatial Planning.
3. Emotional intelligence has no significant positive effect on employee performance at the Binjai Office of Public Works and Spatial Planning.
4. Organizational Culture has no significant positive effect on Employee Performance through Emotional Intelligence in the Public Works and Spatial Planning Offices of Binjai.

Suggestion

Suggestions for this research are as follows:

1. Organizations must have employees who have emotional intelligence so that the organization achieves its goals well and without problems.
2. The organization must create a good organizational culture to become a habit for employees and think about the benefits that can be obtained by the organization.
3. Employees must be able to improve performance and create good results for the organization.

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