

# The Role of Organization Citizenship Behavior (OCB) in Mediating the Organizational Culture on the Performance of LPD Employees in Badung Regency

I Gusti Ayu Dewi Adnyani, I Gusti Ngurah Jaya Widagda and I Wayan Wina Widyatama

*Faculty of Economics and Business, Udayana University, Bali, Indonesia*

**Keywords:** Organizational Culture, OCB, Employee Performance, LPD.

**Abstract:** This research is conducted based on the increasing competition in various economic sectors triggered by globalization which makes it necessary for business practitioners to adapt their behavior, method, and business strategy in order to maintain their existence and continuity of their business. The current competition without exception was also felt by micro finance institutions, including the Village Credit Institution (LPD). In the effort to improve employee performance, the company must have a strategy that is certainly in accordance with the organizational goals. The implementation of OCB by employees in their work place may result in an increase in employee performance, the unit/section performance in which the employee works in, and the company performance as a whole. The organizational culture becomes the guideline in the process of adapting to the organizational environment and the types of organizational culture can become a predictor of performance or effectiveness. Therefore, the purpose of this research is to explain the role of OCB in mediating the influence of organizational culture on the performance of LPD employees. This research is conducted in Badung Regency by taking 110 LPD employees as the sample. The analysis method used is the SEM analysis.

The research result shows that organizational culture has a positive and significant influence on employee performance of LPDs in Badung Regency. Organizational culture has a positive and significant influence on the OCB of LPD employees in Badung Regency. Employee's OCB has a positive and significant influence on the performance of LPD employees in Badung Regency. OCB is able to significantly mediate the influence of organizational culture on employee performance. This means that by developing OCB in employees, the influence of organizational culture on the employee performance of LPDs in Badung Regency will increase.

Thus, LPDs in Badung Regency must always develop the organizational values and search for methods to encourage employees to work beyond their responsibility.

## 1 INTRODUCTION

The increasing competition in various economic sectors has been triggered by globalization which makes it necessary for the industry practitioners to adjust their behavior, method, and business strategy to be able to sustain the existence and continuity of their business. Adaptability in responding the changes in the internal and external environment of the company is absolutely needed considering that the environment is one of the dominant factors which determines the continuity and competitive advantage of a company (Porter, 1979; Mohant and Rath, 2012). The competitions that occur nowadays

are also felt by microfinance institutions, including the Village Credit Institutions or *Lembaga Perkreditan Desa* (LPD).

The LPD is among the types of microfinance businesses in Bali. The development of LPDs has recently shown a fall in performance due to tight competitions faced by the LPDs. The competitors of the LPDs are the *Bank Perkreditan Rakyat* (BPR) or Rural Banks, Saving and Loan Cooperatives, and the loan sharks. To maintain the existence of the LPD, adequate resources are needed. Among the resources detrimental to the LPD's performance is the Human Resource.

The human resource factor influences the success of the organization or company, especially in facing

the tight competition today. This is also applicable in banking businesses, in which one part of the internal challenges of the banking business in facing globalization is the human resource quality it has. Qualified human resource is greatly needed in businesses which require high level of work ethics, such as microfinance institutions, because the microfinance institution business is a business which is highly dependent on trust. People will entrust their financial matters, which can be regarding loans or saving money, to finance institutions that have good reputations, including the reputation of the managers. Good reputation is definitely related to the performance of the finance institution as an organization or company. In the attempt to increase the performance of employees, the company must have strategies that are suitable with the organizational goals. The indicators that can form employee performance according to McNeese and Smith (1996), consists of: the work results quality level, the level of diligence and work endurance, the level of discipline and attendance, the cooperation level among employees, the degree of concern regarding work safety, the level of responsibility towards their work results, and the level of initiative/creativity the employees possess.

From the results of evaluation conducted on the employees of LPD in Badung Regency, it was found that a majority of employees are not able to meet the predetermined target regarding the distribution of credit (lending) and third party fund raising. This shows that the work result quality of employees is low. Related to the underachievement of the predetermined target by the LPD, employees have not shown tenacity in their work endurance. For example, a display of this characteristic would be the willingness to add work hours to try hard to find clients and reach the target assigned to each employee. To date, the task of employees in searching for clients are only based on the guidance and instructions from the LPD Head. This occurs because the LPD Head assesses that the employees' lack the initiative or creativity in collecting the data of potential clients to be prospected as the LPD's client.

The research regarding employee performance have been conducted by other researchers such as: 1) Hameed and Waheed (2011) who stated that employees are valuable resources (assets) to the organization. The success or failure of an organization depends on the employee's performance. Therefore, organizations must invest a large quantity of money on the development of employees. 2) Shazadi et al. (2014) has underlined

that individuals working in business segments are motivated by autonomy, freedom and responsibility given in performing their task in accordance to the position given by the management, 3) Zameer et al. (2014) found that if the top management place their focus on employee motivation, this will entail a positive increase in employee performance, 4) Iqbal et al. (2015) stated that companies with trained employees will have positive impacts on the performance of their employees.

1.1 Denison and Misra (1995) stated that organizational culture has an influence on performance. This statement is supported by theories and empirical studies by experts that state that organizational culture becomes a guide in the adaptation process in an organizational environment and the types of organizational culture can become the predictors of performance and effectiveness. The studies conducted by Ojo (2009), Koesmono (2011), and Indriani and Waluyo (2012) show that organizational culture has a significant influence on employee performance. These three studies stated that corporate culture has an influence and is positively related with employee performance. However, there are also studies that have shown an insignificant relationship between organizational culture and employee performance. Yuan and Lee (2011) stated that organizational culture has a weak correlation with employee performance. The research by Lim (1995) did not show any relationship between culture and employee performance.

In the recent years, there has been an increase in interest in the strategic management process which has a purpose to achieve work performances that enable companies, including banks, to become more competitive over time. This new concept requires new alternative strategies for companies with various types of needs in the dynamic market. Thus, banks have to use alternative tools that are more strategic to improve corporate performance through their employees.

Another factor that can also increase employee performance is the OCB. This was conveyed by Chien (2003) by stating that several researches have shown that OCB is positively related to individual performance, unit performance, and organizational performance. Thus, the implementation of OCB on employees in the workplace can have an impact on the performance of employees, performance of unit/department where the employees are placed, and the corporate performance as a whole. Every company wants the employees to perform their tasks exceeding what is stated in the job description, and it

has been proven that these companies have an advantage compared to other companies (Hui et al., 2000).

The research that showed that there is a significant relationship between OCB and performance was conducted by Alhamda and Sanusi (2006) who stated that behavior as an organization member and employee performance has a significant relationship. Sugiyanto and Sutanto (2010) found that between OCB and employee performance, there is a positive influence. Azmi (2010) and Bachrach et al., (2006) in their research found that OCB has a significant influence on employee performance. Likewise, Podsakoff et al., (2000) stated that there is a positive relationship between OCB and employee performance. From the results, these researches explain and indicate that OCB influences the improvement of employee performance.

## 2 CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESIS

### Conceptual Framework of the Research.

The conceptual framework in this research refers to a number of previous studies (journal) that are related to employee performance. Previous research related to the research variables was conducted by Chien (2003) who examined the influence of personality, organizational culture, work climate, and organization resources on OCB. In the research, Chien concluded that personality and organizational culture were proven to influence OCB.

The research by Azmi bin Ali (2010) examined the influence of OCB on employee performance. In this research, it was found that the influence of the OCB variable on employee performance is significant. Along with the research conducted by Tseng and Lee (2011), which examined the influence of organizational culture, and leadership style on the organizational commitment, and the influence of personality, organizational culture, and leadership style on employee performance. This research concluded that the personality and organizational culture variables have influences on the employee performance.

Based on the conceptual framework which explains the correlation among the variables, the conceptual framework is formulated and displayed in Figure 1.

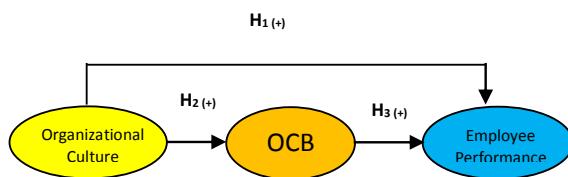


Figure 1: Conceptual Framework of the Research.

### Research Hypothesis:

Based on the conceptual framework, the research hypotheses are formulated as follows.

- H1: Organizational culture has a positive and significant influence on employee performance.
- H2: Organizational Culture has a positive and significant influence on OCB.
- H3: OCB has a positive and significant influence on employee performance.
- H4: OCB is able to mediate the influence of organizational culture on employee performance.

## 3 RESEARCH METHOD

Viewed from the characteristics of the problem, this research is categorized as a causality research. This means that this research has the purpose to examine the causal relationship between the variable of organizational culture and OCB, along with employee performance.

This research is conducted on the LPDs in Badung Regency. The research subjects are the LPDs in Badung Regency with research objects related to employee performance. Based on the problem statement and the hypothesis developed, the variables in this research are identified as follows:

- 1) The endogenous variable, namely the latent variable in which the value is determined by other variables in the model or is faced with an arrow head (Solihin and Ratmono, 2013). The endogenous variable in this research is employee performance (Y).
- 2) The intervening variable, namely the variable that influences the relationship between the dependent variable, becomes an indirect influence and is positioned between the dependent variable and the independent variable, thus the independent variable is indirectly influenced by the dependent variable (Indriantoro and Supomo, 2012:66). The intervening variable in this research is the organizational citizenship behavior (M).

- 3) Exogenous variable, namely the latent variable in which the value is determined by other variables not included in the model or is not faced with an arrow head (Solihin and Ratmono, 2013). The exogenous variable in this research is the organizational culture (X).

To define the variables related to the research object, the operational definition of variables are explained as follows:

#### **Employee Performance (Y<sub>2</sub>).**

Employee performance in this research is the work result achievement of employees related to their tasks and authorities that have been given by the company in accordance with the ability and competence of the employees, which is viewed from the capacity and quality to achieve the goals as well as vision and missions of the company. Performance is closely related to the work result which encompasses the quantity and even quality of an employee to reach the organizational goals.

The indicators utilized to measure employee performance in this research are the indicators utilized by Mathis and Jackson (2009) and are shown as follows:

##### **1) Work Quantity (Y<sub>2.1</sub>).**

This variable depicts the fulfillment of targets that have been predetermined which also shows the ability of the company in managing the resources they have to achieve their goals. This indicator is measured through the perception of respondents, namely employees are able to perform the job in line with the predetermined quantity, amount/ volume of work is in line with the expectation of the organization.

##### **2) Work Quality (Y<sub>2.2</sub>).**

This variable depicts the completion of work in accordance to the demand of the organization. This indicator is measured through the perception of respondents, namely employees who are able to complete their work with a quality which meets the organization's standards.

##### **3) Working Time (Y<sub>2.3</sub>).**

This variable depicts the working time deemed to be most efficient and effective for all levels of management. The working time is the basis for employees to finish the work that they are responsible for. This indicator is measured from the perception of respondents on whether they are able to finish their work punctually and utilize their time effectively and efficiently.

##### **4) Cooperation with Colleagues (Y<sub>2.4</sub>).**

It is the support towards the success of the organization in achieving their goals. Good cooperation will result in trust from various parties of interest, may it be directly or indirectly related to the company. This indicator is measured through the perception of respondents, namely being able to cooperate with colleagues and always behave positively in each group work.

##### **5) In Accordance with the SOP (Y<sub>2.5</sub>).**

This variable depicts the completion of work in line with the SOP that has been determined by the organization. This indicator is measured through the perception of respondents, namely employees are able to perform their jobs in accordance with the SOP available in the LPD.

#### **Organizational Citizenship Behavior (Y<sub>1</sub>).**

OCB in this research is the initiative behavior of individuals that are not included in their job descriptions but is performed voluntarily without demanding rewards in order to fulfil the goals of the company effectively and efficiently.

The indicators used to measure OCB in this research are the indicators utilized by Organ et al. (2006) which are shown as follows:

##### **1) Altruism(Help Others) (Y<sub>1.1</sub>).**

The attitude of helping other employees without coercion in the jobs related to the operations of the organization. This indicator is measured through respondents' perception, namely helping colleagues with excess work load as well as cover up for the work of absent colleagues.

##### **2) Conscientiousness (Y<sub>1.2</sub>).**

The discretionary attitude performed by employees in the form of taking action exceeding the formal demand from the organization and work exceeding the requirements determined by the company. This indicator is measured through respondents' perception, namely: voluntarily perform beneficial deeds for the organization and comply to the regulation even without being monitored.

##### **3) Courtesy (Y<sub>1.3</sub>).**

This attitude shows the concern towards involvement in the corporation especially related with attitudes that alleviate work problems faced by others. This includes avoiding actions that could cause others to work harder and decisions that increase the workload of others. This indicator is measured through the perception of respondents regarding not creating problems

with colleagues and considering the impact on colleagues for each action taken.

#### 4) Civic Virtue ( $Y_{1.4}$ ).

The attitude that shows voluntary participation and support towards the organizational functions may it be professionally or social in nature, and this awareness is the attitude of being responsible and involved constructively in the organization's political process. This indicator is measured by the respondents' perception regarding participation in various activities held by the organization and provision of innovative recommendations to increase the quality of the organization.

#### 5) Sportsmanship ( $Y_{1.5}$ ).

The discretionary attitude of employees and their willingness to tolerate a little more than the ideal condition without complaining and aversion toward destructive matters, even though they are irritated. This indicator is measured through the perception of respondents, namely accepting every policies upheld in the organization and tolerating the discomfort felt at the workplace.

### Organizational Culture (X).

Organizational culture (X) are the values, beliefs and basic principles, in which are the basis for the system and management practices and are also the behaviors that improve and strengthen these principles. Denison et al., (2006) conveyed several statements regarding the dimensions of organizational culture which are used to formulate the instrument utilized in this research. The indicators of the Organizational Culture variable consist of:

- (1) Always given the opportunity to be involved in the organization's planning process up to certain limitations ( $X_{1.1}$ )
- (2) The opportunity to be actively involved in the activities held by the organization ( $X_2$ )
- (3) Receive a warning if they violate the organization's regulations ( $X_3$ )
- (4) Able to adapt with the development in the community ( $X_4$ )
- (5) Policies made for the interest of the community ( $X_5$ )
- (6) Clear organization targets ( $X_6$ )
- (7) Main tasks and functions of employees are clear ( $X_7$ )

## 4 RESULTS AND DISCUSSIONS

### Hypothesis Test Results.

The hypothesis test is conducted by utilizing the t-test on each direct influence path partially. The complete analysis result is available in the SEM analysis results, which is displayed in the appendix. Table 1 shows the hypothesis test results for the direct influences.

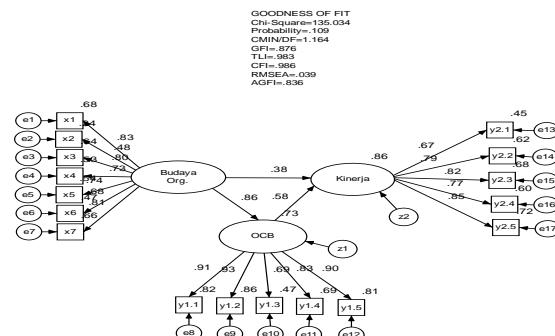


Figure 2: SEM Model.

Table 1: Direct Influence Hypothesis Test Results.

Independent Variable	Dependent Variable	Path Coefficient	p-value	Description
Organizational Culture (X)	Employee Performance (Y <sub>2</sub> )	S	0,003	significant
Organizational Culture(X)	OCB (Y <sub>1</sub> )	0,828	0,000	significant
OCB (Y <sub>1</sub> )	Employee Performance( Y <sub>2</sub> )	0,680	0,000	significant

Source : Appendix

### Research Result Discussions.

From the validity and reliability calculation results, it was found that all the indicators are able to measure the variables and concepts being examined. Additionally, between one concept and the other, all are free. By conducting the confirmatory factor analysis (the goodness of fit test and the factor loading analysis), it was proven that the observed variables can reflect the analyzed factors. By conducting the overall goodness of fit test (goodness of fit test and the regression weight causality test), it has been proven that the model's overall goodness of fit and causality relationship developed can be tested.

### The Influence of Organizational Culture on Employee Performance.

Based on Table 1, the organizational culture variable is known to have a positive and significant influence on the performance of LPD employees in Badung

Regency. The proof can be seen from the p-value of 0,003 which is less than 0,05. The relationship between the organizational culture variable and the employee performance of LPDs in Badung regency is positive which is shown by the inner weight value of 0,436. This result can be interpreted as the higher the organizational culture, the higher the employee performance of LPDs in Badung Regency.

In this research, the indicators of the organizational culture variable consists of the opportunity to be involved in the organization's planning process with certain limits, the opportunity to be actively involved in every event held by the organization, receive warnings if they violate the organization's regulations, able to adapt with the development in the community, policies are made for the community's interest, clear organizational targets, and main tasks and functions of employees are clear on the performance of LPD employees in Badung Regency. This research result is in line with the conditions faced by LPDs in Badung Regency.

**The Influence of Organizational Culture on OCB.**  
Based on Table 1, the organizational culture variable has a significant influence on OCB. This is proven by the p-value of 0,034, which is lower than 0,05. The relationship between the organizational culture variable and the OCB variable shows a positive influence marked by the inner weight value of 0,828. This result can be interpreted as the higher the organizational culture, the higher the OCB becomes.

In this research, the indicators of the organizational culture variable, which consists of the opportunity to be involved in the organization planning process with certain limits, the opportunity to be actively involved in every event held by the organization, receive warnings if they violate the organization's regulations, able to adapt with the development in community, policies are made for the community's interest, clear organizational targets, and main tasks and functions of employees are clear on the OCB of LPD employees in Badung Regency. This research result is consistent with the conditions faced by LPDs in Badung Regency.

**The Influence of OCB on Employee Performance.**  
Based on Table 1, the OCB variable is known to have a significant influence on employee performance. This is proven by the p-value, which is 0,025, lower than 0,05. The relationship between the OCB variable and the employee performance of LPDs shows a positive influence which is marked by the inner weight value of 0,680. This result can be interpreted as the higher the industrial competition,

the higher the employee performance of LPDs in Badung Regency.

In this research the indicators of OCB, which include: help colleagues with excessive workload, cover work for absent colleagues, voluntarily take actions that are beneficial to the organization aside from the main tasks, comply to the regulations even without being monitored, to not create problems with colleagues, consider the influence on colleagues for each actions taken, participate in various activities held by the organization, provide innovative advices to improve the organization's quality, accept each policy set by the organization, and tolerating the discomfort felt at the workplace have important roles in increasing the employee performance of LPDs in Badung Regency.

### Conclusion.

Based on the research result, discussion and interpretations that have been explained in previous sections, by referring to several theories and previous research results, the conclusions taken are as follows: 1) Organizational culture has a positive and significant influence on the Employee Performance of LPDs in Badung Regency. 2) Organizational culture has a positive and significant influence on the OCB of LPD employees in Badung Regency. 3) The OCB of employees has a positive and significant influence on the Employee Performance of LPDs in Badung Regency. 4) OCB is able to significantly mediate the influence of organizational culture on employee performance. This means that by developing the OCB behaviors, the influence of organizational culture on the employee performance of LPDs in Badung Regency will also increase.

## REFERENCES

- Alhamda, S. and Sanusi, R. 2006. Persepsi Perilaku Kepemimpinan, Perilaku Sebagai Warga Organisasi Dan Kinerja Dosen Politeknik Kesehatan Padang Sumatra Barat. *Working Paper Series*, No.8 April 2006. Program Magister Kebijakan Dan Manajemen Pelayanan Kesehatan. Universitas Gadjah Mada. Yogyakarta.
- Bachrach, G.D., Powell, C., Benjamin, Bendoly, E., and Richey, G.R. 2006. Organizational Citizenship Behavior And Performance Evaluations: Exploring The Impact Of Task Interdependence. *Journal of Applied Psychology*. Vol. 91, No. 1, pp. 193–201.
- Chien, H.M. 2003. A Study To Improve Organizational Citizenship Behaviors, [Http://www.Mssanz.Org.Au/](http://www.Mssanz.Org.Au/)

- MODSIM03/Volume\_03/B14/03\_Chien\_Behaviours. Pdf.
- Denison. 1990. *Cooporate Culture and Organizational Effectiveness*. Willey. Newyork.
- Denison, R.D. and Mishra K.A. 1995. Toward A Theory of Organizational Culture and Effectiveness. *Journal Organization Science*. Vol.6 No. 2.
- Hameed Abdul, Waheed Aamer., 2011. Employee Development and Its Affect on Employee Performance Framework, *International Journal of Business and Social Science*, Vol. 2 No. 13, pp.224-229.
- Hui, C., Simon S.K.L. And Kenneth K.S.L., 2000.Instrumental Values of Organizational Citizenship Behavior: A Field Quasi-Experiment. *Journal of Applied Psychology*. Vol. 85 No.5, pp. 822-828.
- Indriani, E. and Waluyo, H. 2012.Pengaruh Kepemimpinan Dan Budaya Organisasi Terhadap Kinerja Pegawai Negeri Sipil Di Sekretariat Daerah Kabupaten Karanganyar Dengan Komitmen Organisasi Sebagai Variabel Intervening.*Jurnal Edisi*.
- Koesmono, T.H. 2011.Pengaruh Budaya Organisasi Dan Kepemimpinan Terhadap Kinerja Melalui Variabel Mediasi Komitmen Organisasional Karyawan Perusahaan Swasta Di Surabaya Timur.*Jurnal Mitra Ekonomi Dan Manajemen Bisnis*. Vol. 2, No. 2, hal.155-171.
- Lim, B. 1995. Examining the Organizational culture And Organizational Performance Link. *Leadership & Organization Development Journal*. Vol. 16 No. 5, pp. 16-21.
- Mohanty, J., & Rath, B. P. 2012. Influence of Organizational Culture on Organization Citizenship Behavior: A Three-Sector Study. *Global Journal of Business Research*, Vol. 6, No. 1, pp.65-76.
- Ojo, O. 2009. Impact Assessment of Corporate Culture on Employee Job Performance. *Business Intelligence Journal*.Vol. 2 No. 2.
- Podsakoff, P.M. Ahearne, M. and Mackenzie, S.B. 1997. Organizational Citizenship Behavior and the Quantity and Quality Of Work Group Performance. *Journal of Applied Psychology*. Vol.82. pp.262-270.
- Podsakoff, P.M. Mackenzie, S.B. Paine, J.B. and Bachrach, D.G. 2000. Organization Citizenship Behaviors: A Critical review of the Theoretical and Empirical Literature and Suggestions for Future Research. *Journal of Management*. Vol. 26. pp. 513-563.
- Porter, M.M. 1979. *How Competitive Forces Shape Strategy*. Harvard Business Review.
- Schein, E.H. 2009. *The Corporate Culture Survival Guide*. CA: Jossey-Bass (A Willey Imprint). San Francisco
- Sekaran, U. 2003. *Research Methods for Business.A Skill Building Approach*. John Wiley & Sons, Inc.
- Shahzadi, Irum., Ayesha Javed., Syed Shahzaib Pirzada., Shagufta Nasreen., Farida Khanam.2014. Impact of Employee Motivation on Employee Performance. *European Journal of Business and Management*, Vol.6, No.23.
- Sugiyono., 2014. *Metode Penelitian Kuantitatif Kualitatif dan R&B*. Bandung: Alfabeta.
- Sugiyanto and Sutanto, H. 2010. Membangun Etos Kerja Yang Pro Aktif Guna Mengoptimalkan Kinerja Melalui Spiritual Centered Leadership, Employee Empowerment, Organizational Citizenship Behavior. *Buletin Ekonomi*.Vol. 8 No. 2, Hal.70-170.
- Zameer, Hashim., Shehzad, Ali., Waqar, Nizar and Muhammad, Amir. 2014. The Impact of the Motivation on the Employee Performance in Beverage Industry of Pakistan.*International Journal of Academic Research in Accounting, Finance and Management Sciences*.Vol. 4, No. 1, pp:293-298.