

The Effects of Organization Culture, Remuneration, and Competency towards Employee Performance Through Job Satisfaction as the Intervening Variable (Study at Production Directorate of PT. Semen Gresik)

Samsuri¹, Gatot Sudjono²

¹(PT. Semen Gresik, Tuban.

²(STIE Malangkuçeçwara, Malang.

Abstract: Performance in a company can be influenced by many factors that include organizational culture, remuneration, competence and job satisfaction of employees in the company. Achievement of corporate goals is strongly influenced by the ability of human resources in realizing work plans that have been established by corporate leaders through the determination of vision, mission, goals and strategy. This study aims to analyze the influence of organizational culture, remuneration, competence, job satisfaction on the performance of employees directly or indirectly. The data were collected by questionnaire. The sample of research is 125 employees at Directorate of Production of PT. Semen Gresik. This study uses descriptive analysis to know the characteristics and description of respondents to each indicator variable. While to test the relationship between variables by using an inferential analysis with the method of Partial Least Square (PLS). The result of the research shows that organizational culture has no significant effect on job satisfaction but has a significant effect on employee performance. Meanwhile, employee competence has significant effect to job satisfaction and employee performance, also remuneration has significant effect to job satisfaction of employee, but it does not have a significant effect to employee performance. Moreover, job satisfaction has significant effect on employee performance. The last but not least, job satisfaction fully mediates the influence of competence on employee performance.

Keywords: Organizational Culture, Remuneration, Competence, Job Satisfaction, Employee Performance

Date of Submission: 25-07-2018

Date of acceptance: 06-08-2018

I. Introduction

Nowadays, businessmen in Indonesia have faced the complexity and intensity of a very tight competition regarding their business. This requires every organization or company to be able to perform well in their management so that corporate operationalization would be able to go as planned, thus the company is able to overcome market's competition. In this case, the meaning of the company covers all elements contained, including human resources which incidentally is a driver of the company's operations. Company as an organization is a group of people who have the same goals. Thus, the human resources that exist within the course have the same purpose, so it will be easier for companies to unify various human nature to support and build the company so that the company continues to triumph and able to face the existing business competition.

Bateman and Snell (2008) explain that organizational culture is an important assumption about the organization and its goals and practices shared by all members of the company. It is a shared value system of the essentials and beliefs about the world of work. In this way, one corporate culture provides a framework that can organize and direct the behavior of people in a job. The organizational culture within an enterprise can arise from the presence of spirituality, symbols, rituals and myths that evolve over time and serve as the glue that unifies the organization.

Organizational culture is not owned by a company instantly. Tobari (2015) states that organizational culture is formed through a process of learning, learning from experience, learning from the success and failure of other organizations. Through the teaching process, cultural communication, cultural dissemination, cultural socialization, and cultural inheritance are carried out. This is because an organization and humans are two components of interdependence. In this case, Fullan Michael in Tobari (2015) sees that human beings see organizations as a means of meeting the economic needs, personal needs, and as members of society. The organization will not function effectively without the support of employees.

Therefore, in its development, every company is required to be able to develop and maintain employees owned by high productivity conditions and develop its potential to adapt provide maximum contribution to

support the company in the face of tight competition. One effort that can be made and the company's attention to its employees is the implementation of compensation strategy in the form of remuneration. The strategy can be done because the company will have an impact on increasing the motivation of employees in order to provide maximum performance for the company. The remuneration awarding strategy is the reward given to the employee based on the grading or position and the resulting performance. (Fitria, 2014)

Latief & Harahap (2014) explained that the competency-based remuneration is a payroll system based on the total value of skill and competencies possessed by each employees. This method is implemented by involving individual capacity (person-based pay) and not job characteristics (job-based pay). The basic premise of this method is that the employee is paid on the basis of the skill, knowledge, and competence of each individual, regardless the job. To support the implementation of competency-based human resource systems, rewards should be linked to increased competency diversity by employees in carrying out the work of these employees. (Hutapea & Thoha, 2008)

Hutapea & Thoha (2008) explained that the purpose of remuneration is to reward the employees who have contributed to the company, and in reverse to give punishment to employees who do not contribute to the company. Based on the description, it is clear that the remuneration by the company to employees can help foster work motivation on the employees.

Fitria (2014) explains that motivation is a form of willingness to give more effort in achieving organizational goals caused by the willingness to satisfy individual needs. In this case the satisfaction object is associated with the fulfillment of needs where employees who feel like their needs are fulfilled, will perceive themselves as employees who is satisfied of his work. On the contrary, dissatisfaction can arise when one or a part of their needs can not be met.

Job satisfaction is an individual thing, in which each individual has a different level of satisfaction according to the value system within the individual. When one has a high assessment of an activity that suits one's needs, the higher the level of individual satisfaction. On the contrary, when individual judgments on an activity do not match the needs, the individual's level of satisfaction is also low (Rivai & Sagala, 2009). Based on the description above, it can be concluded that job satisfaction achieved by an employee is one determinant of employee performance.

Simamora (2006) revealed that a performance refers to a level of achievement of tasks that make up an employee's job. Performance reflects on how well employees meet the requirements of a job. Often interpreted as an effort, which reflects the energy released, performance is measured in terms of results. In order for the organization to function effectively, the people within it need to be persuaded to enter and remain within the organization, the people must perform their role assignments in a reliable way, and these people should contribute spontaneously and innovatively out of their formal duty. Rivai & Sagala (2009) explain that performance is a function of motivation and ability, so to complete a task or job, a person must have a certain degree of willingness and a certain level of ability.

Mathis & Jackson (2009) states that many factors affect employee performance that include the ability of an employee to do the job. Employee performance is also associated with the level of effort devoted and supported by the organization. In the traditional style of performance appraisal system, performance is only associated with personal factors, but in reality, how well one's performance depends on factors aside from the personal factors such as situation, team members, environment and leadership.

Based on some of the description above and from the results of some previous research that has been described, it can be seen that the performance in a company can be influenced by many factors such as organizational culture, remuneration, competence, and employee job satisfaction within the company itself. Referring to the theoretical framework, the researcher is interested to explore this research, which encourages researcher to conduct this research further. The researcher will conduct the research at the Directorate of Production of PT Semen Gresik, with the title of research used is "The Influence of Organizational Culture, Remuneration and Competence on Employee Performance Through Employee Satisfaction As Intervening Variable".

II. Theories

2.1 Employee's Performance

Supatmi, et al., (2013) explains that conceptually, performance is a result of the work activities of an individual within a certain period, or period based on predetermined work standards. Rivai and Sagala (2009) describe performance as a function of motivation and the ability to complete a person's task or job should have a certain degree of willingness and level of ability. One's willingness and skills are not effective enough to do something without a clear understanding of what to do and how to do it. Performance is a real behavior that is displayed by every person as a work performance generated by employees in accordance with its role in the company. Employees performance is a very important thing in the company's efforts to achieve its goals.

Robbins in Fitria (2014) explains that in the practice, performance is also known as work performance. However, usually the definition used in general remains the same as the definition of performance in general. Performance is described as a result of work in the form of quality and quantity achieved by a person in performing their duties according to the responsibilities given to the individual concerned. In its efforts to meet the target achievement and maximum results of work, then the organization or company must have employees who have high performance.

Hamid (2014) mentions that in general, factors that affect the performance of human resources in a company can be divided into two, one is a factor from inside and the other is the factor from outside (environmental). Theoretically, factors that can affect one's achievement are the ability and motivation.

According to Mathis and Jackson (2009), there are lots of factors that can affect employee's performance when they are doing their jobs. Employee performance is also linked with the amount of effort devoted and supported by the organization. And with traditionally evaluating system, employee's performance is often only associated with one's personal factors, without realizing that one's performance could be affected by the environment itself, such as work environment, team members, and the leadership happening in the company.

Hersey and Blanchard as well as Robbins in Hamid (2014) explains that performance is a function of ability (A), motivation (M) and opportunity (O) which results in a formula $Performance = f(A \times M \times O)$ which means that in completing a task, an employee should reach a certain degree of willingness and certain amount of skill. However, the willingness and skill will not be as effective without a clear understanding about what one is doing and how to do it. Therefore, according to Donnelly, Gibson and Ivancevich in Hamid (2014) mention that one's performance is affected by these factors:

1. Hope for rewards
2. Push
3. Skill, necessity, and traits
4. Internal and external rewards
5. Perception on the level of rewards and job satisfaction

2.2 Job Satisfaction

Job satisfaction is a reflection or assessment of an employee's feelings toward his work (Vrinda & Jacob, 2015). It is further explained that job satisfaction describes the emotional, pleasant or unpleasant state experienced by employees during the work process (Singh & Jain, 2013). Kreitner and Kinicki in Muparsih (2013) explains that job satisfaction is an effectiveness or form of an emotional response to various aspects of work. The opinion implies that job satisfaction is not just a single concept, yet a person can be related to an aspect of one's work and not satisfied with another aspect of one's work.

Job satisfaction is an individual matter, which each individual has a different level of satisfaction according to the value system one follows. When one has a high assessment of an activity that suits one's needs, the higher the level of individual satisfaction. On the other hand, when one's assessment of an activity is not suitable to the needs, the level of individual satisfaction is also low (Rivai & Sagala, 2009), while according to Luthans in Supatmi (2013), job satisfaction involves several main points:

1. Job satisfaction can not be seen but can only be suspected of existence because job satisfaction concerns about emotional problem from work situation.
2. Job satisfaction concerns the conformity of the work result.
3. Job satisfaction is closely related to the problem happening around the workers: the job itself, promotion opportunities, salary, supervision, and colleagues.

Handoko in Fitria (2014) explains that job satisfaction is a form of a pleasant or unpleasant emotional state that is viewed from the point of view of employees, regarding their work. The mood can be a pleasant atmosphere, and can also be less or even unpleasant. The result depends on the employee's appraisal of his or her own work. Based on some of the above definition, it can be concluded that job satisfaction is a form of a pleasant or unpleasant feeling that arises on the mind of an employee, where the condition will directly affect the emotional and behavior regarding one's work, in which it will affect one's performance in organizations or companies where one works.

2.3 Organization Culture

The organizational culture is a set of important assumptions about the organization and its goals and practices shared by all members of the company. It is a shared value system of important things, and beliefs about the way the world works. In this way, a corporate culture provides a framework that could organize and direct the behavior of people in a workplace (Bateman & Snell, 2008). Glaser in Herawan (2015) explains that organizational culture is described as patterns made from beliefs, symbols, rituals, and myths that increased from time to time and functions to unify an organization.

Soedjono in Satyawati & Suartana (2014) defines the organizational culture as an instrument owned by a company and could be used as an instrument of competitive advantage and major, if the organizational culture

can support organizational strategy, and if organizational culture can answer and overcome environmental challenges rightly and fast. Tobari (2015) summarizes the definition of organizational culture from several experts:

1. According to Hodgetts Richard M and Fred Luthan, organizational culture is the norms, values, philosophy, rules, and work environment of the employees.
2. According to Mullins, organizational culture is a collection of habits, values, beliefs, wisdom, attitudes that are easily absorbed for everything that is done and thoughts in an organization. In this definition, this is the main point that needs to be paid close attention to, that an organization is not only in habit, values and trust, yet also what is done and what is thought.
3. Piti Sithi Amnuai states that organizational culture can be viewed as a set of assumptions and beliefs that the whole organization should learn in order to solve internal and external problems.

According to few definitions above, it is concluded that organizational culture is a form of beliefs and values that are owned within an organization or company so that the pattern gives its own meaning and can be the basis of rules in behaving in the organization. In addition, a culture that is owned by a company can also be a think that differentiate a company with other companies so that organizational culture can be an aspect of corporate excellence. Thus, in this case, organizational culture could also be understood as the personality of the company or organization.

2.4 Remuneration

Fitria (2014) mentions that remuneration is a term that is often equated with compensation. The difference is only in the placement of the two words. But the term remuneration is very rarely discussed. Hutapea & Thoha (2008) explains that the purpose of remuneration is to reward the employees who have contributed to the company, and to give punishment to employees who do not contribute to the company. Hasibuan in Muparrih (2013) explains that remuneration or compensation is all income in the form of money, goods, either direct or indirect, which the employees receive as a form of reward for services provided by the employee.

According to Latief & Harahap (2014) competency-based remuneration is a payroll system that is based on the total value of keahllian and competence owned by each employee. This method is done by including the personal capability (person-based pay) rather than the job characteristics (job-based pay). The basic premise of this method is that the workforce is paid based on the expertise, knowledge and competencies of each individual whatever the job. In order to support the implementation of competency-based human resource systems, rewards should be linked to the increased competence of employees in carrying out the work. (Hutapea & Thoha, 2008)

Fitria (2014) explains that the existence of remuneration in an organization can not be ignored. This is because the remuneration in an organization will be directly related to the achievement of the company. Low remuneration can not be justified, both in terms of humane way and organizational way. Nurhayati & Darwansyah (2013) states that remuneration itself is an objective goal that can give satisfaction to the needs, encouragement, or someone's desire. Remuneration given to employees aims to encourage employees to increase morale in achieving the goals set by the company. The emphasis of rewarding by incorporating competence as one of the key components has several goals, such as (Hutapea & Thoha, 2008) :

1. Direct employees to work in accordance with the competencies desired company.
2. Familiarize employees to behave in accordance with the targeted competencies.
3. Strengthening corporate culture based on competence.

Referring to the above objectives, it is expected that with the remuneration system, employees who do not have the required competencies or who can not change the way it works will get pressured eventually. This condition will make one try harder to be able to meet the required competencies in order to keep going with the company or for the individual who can not fulfill the competencies, will find a new workplace that is considered more suitable with the qualifications of the individual, so at the end, the company will only hire people who have the appropriate competence, so that in the end, all employees will be able to give maximum contribution to the company. Therefore, employees with the required competencies would give the maximum contribution to the company. Thus, the remuneration system aims to (Hutapea & Thoha, 2008):

1. Attract qualified and competent employee candidates.
2. Make employees who excel and make the largest contribution feels home in the company.
3. Increasing employee motivation.

2.5 Competency

Ulrich (1997) defines that competence reflects employee knowledge, skills and abilities. Quoting from Spencer and Spencer (1993) "Competence is the most basic characteristic of the individual and it shows how to behave and think, to draw conclusions from a broad state and to have acceptable thoughts with reason that can last all the time."

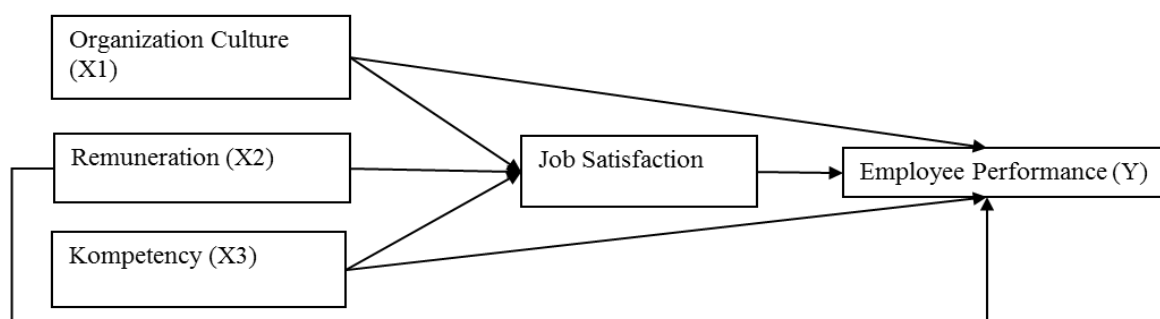
According to Spencer and Spencer (1993) nowadays many organizations put interest in management to assess the performance competencies. Understanding competence alone can be understood as a combination of skills and knowledge reflected in job behavior that can be observed, measured and evaluated. In some literatures, competence is often divided into two types:

1. Soft competency, the type of competence that is closely related to the ability to manage the work process, to engage relationship between humans and interaction built with others. Examples of soft competence: leadership, communication skills, interpersonal relations.
2. Hard competency, the type of competence associated with the functional or technical ability of a job. In other words, this competence is related to the technical mastery associated with the occupation. Examples of hard competency: mechanical engineering, evaluation process, financial analysis.

III. Research Concept Framework

3.1 Conceptual Framework

The conceptual framework of this research model is to explain the connection of independent variables: organizational culture, remuneration, competence, intervening variable: job satisfaction with dependent variable: employee performance as illustrated in the analysis model.



Picture 1. Analysis model

Referring to the results of previous research and analysis model above, therefore, hypothesis proposed in this research are:

- H1: There is a significant influence of organizational culture, remuneration, competence directly on employee performance.
- H2: There is a significant influence of organizational culture, remuneration, competence directly on job satisfaction.
- H3: There is a significant influence of job satisfaction on employee performance.
- H4: There is a significant influence of organizational culture, remuneration, competence on employee performance through job satisfaction as variable intervening.

3.2 Definition of Operational Variable

The variable is an attribute, the nature or value of the person, the object has a certain variation that has been determined by the researcher and then drawn the conclusion (Sugiyono, 2012). The variables used in this study are as follows:

1. Organizational Culture

Organizational culture is a form of beliefs and values that are owned and contained within an organization or company, so that the elements give its own meaning and can be the basis of rules to conduct within the organization. The indicators used to measure organizational culture in this study are as followings (Robbins in Gultom, 2014):

a. Innovation and risk taking

The extent to which employees are supported to be innovative and take risks.

b. Human orientation

The extent to which management decisions consider the effects on people in the organization.

c. Team orientation

The extent to which work activities are organized around teams.

2. Remuneration

Remuneration is all income in the form of money, goods, either directly or indirectly received by employees as a form of compensation for services provided to the company. In this study, the indicators used for remuneration variables are adopted from Muparrih (2013):

- a. The corresponding remuneration value of performance.
- b. Appropriate remuneration value of position.
- c. The value of remuneration in accordance with the burden and responsibility.

3. Competency

Competency reflects knowledge, skills and abilities among employees and group of employees. Competency can be understood as a combination of skills and knowledge reflected through work behaviors that can be observed, measured, and evaluated. In this study, the indicators used for competence variables are adopted from Ali Fitran (2012):

- a. Soft skill competence
- b. Hard skill competence
- c. Competence of knowledge mastery

4. Job Satisfaction

Job satisfaction is a form of pleasant or unpleasant feeling that arises in the mind of an employee, where the condition will directly affect the emotional behavior in the individual work concerned, which will also affect the performance of one within an organization or company. In job satisfaction, there are three indicators used as measurements in this study, adopted from Robbins in Fitria (2014)

- a. Salary
- b. Career opportunities
- c. Working conditions

5. Employee Performance

Performance is what one does and what one does not do, whether it works or not for one to do one's work. The indicators used as standart in this research refers to the ones from Fitriah (2014) and Muparrih (2013) which are:

- a. Work quantity
- b. Work quality
- c. Eagerness

3.3 Sample and Population

Population used in this researched is employees in PT. Semen Gresik with total of 829 employees.

This research is using proportional random sampling which gives same opportunities for every population elements to be chosen as a sample which is taken according to employees' strata with a proportional number.

3.4 Data Analysis

In this research, data analysis is done by PLS approach using Smart PLS software. According to Ghazali (2008) PLS is an alternative approach that shifts from a SEM approach which originally is covariance-based into variants-based. SEM generally tests the theory while PLS is more to a predictive model. Since the PLS does not assume any particular distribution for parameter estimation, a technique for testing parameter significance is not required (Chin, 1998). PLS is used to recognize the link and values between the culture, organization, remuneration, competency, and work satisfaction variables to employee's performance. This analysis is also used to recognize which variable affects the employees the most. In order to process the data taken from email questionnaire, the researcher used Partial Least Square (PLS) method. In addition, Goodness of Fit analysis is also done to measure the effects of the variables above on employee's performance. *Goodness of Fit* model is measured by *R-square* variable dependent with the same interpretation as *QSquare predictive relevance* for the structural model, measuring how well the observation value, generated by the model and also the parameter estimation.

In this research, culture, organization, remuneration, competency, work satisfaction, and employee performance variables is formed using reflexive indicators which means those latent variables are pointed towards the construct element. The reason why the researcher used reflexive indicator was because the culture, organization, remuneration, competency, job satisfaction and employee's performance variables are reflections of its latent variables, which refers to what Formell and Bookstein (1982) said, "If an indicator is a reflection of its construct, or it is related to traits and personalities, then a reflexive indicator shall be used."

Outer model is evaluated with *convergent* and *discriminant validity* from the indicator, and composite reliability for block indicator. On the other hand, outer model with *formative indicator* is evaluated according to its *substantive content*, usually by comparing its *relative weight*, and looking to the significance of the weight itself (Chin, 1998).

Inner model is evaluated with the value of R^2 for the latent construct respond, and also looking through the amount of coefficient of the structural path as well. Stabilization of the estimation is evaluated with the "T-

test” statistics which compares the average amount of two or more statistics taken from bootstrapping procedure (Ghozali, 2008).

Inner model is evaluated using R-square for the dependent construct, Stone-Geisser Q-square is used for predictive relevance and the T-test and the signification of structural path’s coefficient parameter (Ghozali, 2008). A formula from Stone-Geisser Q-square could be explained as followings: $Q^2 = 1 - (1 - R^2_1) (1 - R^2_2) (1 - R^2_3) \dots (1 - R^2_n)$.

According to the opinion above, a path diagram could be constructed for this research using software *smartPLS* 2.0. PLS evaluation model usually is nonparametric. Outer model which is indicator reflective is evaluated with convergent and discriminant validation from its indicator, and composite reliability from its block indicator. On the other hand, outer model with formative indicator is evaluated based on its substantive content which is by comparing the amount of relative weight and the significance of the weight amount.

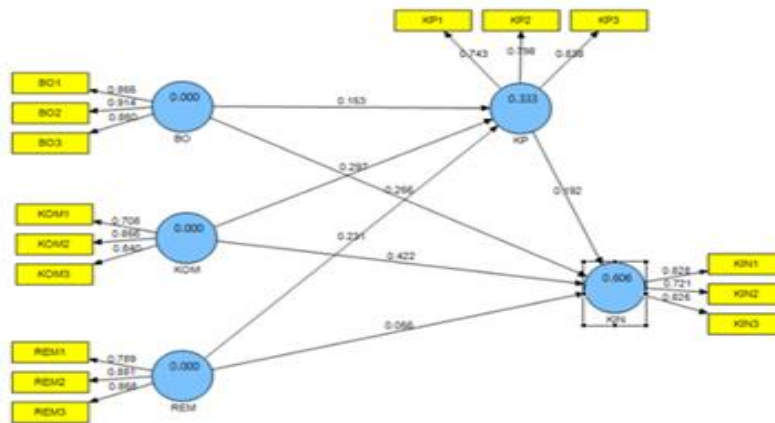
Whether or not an indicator is valid, could be recognized from its loading value. Usually for an explorative research, the value of 0,5 or 0,6 is enough (Chin, 1998). Whereas reliability is the amount of internal consistency from indicators of notching variable which shows a certain degree until each indicators indicate general notching variable.

In counting reliability using composite reliability with the cut off value, is the minimum of 7. However, for exploratory researches, reliability of 0,5 or 0,6 is enough to justify the result of the research (Ferdinand, 2002).

IV. Research Result And Discussion

4.1 Outer Model Measurement Evaluation

The measurement model for validity and reliability test, model determination coefficient and path coefficient for model equation could be seen in this following picture.



4.2 Convergent Validity

	AVE	Communality
BO	0.774125	0.774124
KIN	0.628975	0.628975
KOM	0.646823	0.646823
KP	0.630122	0.630122
REM	0.717291	0.717291

Source: Data analysis with PLS, 2017.

Convergent validity from measurement model using reflective indicator is judged by the loading factors of the indicators that measure the construct. In this research, there is 5 constructs, which have each 3 indicators, with the scale from 1 to 4. According to the result of model measurement seen in the picture and table above, it could be explained this way:

- a. Employee’s performance construct is measured with KIN1-KIN3. All indicators have loading factors above 0,7, AVE>0,5 and communality >0,5.

- b. Organization culture construct is measured with BO1-BO3. All indicators have loading factors above 0,7, AVE >0,5 and communality >0,5.
- c. Remuneration construct is measured with REM1-REM3. All indicators have loading factors above 0,7, AVE >0,5 and communality >0,5.
- d. Competency construct is measured with KOM1-KOM3. All indicators have loading factors above 0,7, AVE >0,5 and communality >0,5.
- e. Job satisfaction construct is measured with KP1-KP3. All indicators have loading factors above 0,7, AVE >0,5 and communality >0,5.

According to the loading factors above, it is concluded that these constructs have a good convergent validity.

4.3 Discriminate Validity

Discriminate validity test is done to prove whether or not an indicator in a construct would have the biggest factor to a construct it shapes than the loading factors in the other construct. The list can be seen in the following table:

	BO	KIN	KOM	KP	REM
BO1	0.864815	0.582927	0.573075	0.38786	0.40972
BO2	0.913687	0.555055	0.540352	0.417019	0.538494
BO3	0.860026	0.545517	0.476868	0.400277	0.470006
KIN1	0.620705	0.828484	0.657071	0.495759	0.450853
KIN2	0.403412	0.721203	0.396223	0.338117	0.309027
KIN3	0.462063	0.824867	0.595623	0.467492	0.455892
KOM1	0.496465	0.519927	0.70843	0.360323	0.483155
KOM2	0.535575	0.630073	0.856498	0.494212	0.485582
KOM3	0.41929	0.559331	0.839648	0.376336	0.349632
KP1	0.34722	0.525089	0.369259	0.74302	0.409749
KP2	0.371078	0.328324	0.42646	0.797635	0.354291
KP3	0.368369	0.450138	0.434702	0.837893	0.361795
REM1	0.548757	0.401473	0.451248	0.437462	0.788598
REM2	0.367656	0.413378	0.426834	0.34978	0.88107
REM3	0.44053	0.498605	0.503126	0.415097	0.868161

Source: Data analysis with PLS, 2017.

According to the table above, it shows the cross loading value also shows a good value of discriminate validity because the indicator correlation value towards the construct is higher than the other indicator correlation of other constructs. As an illustration, BO1's loading factors (the question indicator for organization culture) is 0,864815 which has the higher number than the other lading factors from another construct which only scores KIN (0,582927), KOM (0,573075), KP (0,387860) and REM (0,409720).

The table also shows that remuneration indicators have a higher loading factor score than the other construct's loading factors. Such things are also seen in competence indicator. Thereby, latent construct predict indicators on their block better than the indicators in other blocks.

4.4 Composite Reliability and Cronbach's Alpha

Aside from validity construct test, reliability construct test is also done and measured with composite reliability and cronbach's alpha from the indicator block which measures construct. Here is the result from composite reliability test and cronbach's alpha from SmartPLS:

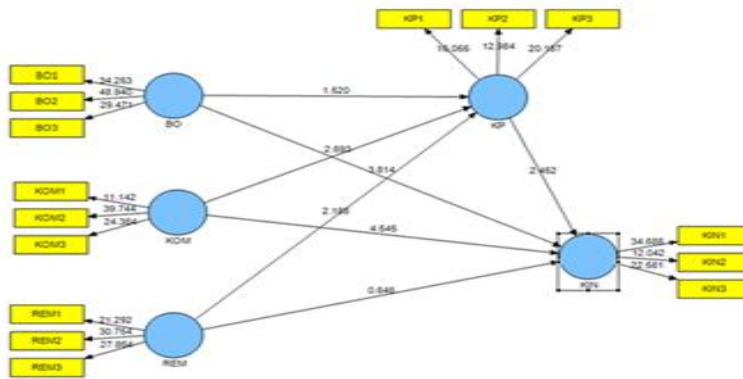
	Composite Reliability	Cronbachs Alpha
BO	0.911299	0.853642
KIN	0.835139	0.710224
KOM	0.845132	0.723951
KP	0.836026	0.706358
REM	0.883638	0.801817

Source: Data Analysis with PLS, 2017.

A construct is declared reliable when it has the composite reliability score above 0,70 and cronbach's alpha above 0,60. Output result from SmartPLS declares that all the constructs has the score of composite reliability above 0,70 and the score of cronbach's alpha above 0,60. Therefore, it is concluded that the construct has a good reliability reputation.

4.5 Inner Model Examination

The structural model in PLS is evaluated with R² for the dependent variable and and path coefficient score for independent variable in which the significance to be scored based on the t-statistic score of every path. In picture above, we can see that determined coefficient (R²) is as big as 0,606. The chart shows that Organization Culture (BO) variable, Remuneration (REM), Competency (KOM) and Job Satisfaction (KP) are contributing as much as 60,6% towards the variability of the independent variable Employee Performance (KIN). The structural model could be seen below.



To score the significance the prediction model in inner model test, it is shown in the table below the t-statistic between independent and dependent variables in the Path Coefficient in SmartPLS Output as follows.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
BO -> KIN	0.266085	0.26793	0.069769	0.069769	3.813813
BO -> KP	0.153113	0.157864	0.100726	0.100726	1.52009
KOM -> KIN	0.422207	0.428244	0.092899	0.092899	4.544798
KOM -> KP	0.297156	0.292274	0.110327	0.110327	2.693397
KP -> KIN	0.191594	0.195111	0.078148	0.078148	2.451664
REM -> KIN	0.055626	0.05095	0.086045	0.086045	0.646471
REM -> KP	0.231319	0.230034	0.105744	0.105744	2.187533

Source: Data Analysis with PLS, 2017.

4.6 Direct and Indirect Effects Between Variables

To recognize the direct and indirect effects between the Organization Culture, Remuneration and Competency variables towards Employee’s Performance through Job Satisfaction, here could be seen in the table below.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
BO -> KIN	0.29542	0.300523	0.078024	0.078024	3.786262
BO -> KP	0.153113	0.157864	0.100726	0.100726	1.52009
KOM -> KIN	0.47914	0.482383	0.089078	0.089078	5.378913
KOM -> KP	0.297156	0.292274	0.110327	0.110327	2.693397
KP -> KIN	0.191594	0.195111	0.078148	0.078148	2.451664
REM -> KIN	0.099945	0.095439	0.079052	0.079052	1.264302
REM -> KP	0.231319	0.230034	0.105744	0.105744	2.187533

Source: Data Analysis with PLS, 2017.

4.7 Discussion of Research Result

The Effects of Organization Culture, Remuneration, and Competency towards Employee Performance: Based on the results of the first hypothesis testing a-a (H_{1a}) it can be concluded that the organizational culture variables give positive significance on the level of trust $\alpha = 0.05$ on employee performance. The result corresponds with the hypothesis about employee performance is developed from Muparrih (2013)'s result. Organizational culture as a value embraced in all elements within the company, the existing culture within the company will form a pattern of behavior in the operationalization of employee performance so that employees can do the work according to company's culture and provide performance that can meet the target company. Based on the results of the first hypothesis testing a-b (H_{1b}) can be concluded that the variable remuneration does not significantly affect the level of trust $\alpha = 0.05$ on employee performance. This is in contrast to Muparrih's (2013) statement that there is a positive and significant influence of remuneration on employee performance. This condition is likely due to PT Semen Gresik as one of the big state-owned companies, has provided a good enough welfare for its employees compared to other similar companies. This causes employees to keep giving the best results, whether or not there is a remuneration. The results of the first hypothesis testing a-c (H_{1c}) concluded that the competence variable has a significant positive effect on the level of trust $\alpha = 0.05$ on employee performance. It means that the competency will be able to support employees in producing a maximum performance through the results of work as expected. The results of this study also corresponds with a research conducted by Fitran Ali (2012) which states that the competence has a significant effect on employee performance.

The Effects of Organization Culture, Remuneration, and Competency towards Job Satisfaction: Based on the results of the second hypothesis testing-a (H_{2a}) it can be concluded that the organizational culture variables does not give positive significance on the level of trust $\alpha = 0.05$ on job satisfaction. The results of this study is different from the theory of Muparrih (2013) which suggests that organizational culture can affect job satisfaction of an employee. This is because PT. Semen Gresik in its organizational culture have a culture of innovation in order to compete with the market, but in practice, the proposed innovation is not necessarily all agreed and can be implemented so that only few employees would actually join the organization.

Based on the results of the second hypothesis testing-b (H_{2b}) it can be concluded that the remuneration variables does give positive significance on the level of trust $\alpha = 0.05$ on job satisfaction. This suggests that increasing remuneration has an effect on increasing employee's job satisfaction. This suitable with the theory of Muparrih (2013) which states that the remuneration has a positive and significant influence on job satisfaction. Based on the results of the second hypothesis testing-c (H_{2c}) it can be concluded that the competency variables does give positive significance on the level of trust $\alpha = 0.05$ on job satisfaction. This result of the research that the increased competence of employees will increase employee's job satisfaction. A fully competent employee will do the job well in line with company and employee expectations.

The Effects of Job Satisfaction towards Employee Performance: Based on the results of the third hypothesis testing, it can be concluded that the job satisfaction variables does give positive significance on the level of trust $\alpha = 0.05$ on employee performance. This is in accordance with the hypothesis which states that job satisfaction affects employee performance as stated in Muparrih's research. When the performance that has been done by employees to achieve the target work get positive assessment from employers and the company, then the employee will be satisfied and perform better works.

The Effects of Organization Culture, Remuneration, and Competency towards Employee Performance through Job Satisfaction as the intervening variable: Based on the results of the second (H_{2a}) and first (H_{1b}) hypothesis testing, it can be concluded that the job satisfaction variables does not have positive significance between the independent variable Organization Culture (BO) and intervening variable Job Satisfaction (KP) and there is also a non-significant effects between independent variable Remuneration (REM) towards the dependent variable Employee Performance (KIN), so that according to Baron & Kenney (1986) in Jogiyanto & Willy (2009), intervening variable tests could be done when the link between dependant and independent variables is significant. Thus, a test that includes Organization Culture, and Remuneration towards Employee Performance as the intervening variable could not be continued. Whereas based on the result of the forth hypothesis testing-c (H_{4c}) it is concluded that Job Satisfaction (KP) fully mediates the effects of Competency (KOM) towards Employee Performance (KIN).

V. Conclusion

This study provides empirical evidence on the influence of organizational culture, competence, remuneration, and also job satisfaction on employee performance. The result of this research shows that:

1. Organizational culture has a significant positive effect on employee performance, but it has no significant effect on job satisfaction.
2. Competence has a significant positive effect on job satisfaction and employee performance.
3. Remuneration gives a significant positive effect on job satisfaction, but no significant effect on employee performance.

4. Job satisfaction has a significant positive effect on employee performance.
5. Job satisfaction fully mediates the effects of competency towards employee performance.

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