

The Influence of the Organizational Culture toward the Performance of Local Governance

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Abstract

This research aims at finding out the influence of the dimensions of organizational culture in improving the performance of local governance. This research was conducted on local governance in Pinrang Regency, South Sulawesi Province. The objectives of the study were to examine and analyse the direct and indirect influences, partially, and simultaneously, partial and simultaneous positive between the dimensions of organizational culture and the strength of organizational culture toward the performance of local government. The sample of this research consist of 304 people from 1454 civil servants of local governance as population. The researchers used the technique of clusters proportionate random sampling in this research. The results showed there are two variables with each frequency. The variables are the dimensions of organizational culture and the performance of local governance. The frequency for dimensions of organizational culture variable is 64, 14%, with a good category. The frequency of performance of local governance variable is 75, 33%, with very good category. It means that the dimensions of organizational culture influence significantly and positively to the performance of local government in Pinrang Regency. It shows that the better the dimensions of organizational culture, the higher the performance of local governance. By understanding the variables that affect the performance of the regional government, the parties concerned will be able to use the results to improve and enhance its services to the community.

Keywords: Organizational Culture, Performance, Local Governance

1. Introduction

Human in her life has needs in fulfilling his limited needs. Therefore, people live in the community. The media for it is an organization. In line with that, Etzioni (1985: 1) states that people are born in the Organization and educated through the organization. Most people exceed their life by working for the benefit of the organization.

This conception is in line with the social theory of Thomas Hobbes in Campbell, (1994: 10). The theory explains that humans are in uncertainty and inconvenience. Thus, human beings have reason to come together and create bonds of togetherness of the social contract, and they comply with the regulations of the community. Media in this togetherness is organization.

The urgency of the organization is as a medium of cooperation of two or more persons whereby each person who is being a member of the Organization has the ability and the characteristics of each culture. Therefore, it is likely that there are members who do not like, but there is also love it. Therefore, the perception of the whole Union members over the statement "organizational culture" is required. The organizational culture can satisfy the various needs of the members of the organization who made good performance and it ultimately can create organizational achievement of the objectives efficiently and effectively.

There are many related researchers between organizational culture and performance. Shahzad et al. (2012) concludes "The adoption of culture of the organization is helpful for the employees to done their work efficiently and effety. Sardjito and Muthaheer (2008) reveal "the organizational culture has an impact on behavior, way of working, and the motivation of managers and his subordinates to achieve organizational performance. The higher the level of conformity between participation for preparing the budget and organizational culture oriented person, the higher the performance of local government officials." Suwarni (2009) reveals "the organizational culture plays an important part that can build a conducive atmosphere for creating a climate of school organization that supports the educational and learning process with a high level of achievement." In addition, Moelyono (2006: 42) says, "The better the quality of the factors contained in the organizational culture, the better performance of the organization. Because of the dimensions of organizational culture as a shaper of cultural organization behavior and local government is the organization, then it is assumed that the cultural dimension is influential in improving the performance of local governance.

The researcher selected Pinrang Regency as an object of this research because it is one of the regencies that

exist in South Sulawesi province. This Regency is an integral part of the Unitary State of the Republic of Indonesia that carries out functions and a greater role in implementing local governance and development as well as public services that can be expected to be applied accurately.

In carrying out its role in the organization and functioning of local governance, the government has determined the rules of the Regent of number 18 in 2011 about Guidelines application of work culture for State officials on the scope of the local Government in Pinrang Regency. There are some statements in the report of the Organization of the Regional Government (*Laporan Penyelenggaraan Pemerintahan Daerah /LPPD*) in 2010. First, LPPD reporting has not been on time. Second, LPPD reporting has not had operational standard. Third, the ratio of civil servants is 1: 60 or 1.68 percent that belongs to small nationally, that is 2.1 while the neighboring countries are between 2.4 to 2.5.

Based on the explanation above, then research, problem is: "whether or not the dimension of organizational culture has a positive and significant effect in improving the performance of local governance in Pinrang Regency?"

2. Literature Review

2.1 Organizational Culture

Organizational culture is also called corporate culture. It is the application of organizational culture with respect to the actual company itself as an organization that is engaged in the business world. Shein (1991, 1997) 'a pattern of the basic assumption – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration.' Robbins (1995, p. 479) defines organizational culture as a system of understanding received together.

Duncan (1989 cited in Nimran, 1999, p. 134) states "the customary or traditional ways of thinking and doing things, which are shared to a greater or lesser extent by all members of the organization and which new numbers must learn and at least partially accept in order to be accepted into the service of the firm."

Based on the definition of some experts mentioned above, researchers concluded that the organizational culture is a set of values or norms of the community to interact with all members of the organization.

2.2 The Dimensions of Organizational Culture

In the literature, there are many definitions of organizational culture. Other words of the dimensions of organizational culture are elements of organizational culture, organizational culture, characteristic elements of the organizational culture, and organizational culture indicator. However, in this study, the researchers used the dimension of organizational culture term. The dimension of organizational culture is a factor forming organizational behavior.

According to Greenberg & Baron (1997), Robbins (2007) and Tunggal (2010), there are seven elements or dimensions of cultural organizations. They are innovation and risk taking, attention to detail, outcome orientation, people orientation, team orientation, aggressiveness, and stability. The innovation and risk taking is the level of the member organizations who are encouraged to innovate and risk-taking. The attention to detail is the level of management focusing on the techniques and processes used to achieve results. The outcome orientation is the level of management focusing attention on the results rather than on the techniques and processes used to accomplish results. The people orientation is the level of decision-making in considering its impact on outcomes for people within the Organization. The team orientation is the level of activity that is organized based on teamwork, instead of basing on the individual. The aggressiveness is the level of the members of the organizations being aggressive, competitive and not relaxing. The stability is the level of activity of the Organization in emphasizing to maintain the status quo rather than the growth of the organization.

2.3 The Performance of Local Governance

Local governance is an organization. The performance of local governance is the performance of the organization. The organization consists of two or more people working together to achieve a goal that has been determined. The organizations can grow due to an activity or activities conducted by the members of the organization that exists in the organization. Activities performed by the organization members are the performance. The performance will always be the actual issues in the Organization. It is a fundamental question with respect to the effectiveness or success of the organization. An active and efficient organization is an organization with individuals who have good performance.

In various literatures, definition of performance is very diverse. However, from the differences definition, it can be

categorized in two major lines, namely: 1) refers to the definition of performance, as a result, and 2) refers to the definition as behavior.

The performance involves in the definition, as a result. Bernardin (2003, p. 143) stated that the performance is a record produced by a particular job function or activities during a particular period, not including the personal nature of the character and behavior of officials who assessed." The performance is a result of the quality and quantity of work achieved by a staff member in performing his duties in accordance with the responsibilities assigned.

Performance refers to the definition as a behavior. Murphy (1990, Sudarmanto, 2009: 8) States "performance is a set of behaviors that are relevant to the objectives of the organization or organizational unit where people work."

In addition, Mohrman (1989), Campbell (1993), Cardy and Dobbins (1994), Waldman (1994) (cited in 2009, Sudarmanto, p. 9) reveal the definition of performance as behavior. They state "the performance is synonymous with behavior. The performance is something that people perform and can be observed. In this definition, the performance includes measures and behaviors that are relevant to the objectives of the organization. The performance is not the consequences or results of the action, but it is an action itself."

In line with the classification of the indicators of performance, the two points of view with very diverse indicators become a reference in this research. The indicators are result performance appraisal and process performance appraisal. There are six indicators on the result of performance appraisal. They are job quality, job quantity, Job satisfaction, equity, honesty, and tangible. The job quality is the levels of quality of the work produced. The job quantity is the levels of the amount of work that can achieve in accordance with the determined target. The Job satisfaction is levels of an attitude of acceptance of the work or feeling happy or not happy with the job. The equity is the conformity assessment of the levels of work conducted with rewards or results obtained, either regarding the volume of work or inter-workers. The honesty is the levels of positive behavior in carrying out tasks and position on the terms and code of ethics. The tangible is the Levels of compatibility between personality and job facilities acquired.

Performance measurement action-oriented consists of some indicators. First, Knowledge of the work is the level of knowledge and understanding of the task performed. Second, the willingness and ability of cooperation are levels of ability to establish well-working relationships in work unit or other units. In addition, they are willing to give and receive opinions, help, and support to others, and willing to admit mistakes and to learn from those mistakes. Third, initiative is the spirit level to carry out the new tasks and responsibilities for the progress in enlarging the office. Fourth, discipline and obedience to the rule are the levels of implementation of each activity that always follow applicable regulations and do not hinder the performance of duties. Fifth, utilization of time is the level of finishing the job by using a short time. Fifth, the authority, and responsibility are the levels of actions based on real and correct intentions. They are performed in a good and right manner as well as the personal consciousness that is willing to accept the consequences of the actions.

2.4 The Relationship between the Dimensions of Organizational Culture and Performance of Local Governance

The relationship between the dimensions of organizational culture and performance of local governance is essentially a causal relationship. Dimension of Organizational culture is as a shaper of behavior of all members of the organization work, whereas the behavior is the performance of work. Therefore, the dimension of organizational culture manifests the everyday behavior to work so that it will be a culture of individual performance in contributing to the organization. The dimension of organizational culture is the spirit of the organizational performance. The better the dimensions of organizational culture, the better performance of the organization. This statement is according to the finding of Olu Ojo from Nigeria's banking industry. This researcher states that "Organizational culture is crucial in every business entity and that it is correlated with corporate performance. Besides, organizational culture affects the level of employee's commitment to corporate goals in a positive way." In addition Moelyono (2003, p. 42) clarifies "the better the quality of the factors contained in the organizational culture, the better the performance of the Organization."

There are many studies that reveal the relationship between dimensions of organizational culture and organizational performance. Cameron and Quin (1999 in Sudarmanto 2009, p. 35) state "organizational culture has a very strong effect on performance and long-term organizational effectiveness." In addition, Also, Wibowo (2010, p. 363) reveals "human-resource resource performance is largely determined by the internal and external environment of the organization, including the organizational culture. Therefore, the ability to create an organization with a culture that is capable of pushing the performance is a necessity. Furthermore, he states "many organizations that have human resources with high competence may be unsuccessful because of incapacity to manage the cultural diversity of the human resources within the organization."

3. Conceptual Framework and Hypotheses

Organizational culture is the norm of togetherness and cohesion within an organization. Having an organizational culture means having the adhesive power interact to achieve the desired goals. In this regard, there are seven dimensions that create the culture of the organization. The dimensions are innovation and risk taking, attention to detail, results-oriented, human-oriented, team-oriented, aggressiveness, and stability. Performance of local government is the actions and behavior of the entire government officials in implementing their duties that become their responsibility. High performance is a measure of success.

The higher the performance, the more efficient and competitive is the culture. Dimensions of organizational culture have a high correlation with performance. The dimensions of organizational culture, which is conducive, will have an impact on performance indicators, which form the high performance. In the meantime, there are two indicators that create the performance, namely: work and performance. The work indicator has six sub-indicators, namely: the quality of the work, the quantity of the work, job satisfaction, equity, honesty, and tangibles. Performance indicator has six sub-indicators, namely: knowledge of the work, the willingness and ability of cooperation, the initiative or initiatives, the discipline and strict adherence to the rules, use of time, and authority and responsibility.

It has been explained that the better the quality of the factors contained in the organizational culture, the better the performance of the organization. It means that the dimensions of organizational culture have a positive effect in improving the performance of the local government. The better the dimensions of organizational culture, the higher the performance of local governance.

Based on a review of the theoretical and conceptual framework as described earlier, the researchers formulate a research hypothesis, namely: "There is a positive effect of the dimensions of organizational culture on the performance of local government".

4. Methods

This research was a quantitative study. Quantitative data was in the form of a quantitative symptom, namely: excellent = 5, good = 4, pretty good = 3, poor = 2 and very poor = 1. The data were then analyzed with descriptive statistics and inferential. In addition, this study also surveys research and ex-post facto. The survey obtained data from a particular place that is natural and not artificial using a questionnaire instrument. Ex-post facto was not manipulation or treatment of the independent variables because there has been manipulation by others before the study was conducted because this research aims at finding out the effect of variables. Therefore, this research also was a correlation study.

This research was conducted at the Regional Level II Pinrang, specifically at the Regional Secretariat, Parliament Secretariat, Regional Bureaus, and Regional agencies. Targeted research unit is the entire officials of local government as the actors of organizational culture with a concentration on the interaction of local government officials in the ministry public either inter-individual or inter-groups on the performance of local government. The populations of the research were 1454 people at the Regional Secretariat, Parliament Secretariat, Regional Bureaus, and Bada-Regional Board. From the total of the populations, the researchers determined at least 304 people (21%) the samples based on the formula of Krejcie and Morgan, Isaac and Michael (1982). The researchers used cluster proportionate random sampling because members of the sample taken based on the percentage of each unit or institution (cluster). Random sampling, all individuals in the population has an equal opportunity to become members of the sample.

The data collection in research that includes both variables was obtained by using a questionnaire based on a Likert scale (from very poor to very good). It is used for obtaining primary data relating to the indicators of each variable examined. Documentation study was collecting secondary data in the form of written materials such as statistical data and reports of the regional administration. Observation is direct observation in the field that is not structured.

Technique of data analysis in this research is adapted to the problem, hypothesis, and the purpose of the research that was formulated earlier previously. Under these conditions, the data analysis techniques used were analyzing the mean, percentage, standard deviation and stepwise regression analysis with the aid of a computer program SPSS 11:50 for windows.

5. Results

5.1 Description of the Data

This study measured two variables, namely the study of organizational culture dimensions (X) and the local government performance (Y) conducted on 304 respondents. Both of these variables are described separately as follows:

5.1.1 Description of Organizational Culture Dimension

Dimensions of organizational culture (X) are a set of fundamental characteristics that give meaning collectively of organizational values with some indicators. The indicators are innovation and risk taking, attention to detail, outcome orientation, people orientation, team orientation, aggressiveness, and stability.

For the aspect of organizational culture dimension variable, the local governments have a range of scores between 44 and 218 with the mean score is 169.49, and standard deviation is 20.65. The greatest frequency that is in the range of score 149 up to 183 is 64, 14%. It means that the dimensions of organizational culture are in the good category.

5.1.2 Local Government Performance

Local government performance (Y) are the authority and responsibility of local government authorities in an effort to achieve the goals of the organization that is legally and morally appropriate and ethical for a particular period compared to the standard, targets or criteria that have been determined and agreed. Performance of local government can be seen in the two indicators of performance (action, behavior, and attitude) and work (achievement and performance) that can be achieved through the behavior of local governments.

For the aspect of performance variable, the local governments have a range of scores between 81 and 405 with a mean score is 292.77, standard deviation is 39.067. The greatest frequency that is in the range of score 341 to 405 is 75.33%. It means that the dimensions of organizational culture are on a very high category.

5.2 Analysis of Effects for Inter-variable

Analysis of effects for inter-variable is to test the hypothesis in this study, namely: there is a positive effect of the dimensions of organizational culture and the performance of local government. Hypothesis testing is performed by testing a simple correlation between the two variables. It is to determine the significance of the relationship between dimensions of organizational culture variable (X) and the performance of local governments (Y). The result is described in the following table:

Table 1. The relationship between the dimension of Organizational Culture (X) and the performance of local government (Y)

		Correlations	
		Dimensions of Organizational Culture	Performance of local Government
Dimensions of Organizational Culture	Pearson correlation	1	.532
	Sig. (2-tailed)	.	.000
	N	304	304
Performance of local Government	Sig. (2-tailed)	.532	1
		.000	.
	N	304	304

** Correlation is significant at the 0.01 level (2-tailed).

The results of the analysis of the relationship on the table show that the relationship between the cultural dimension variable (X) and the performance of local government (Y) is 0,532. It means that the relationship between variable X and variable Y is on the fair category at a significance level of 0.05.

In the output, it is retrieved the value of F count = 119.350 (in analysis of variance table) with the level of significance 0.000%). The probability value is F count < Significance of 0.05. Therefore, this study rejects H0. It means that there is a linear relationship between dimensions variable of organizational culture and the performance of local

governments. It can see in the following table:

Table 2. The Significance Test of Regression Analysis about F Count

Model	Sum of Square	df	Mean Square	F	Sig.
1. Regression	130996.2	1	130996.221	119.350	.000 ^a
2.. Residual	331470.0	302	1097.583		
Total	462466.2	303			

- a. Predictors: (Constant), Dimensions of Organizational Culture
b. Dependent Variable: Local Government Performance

On the table for the summary of model, it is obtained $R^2 = 0.283$. It means that the dimensions of organizational culture variable can explain the variability of 28.30% the variable performance of local governments whereas the remaining is explained by other variables (where R^2 is the coefficient of a determinant). For more details, it can be described on the results of data analysis SPSS below:

Table 3. Model Summary Correlation and the Influence of other variables

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.532 ^a	.283	.281	33.12979

- a. Predictors: (Constant), Dimensions of Organizational Culture
b. Dependent Variable: Local Government Performance

Based on the above explanation, the statistical hypothesis asserts that there is a significant relationship between the dimensions of organizational culture (X) and the local Government performance in Pinrang District (Z). It means that the hypothesis is accepted.

Relationship of organizational culture (X) positively influence on performance of local Government District Pinrang (Y) described with the beta coefficient. It is 0.532, and square correlations are 28.3%. It means that the effect of the dimensions of organizational culture toward the performance of local governments is 28.3%. Therefore, there are other influences that affect that amounted to 71.7%.

Testing result of the significance of the regression coefficients is on the significance level of 5% probability value of t count = 5.019. This study rejects H_0 because the sig t count < Sig 0.05. It means that a constant influence on the performance of local governments. It can see from the sig = 0.000 which is smaller than the significance level of 5%.

Table 4. Hypothesis testing

Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
1. (Constant)	122.123	15.736		7.761	.000
Dimensions of Organizational Culture	1.007	.092	.532	10.925	.000

- a. Dependent Variable: Local Government Performance

On the value of t count = 7.761 with level of significance value of t count = 0.000, the significance probability t count 0.000 < sig 0.05. Therefore, H_0 is rejected. It means that the dimensions of organizational culture have an influence significantly on the performance of local governments. It can be viewed from the sig value = 0.000 that is smaller than significance level of 5% so that the regression model formed is $Y = 122.123 + 0.532 (X)$.

The sign of + on the variable dimensions of organizational culture shows the same direction. The performance of local governments will increase if the dimensions of organizational culture improve, as well as vice versa.

The findings of the research on the influence of the dimensions of organizational culture in improving the performance of local governments in Pinrang are as follows:

1. The dimension of organizational culture on local governance is "good category" supported by the good indicators, namely: innovation and risk taking, attention to detail, results-oriented, people-oriented, teamwork

- oriented, aggressive, and stability.
2. The performance of local government is "very good category" supported by performance indicators and results of the work. The very good performance is formed by knowledge of the job, the ability to work together, initiatives, the discipline and the regularity of the work, the utilization of time, and the powers and responsibilities. Results of the excellent work are developed from the quality of the work, the quantity of work, satisfaction, justice, honesty, and tangibles.
 3. There is a positive influence between the dimensions of organizational culture in improving the performance of local governments. The better the dimensions of organizational culture are higher performance of local governance.

6. Discussion

Implementation of the dimensions of organizational culture on local government refers to the opinion of Greenberg & Baron (1997), Robbins (2007), and Tunggal (2010), with indicators of innovation and risk taking, attention to detail, results-oriented, people-oriented, teamwork-oriented, aggressive, and stability.

The dimensions of organizational culture in the good category have an influence on the performance of local governments increasing on a very good category. It supports research results that stated that the better the culture of non-Organization (the dimensions of organizational culture) Organization, a good organizational performance (performance of local governance).

Based on the results of this study, if it is connected to the performance theory, the performance of Government is very good because it was built on the results of work and excellent performance. Excellent work results consist of sub-indicators, namely: the quality of the work, the quantity of the work, job satisfaction, fairness, honesty, and tangibles. A very good performance consists of sub-indicators, namely: knowledge of the work, the willingness and ability of teamwork, initiative or initiatives, discipline and obedience to the rules, the utilization of time, and the authority and responsibility.

7. Conclusion

The performance and results of the work need to be established through cultural dimension of organizational improvements that are conducive, including innovation and risk taking, attention to detail, results-oriented, people-oriented, oriented teamwork, and stability. It is in order to increase local government performance.

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