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The Influence of Organizational Culture and Work Engagement Over Employee Performance Mediated by Employee Loyalty

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Good employee performance is needed to achieve organizational goals and hospital success. The factors that can affect employee performance are organizational culture, work engagement, and employee loyalty. This study aims to analyze the influence of organizational culture and work engagement on employee performance with employee loyalty as an intervening variable at X Hospital, Jakarta. The design of this study is an explanatory causality study with a population of all employees at X Hospital. The sample in this study used a saturation sampling, which took all the study population as a sample, namely 68 respondents. The approach that used in this study taken by survey method that providing a questionnaire, with the measurement method using a Likert scale. The collected data were processed using descriptive and quantitative analysis tools. The testing for analyzing the data used the Path Analysis program AMOS. The results of this research showed that organizational culture has a positive and significant effect on employee performance ($p=0.006$), work engagement has a positive and significant effect on employee performance ($p=***$), and employee loyalty has a positive and significant effect on employee performance ($p=***$), organizational culture has a positive and significant effect on employee loyalty ($p=***$), and work engagement has a positive and significant effect on employee loyalty ($p=***$). The findings of this study indicate that organizational culture and work engagement have an effect on employee performance which is mediated by employee loyalty.

Keywords: Organizational Culture, Work Engagement, Employee Loyalty, Employee Performance.

1. INTRODUCTION

Hospital has a very important role in a health system. To improve services in hospitals and win the competition in the field of health services, organizations need to develop human resources. This is because human resources provide an organization's competitive advantage. Meanwhile, the success of an organization is greatly influenced by the performance of its employees, therefore the organization will always require its employees to be able to display optimal performance, given the good and bad performance achieved by employees will affect the performance and success of the company/ organization as a whole [1]. Employee performance as the employee's actual performance compared to the performance expected by the employee. The success of an organization in improving the performance of its employees cannot be separated from the positive efforts that need to be made as a form of achieving the goals of an organization. Some of the efforts that the hospital can make to improve the performance of its employees are such as strengthening -

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the organizational culture in the work environment to support the achievement of organizational goals, creating employee engagement or making employees tied to the organization, and also making employees have high commitment as shown by their loyalty [2]. Organizational culture is considered as shared assumptions, shared values, and norms of behavior. Shared assumptions contain a general understanding of the mission, vision, and goals in values in an organization [3]. Organizational culture is believed to have a very positive effect on employee performance. It means that organizational culture is a concept that can be used as a means of measuring the suitability of organizational goals, organizational strategies and tasks, and the resulting impact [4]. Performance can be achieved optimally if employees have engagement with their work. Work engagement is a relationship and involvement that occurs closely physically, cognitively and emotionally between a person and his role in a job [5]. Previous research found that work engagement is positively related to employee performance where there is a significant linear correlation

between employee loyalty, engagement and performance [6]. Work engagement has several advantages including increasing productivity, profits, customer satisfaction and efficiency, reducing employee turnover, reducing absenteeism, fraud, work accidents, and employee complaints [7]. Loyalty is when employees have awareness and can without coercion be committed to carrying out their responsibilities and striving to provide their best performance for the company [8]. Previous research shows that there is a positive relationship between employee loyalty and performance [9]. Employee loyalty is characterized by employees who make a definite decision not to resign from the company if they do not make extreme mistakes. This means that if employee loyalty is high, employee turnover will decrease [10]. At the X Hospital, there was a decline in employee performance in 2018 and 2019. The hospital emphasizes Islamic culture, kinship, and sincerity without paying attention to the rewards received. However, the application of this organizational culture is not followed by an increase in employee performance. The high tardiness rate and the employee job satisfaction survey of 59% indicate that employee work engagement is low. There was an increase in employee turnover from 22% in 2018 to 25.4% in 2019, indicate that the level of employee loyalty is lacking. Based on the explanation that has been stated above, the purpose of this study to aims to analyze the influence of organizational culture and work engagement on employee performance at X Hospital, where employee loyalty as an intervening variable.

2. METHODOLOGY

A. Population and Sample

The population in this study were all employees at X Hospital consisting of 68 respondents. The sample used in this study was a saturation sampling, which was taken from all of the study population, namely 68 respondents.

B. Instruments and Data Collection

The type of data used in this research was primary data, namely data which obtained directly. Data collection was carried out using a questionnaire where the rating scale used in the measurement of this study was an interval scale (from 1 = strongly disagree to 5 = strongly agree). The questionnaire in this study was used to find data about employee performance, organizational culture, work engagement, and employee loyalty. Employee performance was measured using six items reflecting the quality of work, quantity of work, on time, effectiveness, independence, and work commitment [11]. Organizational culture was measured using twelve items reflecting the leadership, innovation, individual initiative, tolerance to risk, briefing, integration, management support, supervision, identity, reward system, tolerance to conflict, and communication pattern [12]. Work engagement was measured using three dimensions reflecting the vigor (characterized by high mental strength

and resilience at work, optimal energy, courage to do effort, desire, and willingness to try earnestly at work so as to be able to provide maximum results in any given job), dedication (reflects employee enthusiasm at work, proud of the work done, and remains inspired by the company without feeling threatened by the challenges at hand), and absorption (reflects the condition of employees who feel happy that they are totally immersed, highly concentrated, and are serious in doing their job) [13]. Lastly, employee loyalty was measured using four items reflecting the desire to stay in the organization, the desire to do everything as well as possible which is marked by willingness to work beyond ordinary conditions, full acceptance of organizational values which is marked by accepting whatever becomes the organizational policy, and loyal to the company.

C. Data Analysis

The data analysis method used in this study was the path analysis method. Data analysis started after the data was collected, which then was followed by a data analysis stage based on the appropriate analysis method for use. The collected data was processed using descriptive and quantitative analysis tools. The data analysis test was performed using the AMOS Path Analysis program. Thus, we proposed six hypotheses in this research and conceptual framework as follows:

- H₁:** *There is an effect of organizational culture and work engagement on employee performance where the employee loyalty is the intervening variable.*
- H₂:** *There is an effect of organizational culture on employee performance.*
- H₃:** *There is an effect of work engagement on employee performance.*
- H₄:** *There is an effect of employee loyalty on employee performance.*
- H₅:** *There is an effect of organizational culture on employee loyalty.*
- H₆:** *There is an effect of work engagement on employee loyalty.*

While the hypotheses in this study are described on Figure 1 as follows:

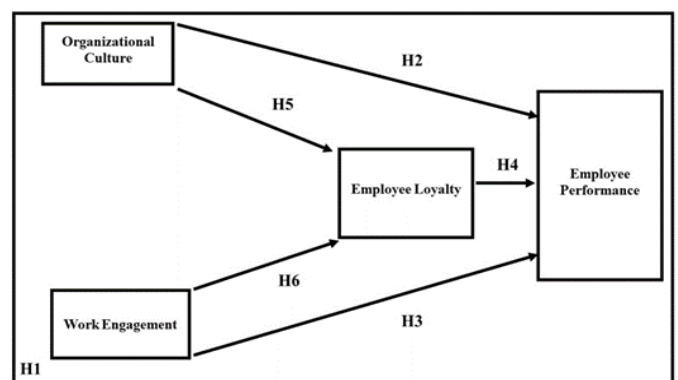


Figure 1. Conceptual Framework

3. RESULT AND DISCUSSION

In this study, from the data obtained, it is known that some of the respondents of X Hospital employees are women, with a percentage of 61.5% of the total number of respondents. The dominant age percentage is those in the productive age range, namely 31-40 years old with a percentage of 43.1%. Meanwhile, in general, employees at X Hospital have an undergraduate educational background or 47.7%. The validity test is used to measure whether a questionnaire is valid or not. Testing the validity in this study using Pearson Correlation Product Moment. Based on the results of the analysis, the question items on employee performance variables, organizational culture, work engagement and employee loyalty are declared valid, where the r count > 0.361 is obtained. As for the reliability test in this study using Cronbach Alpha, where the Cronbach Alpha value was obtained > 0.60 so that all variables are reliable.

A. Descriptive Analysis Test

The descriptive analysis obtained by the calculation of the three-box method, which categorized into a range of scores. By using three-box method, the range of score divided into three categories. 65 to 152 is in low category, 152,01 to 239 is in medium category, and 239,01 to 325 is in high category (see Table I).

Table I. Matrix of Respondents' Response

No	Variable	Position of Respondents' Response			Result
		Low	Medium	High	
1.	Employee Performance			*	Good
2.	Organizational Culture			*	Good
3.	Work Engagement			*	Good
4.	Employee Loyalty			*	Good

Based on Table I, the respondent's responses to employee performance, organizational culture, work engagement and employee loyalty are in high category.

B. Hypothesis Test

After the analysis test is performed, the next step is to calculate and test the path coefficient. To test the significance of the direct effect of the independent variable on the dependent variable, the AMOS program path analysis was used. The results of hypothesis testing can be seen in table II as follows (see Table II).

Table II. Amos Calculation Result

Variable	Estimate	S.E.	CR	P
Organizational Culture to Employee Loyalty	,132	,037	3,581	***
Work Engagement to Employee Loyalty	,300	,055	5,430	***
Employee Loyalty to Employee Performance	,426	,113	3,778	***
Organizational Culture to Employee Performance	,100	,037	2,740	,006
Work Engagement to Employee Performance	,408	,060	6,759	***

Based on the results of Amos calculations in Table II, the influence of organizational culture on employee loyalty, the influence of work engagement on employee loyalty, the influence of employee loyalty on employee performance, the influence of organizational culture on employee performance and the influence of work engagement on employee performance, the results obtained value $P < 0.05$, which means that there is a positive and significant effect.

Table III. Z Sobel Calculation Result

Variable	Z Sobel	Explain
Organizational Culture Employee Loyalty Employee Performance	-> 2,59	Z Sobel $> 1,96$ (Indirect effect is significant)
Work engagement Employee Loyalty Employee Performance	-> 3,10	Z Sobel $> 1,96$ (Indirect effect is significant)

In addition, the Sobel test was also conducted to test the significance of the indirect effect of employee loyalty. Based on Table III, the results of these tests indicate that the indirect effect of employee loyalty is significant, where the Z value of sobel > 1.96 is obtained. Thus, it can be concluded that organizational culture and work engagement have an effect on employee performance, employee loyalty as an intervening variable (see Table III). From this study, it is known that there is a positive and significant influence on organizational culture and work engagement on the performance of employees which is mediated by employee loyalty, as evidenced by the chi square results of 0.000 and Z value of sobel > 1.96 (The hypothesis 1 is accepted). Employees who have a sincere attitude at work create high employee commitment, thus affecting high employee loyalty. Apart from that, from this study it can also be seen that the employees of X Hospital



implement a strong organizational culture where employees have a strong attachment to their work, so that it contributes to increased employee loyalty and has a good impact on improving employee performance. The results of this study are the same as those stated in the results of previous research, where it was stated that organizational culture and leadership style affect employee engagement and maintain employee involvement as an intermediary factor for employee loyalty which ultimately impacts employee performance [14]. So, it can be concluded that there is significant influence on organizational culture and work engagement on the performance of employees with employee loyalty as an intervening variable at X Hospital Jakarta. Organizational culture has a positive and significant effect on employee performance, as evidenced by the value of $P = 0.006$ where the significance is <0.05 (Hypothesis 2 is accepted). The existence of this influence can be explained in the better the organizational culture possessed by employees, the better the performance produced by these employees. This is in accordance with the theory which states that the influence of organizational culture on employee performance can also be seen from the organizational culture which refers to the value system and behavior adopted by employees. A positive organizational culture is needed to keep employees motivated and productive, so as to improve their performance, which in turn makes the hospital strategy successful in achieving its goals [3]. The results of this study support the previous research which proves that organizational culture has a positive relationship with organizational performance. This is also the same as the results of other research which suggests that organizational culture has a significant effect on employee performance [15,16]. However, the results obtained from this study are not in line with the other research which states that organizational culture is proven to be an ineffective in supporting employee productivity and performance [17]. Work engagement has a positive and significant effect on employee performance, as evidenced by the value of $P = ***$ where the significance is <0.05 (Hypothesis 3 is accepted). This influence can be explained from the higher the work engagement the employee has, the better the performance that the employee has. The result of this study supports the theory which states that the impact of work engagement on employee performance can be seen from employees who have high work engagement, where they will have positive thoughts related to their work, which can be seen from the enthusiasm, dedication and full attention they give to their work. Employees who are bound will work hard with positive thinking, so they will complete their work faster and more work done [13]. Conversely, if there is no sense of employee engagement, behaviors will emerge such as: employees work ineffectively and inefficiently, employees do not show full commitment to their work, are not interested in making changes in the organization, and always feel worried about all forms of evaluation such as surveys of work performance conducted by the company.

These results are the same as the results in previous research which stated that work engagement (both for individuals and teams) has a positive and significant effect on team performance. By increasing the work engagement that employees have, it will help employees to have a high energy level, strong involvement in work, and a high level of craft, so that it will affect performance improvement [18]. The results of this study also support other research which states that there is a positive influence on the level of employee engagement on the level of employee performance. The higher the level of employee engagement, the employee's performance level will also increase [19]. Employee loyalty has a positive and significant effect on employee performance, as evidenced by the value of $P = ***$ where the significance is <0.05 (Hypothesis 4 is accepted). This can be explained that the higher the loyalty of employees, the better the performance produced by the employee. The influence of employee loyalty on employee performance can be seen from employees who have high loyalty will have awareness and without coercion to commit to carrying out their responsibilities and strive to provide the best performance. The result of this study supports the theory that loyalty arising from employees will require employees to continue working in any condition, so as to improve their performance [10]. The results of this study support the results of previous research which states that employee loyalty has a significant effect on employee performance. Likewise, the other research, which proves that there is a significant linear correlation between employee loyalty and employee performance [6, 20]. If the employee's performance is good, obedient to the rules and optimal, it can be said that the employee has high loyalty to the company. Conversely, if the employee is unable to work properly and optimally, it means that the employee is not loyal to the company. Organizational culture has a positive and significant effect on employee loyalty, as evidenced by the value of $P = ***$ where the significance is <0.05 (Hypothesis 5 is accepted). This influence can be explained that the better the organizational culture possessed by employees, the better the loyalty that the employee has. The influence of organizational culture on employee loyalty can be seen from a strong organizational culture in the organization so that it will create high motivation for employees. This is in accordance with the theory which states that common values and behaviors that have been agreed upon in the organization can make employees feel comfortable working in the company, which in turn will increase employee commitment and loyalty. Thus, employees will work hard to produce the best for the company [21]. The results of this study support the results of previous research which prove that organizational culture has a positive and significant effect on employee loyalty. In the other words the better the organizational culture, the greater the sense of employee loyalty to the company [22]. In the end, it can be concluded that a strong culture can create employee loyalty, given that there have been similarities in values

and an understanding of behavior patterns within the company. Work engagement has a positive and significant effect on employee loyalty, as evidenced by the value of $P = ***$ where the significance is <0.05 (Hypothesis 6 is accepted). The effect given can be explained that the higher the work engagement the employee has, the better the loyalty of the employee. The influence of work engagement on employee loyalty can be seen from employees who have high commitment and loyalty to the organization. This is in accordance with the theory which states that such employees will be more involved (engaged) in their work. Employees will be more committed to the organization if they are truly involved with their work, in addition to making them more loyal to the organization [13]. This research is in line with the results of previous research which proves that work engagement has a significant effect on employee loyalty. Every organization wants to be successful and get a better position than its competitors where in these conditions, the organization will try to involve its skilled employees to foster employee loyalty so that they can work for a long time in the company [14]. The results of this study support the results of other research which states that work engagement has a positive and significant effect on employee loyalty [23]. If employees have work engagement, employees will be satisfied with their job and also with their organization. Thus, the greater the employee's commitment to the organization, the more it will develop and keep him willing to work for the organization so that employee loyalty to the organization is getting stronger. According to this study, employee engagement is an important factor in increasing employee loyalty.

4. CONCLUSIONS

Based on the results obtained from this study, it can be concluded that organizational culture and work engagement mediated by employee loyalty have a significant effect on employee performance. With the presence of a strong organizational culture and high work engagement among employees, it can create high commitment and motivation from employees which results in increasing employee loyalty, so that employee performance will increase. Organizational culture has a positive significant effect on employee performance. It means that the implementation of a positive and strong organizational culture will result in increasing employee performance. To improve organizational culture, it is necessary to internalize the values that are used in the organization by disseminating these values to all employees or by holding workshops on organizational culture and improving aspects of organizational culture that can improve employee performance, especially regarding systems giving awards (rewards) or appreciation to employees on a regular basis. Work Engagement has a positive significant effect on employee performance. It means that good work engagement of employees will result in increasing the employee

performance. Work engagement on employees needs to be further improved because it has contributed to improving employee performance. Efforts that can be made include trying to fulfill aspects of employee work engagement especially regarding employee enjoyment when involved in work, how to motivate employees by providing training for employee development, conducting joint activities outside the office, such as meetings, outbound and gathering on a regular basis. Employee loyalty has a positive significant effect on employee performance. It means that good employee loyalty of employees will result in increasing the employee performance. To increase employee loyalty, it is necessary to approach employees to improve employee performance to the organization. Efforts that can be made include trying to approach aspects of employee loyalty, especially loyalty to the company and also the desire to remain in the organization. Hospital management needs to increase employee commitment by doing good human resource management, providing training and motivation to employees, making the work condition comfortable, providing clear career paths for employees, so that employee loyalty to the company can increase. It is hoped that further research can expand the study population by using different research methods. In addition, it is also advisable to add other variables in the research which is not examined in this study.

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