The Impact of Organizational Culture and Perceived Organizational Support on Employee Engagement

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Abstract: This research aims to explain the impact of organizational culture and perceived organizational support on employee engagement. This research uses a quantitative approach. Data collection is conducted through a survey of 131 employees of PT. Terminal Petikemas Surabaya. Sampling techniques in this study used incidental sampling. Analysis of research data was conducted using multiple linear regression analysis techniques. The results showed that organizational culture and Perceived Organizational Support both partially and simultaneously could increase employee engagement. Employee behavior that demonstrated high engagement could be seen from a passion for work (vigor), high dedication to work (dedication), and was able to exert its concentration to stay focused on completing tasks (absorption). The results of the study also showed that the level of employee absorption to the job, in this case exerting concentration, remained focused on the completion of the task that was the responsibility (absorption) was more dominant than the employee aspect other engagement apps. In addition, the role of organizational culture to improve employee engagement was also quite large compared to increasing employee engagement. The researchers thus recommend that HR managers should evaluate the effectiveness of organizational culture implementation and perceived organizational support to increase employee engagement at PT. Terminal Petikemas Surabaya.

Keywords: employee engagement, organizational culture, perceived organizational support, PT. Terminal Petikemas Surabaya

Introduction

The global market industry challenges which demand performance improvement, including work speed, production flexibility, customers’ services, and the use of technological developments in various fields, requires a study of employee engagement as one of the organizational strategies to produce higher performance and productivity among employees that could impact on organizational performances (Lloyd, 2008 as cited in Al Shehri, et al (2017)).

There are several factors that can increase employee engagement, namely work culture (Macey, et al., 2009; Lockwood, 2007) and Perceived Organizational Support (POS) (Saks, 2006). Employee engagement creates greater motivation for employees to perform well and increase their commitment to the organization. Employee engagement can create enthusiasm for the organization. The role of employees in the organization so that employees can internalize the organization’s cultural values into their work behavior and daily interactions with colleagues (Sririsetti, 2012). A higher level of employee engagement comes from a culture adapted by an organization; consequently, a research on organizational culture in relation to employee engagement is necessary to determine organizational success, recruitment, retention, and innovation (Zeinab & JiYoung, 2017; Anuj, 2017; Bakker, Albrecht & Leiter, 2011; Wolfgang, 2013 as cited in J. Pepra Mensah, et.al 2018). Employees with a high level of engagement understand that the organization values its role in the organization. Therefore, in return, they use their best abilities with all the enthusiasm they have to perform a well work beyond the minimum standards for organizational development (Namrita & Yoginder, 2017). However, making employees have a high commitment to the organization and encouraging high involvement (employee engagement) does not appear suddenly, but it is influenced by the role of leaders who implement systems that encourage employee engagement. Organizations with a positive and strong culture can encourage employee motivation and commitment. Conversely, organizations with a negative and weak culture may weaken employees’ motivation to work, and may even make employees not perform well (Namrita & Yoginder, 2017; Brenyah and Obuobisa-Darko, 2017).

Additionally, concerning organizational support for employees, the organization needs to respect employees. Some organizational support theories state that employees’ positive or negative perceptions of the organization depend on the treatment given by the organization to employees (Eisenberger, Huttington, Hutchison & Sowa, 1986). When the organization treats employees well, reciprocally employees will behave in the same manner towards the organization, as is the norm for reciprocity (Eisenberger & Rhoades, 2002). Research shows that employees with high POS tend to experience less stress at work and work faster (Shaw et al., 2013). In addition, employees with high POS are positively related to performance (Kurtessis, et al., 2015). POS is also considered as the most important source of social-emotional events because it
can emerge employee involvement in work or organization, stability, and employee commitment. Organizational support creates a healthier and more manageable organizational culture and a better work environment (Rhoades & Eisenberger, 2002). Thus, employee engagement will occur if there is support from an organization that is perceived positively by employees (Perceived Organizational Support). The impact of this POS is an increase in employee commitment, positive feelings towards the company, such as job satisfaction, motivation, job involvement, increase employee performance, reduce turnover rates and work tension, and increase organizational productivity (Rhoades & Eisenberger, 2002).

PT. Terminal Petikemas Surabaya is a world-class standard terminal in Indonesia. The company is committed to maintaining a unique and prominent position as a gateway to Eastern Indonesia. PT. Terminal Petikemas Surabaya with the motto 'Trusted Terminal with Perfect Service, makes customer satisfaction a top priority. In regard to this, which is to be able to provide reliable services with continuously perfect service to meet the increasing and additional needs of consumers, it encourages a study of the impact of employee engagement in terms of organizational culture and perceived organizational support (POS).

**Literature review**

**Employee Engagement**

The psychological definition of employee engagement refers to the personal psychological presence in carrying the function and role in the organization (role engagement) that can improve the effective performance. This includes thought and feeling, how to ask, how to assume and to innovate. Employees will feel being attached emotionally and cognitively with the organization (engage) when employees understand the organization's expectations through their presence, have the appropriate capability to work properly, and have a chance to apply their abilities to produce effective performance (Kahn, 1990, 1992). Saks (2006) defines employee engagement as a different and unique construction, which consists of the cognitive component, emotional, and employees work behavior related to the role in the organization, thus makes different definitions related to job engagement and organizational engagement. Macey et al. (2009) state that employee engagement is the impact of someone's comprehension in the form of initiative, effort, and persistence which direct to the organization's goal.

Schaufeli dan Bakker (2004) defined employee engagement as positive thinking, satisfy and related to the job in which characterized by vigor, dedication, and absorption. Vigor aspect is characterized by higher level of energy and mental endurance in facing difficulties; dedication aspect is characterized by sense of significance, enthusiasm, inspiration, pride and challenge in work; while absorption aspect is characterized by full concentration and sense of pleasure to sense bound with the work in which under his responsible, consequently someone feels difficult to break away from the work. Robinso, Perryman and Hayday (2004) defined employee engagement as an employee’s positive behavior toward the organization in accordance with organization values. An employee who has higher engagement within the company understands his role and function in the organization and works in teamwork to achieve the organization's goal. Sridevi (2010) stated that employee who has higher engagement within the company would dedicate their cognitive energy, physical and emotional toward the organization in which they work and contribute to the organization achievement.

**Organizational Culture**

Robins (2003) defined that culture, as a concept, has an extended history, hence in this culture, there is a value which is embraced by a group of people in the organization as “Credo.” Schein (1999) defined culture as a pattern of a people group that is used as the basis to solve internal and external problems in order to generate a good work performance, so as it becomes a guideline for the new members in solving the problem within the organization. Organizational culture is used as a basic measure of how an organization is able to do something, decide on something and administrative policies (Schein, 2010). Robbins and Judge (2015) stated that organizational culture refers to a system of meaning sharing done by members that distinguish an organization from other organizations. Characteristics of organizational culture consist of (1) Innovation and risk-taking: the level of workers being encouraged to be innovative and taking risks, (2) Paying attention to details: the level of workers expected to show precision, analysis and pay attention to details, (3) Orientation of results: the level of management focuses on the acquisition or outcome not on the techniques and processes used to achieve it, (4) Orientation on people: the decision-making done by the management affect people in the organization, (5) The team orientation: the work level of activity is organized in teams rather than individuals, (6) Aggressiveness: the people will be aggressive and competitive rather than relaxed, and (7) Stability: the organizational level activity emphasizes the status quo "the state of being as they are now or the previous state" which contrasts with the growth. Each characteristic occurs on a continuum from low to high. Assess the organization, then guide an overview of its culture and a basis for sharing understanding with members about the organization, how things are done in it, and how they should behave (Robbins and Judge, 2015).

**Perceived Organizational Support (POS)**

Rhoades and Eisenberger (2002) defined Perceived Organizational Support as someone's belief on how far the organization appreciates the employee contribution and care of employee welfare. Robbins & Judge (2017) stated that Perceived Organizational Support (POS) is a level of employee belief that an organization
appreciates the contribution and cares with employee welfare. This is in line with the statement from Sacks (2006) saying that one employee manner of responding to the organization as feedback throughout the treatment that has been given by the organization is through employee engagement.

Bakker et al. (2015) stated that POS is a level in which employee feel that the company pay attention to their welfare and rate the contribution that has been done well to the company. POS aspects are (1) fairness received (fairness): in the form of procedural justice. Procedural justice is related to a used manner to decide resource distribution within employee, (2) Supervisory Support: a superior act as organization vice responsible for organizing and deciding the subordinate performance, in which subordinate view the superior acts have the delight equality or not through employee as a supporting form of organization, (3) Organizational rewards and job condition: a reward and condition in the form of salary, promotion, work safety, and training helps positive rate from employee contribution which furthermore will contribute to enhancement of organization support that perceived by employee (Rhoades & Eisenberger, 2002).

The Impact of Organizational Culture, Perceived Organizational Support Through Employee Engagement

Companies that build a culture of mutual respect by maintaining a successful life story will not only keep their employees engaged but also those newcomers employee can transmit a moral culture of work. Employee engagement also makes employees willing to develop the organization, improve work performance to achieve the targets set by the organization so that they can face global competition (Little and Little, 2006). The results of research presented by Namrita and Yoginder (2017) about the relationship between organizational culture and employee engagement, studied in the Himachal Pradesh hospitality industry, show that there is a relationship between organizational culture and the dimensions contained in employee engagement. Employee performance is influenced by enthusiasm (dedication), dedication (dedication), enthusiasm (enthusiasm) at work, where the presence of these factors makes employees more involved with their work. Other research conducted by Akbar (2013) on the impact of organizational culture on employee engagement (Study of PT. Primatexco Indonesia Employees in Batang) shows that there is a significant influence between organizational culture on employee engagement, with an effective contribution of organizational culture variables of 2.6 %. These studies indicate that the stronger the organizational culture, the higher the level of employee engagement among employees (Akbar, 2013). This is consistent with the opinion of Denison (2010) which stated that employee engagement is the result of a well-formed organizational culture. Thus, organizational culture is an important factor that can increase employee engagement.

Saks (2006) stated that job characteristics, rewards, recognition, perceived organizational support, supervisor support, distributive and procedural justice are the factors that influence employee engagement. Based on that statement, it can be known that one of the impacts of the factor of employee engagement is perceived organizational support. POS is the employee feedback response through the organization, which is shown with a high level of commitment dan involvement of organization goal achievement (Saks, 2006). Mujiasih (2015) and Ariani & Afrianty (2017) in their research revealed that there is an influence between POS through employee engagement, in which the higher level of employee engagement, the higher the POS will be, and vice versa.

Based on various existing literature review, the researcher made a model concept and hypothesis as follows:

H1: There is a positive influence of organizational culture through employee engagement.

H2: There is a positive influence of Perceived Organizational Support through employee engagement.

H3: There is a positive influence of Organizational culture, perceived organizational support through employee engagement.

The assessment of organizational culture influence model (Macey et al., 2009; Lockwood, 2007) and perceived organizational support (Saks, 2006) through employee engagement is based on the results of former researchers who showed that employee engagement can be formed through a strong organizational culture (Deminson, 2010; Markos & Sridivi, 2010; Akbar, 2013; Robbins & Judge, 2015; Namrita & Yoginder, 2017) and Perceived Organisational Support (Rhoades & Eisenberger, 2002; Saks, 2006; Mujiasih, 2015; Ariani & Afrianty (2017).

Methodology

This research used a quantitative descriptive approach. The subject sample in this research was 131 operation staff of PT. Terminal Petikemas Surabaya. The measuring instrument used in this research as follows: (1) Organizational Cultural Scale which was developed by the researcher based on theory from Robbins and Judge (2015), (2) Perceived Organizational Support Scale which was developed by researcher based on theory from Rhoades and Eisenberger (2002), and Employee Engagement Scale in which the adaptation and modification from Utrecht Work Engagement Scale (UWES) created by Schaufeli and Bakker (2002). The measurement of employee engagement was formed based on three primary aspects, namely vigor, dedication, and absorption. The instrument design is 5 points Likert Scale format which ranges from 1 to 5 (1 = completely disagree, 2 = somewhat disagree, 3 = neither agree nor disagree, 4 = somewhat agree, 5 = completely agree). The data
analysis used double linear regression to assess the impact of organizational culture, perceived organizational support through employee engagement, and simple regression analysis to assess the impact of organizational culture through employee engagement and perceived organizational support which was processed by using the SPSS 23 program.

Result and Discussion

The Impact of Organizational Culture on Employee Engagement (H1 & H2)

The impact of organizational culture and POS partially on employee engagement are partially significant positive influence of organizational culture through employee engagement (score $\beta = 1.465$, sig = 0.000) which is score sig is less than 0.05. Therefore, every increase or strengthening of organizational culture can increase employee engagement. This means every effort from an organization to strengthen organizational culture through programs presented by management can increase employee engagement. The result of the impact model between organizational culture variable and employee engagement showed the great contribution of organizational culture variable through employee engagement was 70.6% (score R square 0.706).

The results of this research are in accordance with the opinion of Markos and Sridevi (2010) that states that building a distinctive corporate culture is one of the strategies to generate employee engagement to be considered by the managers. The company that is able to build a strong culture makes employee build mutual respect, maintain employee behavior remains engaged with the company and can spread work enthusiasm to the other employees. In addition, the culture prevailing in the organization will influence the extent to which employees are involved in their work for the survival of the organization. It indicates that a high level of employee involvement in the organization can be an effective corporate culture, which can be seen from high work productivity (Hobfoll, 2011 as cited in Bakker, Albrecht & Leiter, 2011). The results of the descriptive analysis on organizational culture variables showed that there were 24% of employees having an organizational culture in the high category, 47% having an organizational culture in the medium category, and 29% having an organizational culture in the low category. This showed that aspects of organizational culture include (1) innovation and risk-taking, (2) attention to detail, (3) prioritizing quality work, (4) orientation to people, in the sense of management in every decision making work considers the effects on employees, so employees sense valued to work in the company, (5) work team-oriented: organizations, in this case, prioritize the achievement of company targets based on the teamwork so that everyone participates in the team following their roles and functions in the organization, (6) aggressiveness, which is shown by making an aggressive and competitive culture become values in the organization, so this has been well understood by employees to make performance better, (7) stability, which can be sufficiently internalized by employees as values in their work behavior, and interaction with colleagues in their efforts to achieve the targets set by the organization. Thus, aspects of the organization's culture are quite capable of creating a positive and strong culture to encourage employee’s motivation and commitment.

The impact of POS on employee engagement indicates that the significant negative impact between perceived organizational support partially through employee engagement (score $\beta = -0.795$, sig = 0.000), in which the sig score is less than 0.05. The result of the model test on the impact of POS through employee engagement the POS variable contributed around 12.7% (score R square = 0.127).

The research results stated that POS could influence employee engagement. It is in accordance with Saks (2006) who stated that POS as the mutual reaction of the employee through the treatment that has been applied by the organization, so as reflected in the high level of employee engagement behavior. Bakker et al. (2015) also stated that POS is a level in which employee sense that company pay attention well on their welfare and value the contribution that has been done by the company. POS aspects consist of (1) Fairness received (fairness), (2) Supervisor support, and (3) reward and work condition, can improve employee engagement (Rhoades & Eisenberger, 2002; Saks, 2006; Mujiasih, 2015; Ariani & Afrianty (2017).

The Impact of Organizational Culture, Perceived Organizational Support through Employee Engagement (H3)

The hypothesis testing of the regression model simultaneously between variables of work culture, POS, and employee engagement that the value of ($F=1161.008; p=0.000$). This showed that there was a significant influence simultaneously between organizational culture variables and POS on employee engagement. The results of the test model of the influence between organizational culture variables and POS contribute to employee engagement 94.8% ($R^2=0.948$). The results of this study indicate that the study of organizational culture as a pattern of group agreements among people is used as a basis for resolving internal and external problems to create good work performance and make the culture as a guideline for new members in solving problems in the organization (Schein, 1999). Organizational culture is used as a basic measure of how an organization can do something, decide something, and administrate policies. This organizational culture as values directs the behavior of members of the organization so that every member should behave in accordance with the culture prevailing in the organization so they could be accepted by the environment (Luthans, 1995). In addition, the results of this study also support the opinion of Robbins and Judge (2015) who state that the culture of this organization is a system of sharing
meaning carried out by members in the organization, thus distinguishing an organization from one to another. Building a strong culture is really needed by companies to increase employee engagement because high employee engagement is the result of an effective corporate culture, where this can be seen from high work productivity (Hobfoll, 2011 as cited in Bakker, Albrecht & Leiter, 2011; Denison 2010). To improve organizational culture, it is necessary to understand the characteristics contained in the culture of the organization. The results of this study are in accordance with Kalia and Verma's research (2017) stating that the study of organizational culture in relation to employee engagement is important to be able to increase employee engagement. In addition, building a strong organizational culture through a positive culture is also important to improve employee performance to increase company productivity (Namrita & Yoginder, 2017). Based on the descriptive analysis of organizational culture variables to the employees of PT. Terminal Petikemas Surabaya, it showed that the highest indicator scores were team orientation indicators (17%), innovation and risk-taking, aggressiveness (16%), results from orientation (15%), orientation to people (13%), orientation to details (12%), and stability (11%). This confirms that aspects of organizational culture are the most dominant to shape a strong organizational culture so that it can be internalized in employee performance behavior as the team orientation. PT. Terminal Petikemas Surabaya is able to internalize its roles and functions within the organization so that it is able to work together in teams to achieve the targets set by the company. The results of this study support the opinions of Macey et al. (2009) and Lockwood (2007) who state that one of the factors which can influence employee engagement is organizational culture.

Another factor that affects employee engagement is perceived organizational support (POS) (Sacks, 2006). The importance of POS studies in order to increase employee engagement has been assessed through several studies in the field of the organization. Rhoades and Eisenberger (2002); Mujiasih (2015); Ariani and Afrianty (2017) have proven that a positive POS on employees can increase employee engagement. The positive POS from the organization will make employees work more than usual, which encourages them to commit to work and achieve organizational targets, using all the capabilities they have to carry out their duties properly, as a characteristic of employees who have a high level of engagement (Thomas, 2009 as cited in Mujiasih, 2015). Rhoades and Eisenberger (2002) define POS as a person's beliefs about the extent to which organizations value employee contributions and care about employee welfare. POS can also be seen as an organizational commitment to employees. If the organization generally values the dedication and loyalty of its employees as a form of employee commitment to the organization, then employees in general also pay attention on how their commitment to the company, such as the feeling of being accepted and recognized, getting salaries and promotions, getting various access to information, and various other forms of support owned by the organization of employees (Robbins & Judge).

The aspects in POS include fairness received by employees (fairness), supervisor support for subordinates as a form of organizational support, and rewards and working conditions that support employees in working. If it is given by the company to employees and can be perceived positively by employees, it will increase employee engagement (Rhoades & Eisenberger, 2002). The results of the research description on the POS indicator show that the highest indicator contribution to the POS variable is supervisor support by 41%. This shows that the role of supervisor support in PT. Terminal Petikemas Surabaya is considered as primary in forming employee positive POS, in addition to the other indicators, namely: reward and conducive working conditions (33%), and fairness received (26%). These results support the statement of (Eisenberger & Stinglhamber, 2011 as cited in Eisenberger et al., 2016) stating that POS is also strongly encouraged by effective leadership, professional and mutually beneficial HR practices, conducive working conditions, and fair treatment of employees. While assessing POS, employees will pay more attention to policies applied to employees than pay attention to external issues such as government regulations or market developments. Managers with higher levels will increase employee POS through policies that support, where the role of supervisors to increase POS through mutually supportive and wise actions in deciding something. Various studies have shown that these factors are strongly associated with POS. However, there is still very little research that specifically suggests how to improve POS (Eisenberger & Stinglhamber, 2011 as cited in Eisenberger et al., 2016).

The research result indicates that simultaneously working culture and POS factors can influence employee engagement. This is consistent with the opinion of Kahn (1990) who states that employees are said to have higher engagement is employee who physically, cognitively, and emotionally involved in their roles and functions in the organization (meaning they can work as well as possible), feel safe (physical safety), and have the energy to develop the organization. Schaufeli and Baker (2004) define employee engagement as a state of mind that is positive, satisfying, and related to work characterized by vigor, dedication, and absorption. The vigor aspect is characterized by high energy levels and mental endurance at work, willingness to invest effort in one's work, and perseverance in facing the difficulties; dedication aspects are characterized by a sense of significance, enthusiasm, inspiration, pride, and challenges to work; while the absorption aspect is characterized by full concentration and a sense of pleasure to feel attached to the work for which it is
responsible so that one feels difficult to breaking away from work.

The results of the descriptive analysis of the research variables indicate that the level of employee engagement at PT. Terminal Petikemas Surabaya is as follows: medium category (45%), high category (23%), and low category (32%). The results of the descriptive analysis of employee engagement indicators show that the indicator scores in this study are on absorption (39%), vigor (32%), and dedication (29%) indicators. Thus the level of employee engagement PT. Terminal Petikemas Surabaya is at medium level, with the dominant absorption indicator forming employee engagement behavior in terms of aspects of employee engagement. This shows that the employees of PT. Terminal Petikemas Surabaya is rather able to exert full concentration and pleasure to feel attached to the work for which it is responsible so that it is difficult to get away from work before the work is completed (absorption). Employees are also able to mobilize the energy they have to do in the job which is their responsibility despite experiencing difficulties (vigor). PT. Terminal Petikemas Surabaya employees are still not brave enough to accept challenges to new jobs, so it still tends to work based on existing work routines, so that efforts are still needed to increase employee involvement in order to participate in maintaining organizational stability, especially responding to competition challenges in the same line of business.

Recommendation

Related to efforts to increase employee engagement behavior through organizational culture and perceived organizational support, the management of PT. Terminal Petikemas Surabaya needs to (1) strengthen the existing organizational culture by looking at aspects of the organizational culture itself such as increasing employee involvement to maintain company stability and company competitiveness in the global competition by socializing the company's business strategy through daily performance activities, improve the orientation of detailed work to make quality work through independent work checks in accordance with the Standard Operational Procedure (SOP), socialization of rules and regulations that must be obeyed by employees while working to produce quality work, including consistency in applying rules regarding employee discipline in work and work completion, initiating continuous work improvement as part of daily performance to improve effectiveness and efficiency of work processes, increasing rewarding for employees who excel to encourage employees to do better to the company in accordance with their capabilities, and others; (2) increase positive perceived organizational support by increasing fairness received by employees through the implementation of administrative policies that are fair enough for all employees, provide support for a conducive work environment and working conditions, and maintain supervision support for employee work.

References


