



THE EFFECT OF CHANGES IN ORGANISATION AND ORGANISATION CULTURE TOWARDS EMPLOYEE'S PERFORMANCE THROUGH JOB SATISFACTION OF MILLENNIALS GENERATION IN PT X NORTH SUMATERA BRANCH

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Abstract

This study uses research variables such as organizational change (structure, technology, arrangement, human resources management), organization culture and employee's performance. The purpose of this study was to determine the effect of changes in organization towards employee's performance, the effect of organization culture towards employee's performance to the employee millennial generation of PT X North Sumatera branch. The approach used in this study is an associative approach and the population in this study are generation "Y" employees of PT X North Sumatera branch. While the samples that met the sampling criteria, the withdrawal of observations was made amounted to 84 people which is non probability sampling that fulfil terms and conditions to be respondent. The data collection technique in this study used a questionnaire technique. Data analysis techniques in this study use Partial Least Square (PLS). Data processing in this study using the SmartPLS 3.0 software program. The results show that changes in organization affects toward employees performance and organizational culture affects toward employees performance at PT X North Sumatera branch.

Keywords: *Organisational Change, Organisation Culture, Employee Performance, Job Satisfaction, Millennials Generation.*

1. INTRODUCTION

Indonesia is entering the demographic bonus era which occurs due to changes in the age structure of the population marked by a decrease in the ratio between the number of productive population (aged 15-64 years) and the number of non-productive population (aged < 15 years and > 65 years). Bencsik (2016) divides generational groups into 6 generations, namely the Veteran Generation (birth year 1925-1946), Baby Boom Generation (1946-1960), Generation X (1960-1980), Generation Y (1980-1995), Generation Z (1995-2010) and Alpha Generation (>2010). According to Budiati et al. (2018), the millennial generation in Indonesia is concluded from various researchers, namely residents or citizens born between 1980 and 2000.

By looking at one of the advantages of the millennial generation, namely being responsive to technology, this will affect work. The potential that exists in the millennial generation is also in line with the Regulation of the Minister of State-Owned Enterprises (SOE) of the Republic of Indonesia Number PER-02 / MBU / 02/2018 concerning Principles of Information Technology Governance of State-Owned Enterprises. This regulation was made to be implemented by SOEs under the Ministry of SOEs with the aim of becoming Good Corporate Governance (GCG) but also achieving good information technology governance or Good IT Governance (GIG) in every business process. The most important value is the adoption of Digital transformation with a focus on 3 main areas, namely processes related to customer interaction (customer experience), digitalisation of internal processes (operational processes) and business model changes adopting digitalisation (business model). It is expected that the implementation of digital transformation can

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increase customer satisfaction, operational efficiency, accelerate decision making and be agile in adapting to change.

One of the companies under the Ministry of SOEs that is also affected by the demographic bonus dominated by millennial generation employees is PT X. The number of millennial generation employees who are close to technology will make it easier for employees to complete their work, and this will have an impact on employee performance. Employee performance can affect individual and organisational performance (Bataineh, 2019). According to Mangkunegara (2010: 9) Human Resources (HR) performance is a measurement of the quantity and quality of achievement or work output, from the results obtained by individuals in a certain period of time when carrying out their duties and jobs.

This millennial generation has high expectations and seeks work meaning for the work they do Choi et al (in Onibala, 2017). The characteristics of millennials according to Kapoor & Solomon (in Amin et al, 2018) are that they have a desire to lead, can do several things, are always looking for creative challenges, view colleagues as a source of knowledge, need challenges, need balance and flexibility at work and do not hesitate to leave their jobs if they are not happy.

Talking about employee performance cannot be separated from employee satisfaction, especially when talking about the millennial generation. This millennial generation has high expectations and seeks work meaning for the work they do Choi et al (in Onibala, 2017). The characteristics of millennials according to Kapoor & Solomon (in Amin et al, 2018) are that they have a desire to lead, can do several things, are always looking for creative challenges, view colleagues as a source of knowledge, need challenges, need balance and flexibility at work and do not hesitate to leave their jobs if they are not happy.

Job satisfaction affects employee performance. Based on the results of research by Musoli (2018) job satisfaction has a positive and significant effect on employee performance. Based on employee performance appraisal data, there are unsatisfactory results because there is still a few employees who get into the groups sufficient and less, after being compared to other branch. This can be caused by several factors that affect employee performance. Organisational change is one of the factors that organisations must consider because it can affect employee performance (Shabrina, 2021).

Organisational change and organisational culture have an influence on employee performance. According to Burso (2018: 86) the quality and quantity of work performance carried out by employees both individually and in groups will contribute to an increase in productivity in the organisation. It is this organisational change and organisational culture that attracts researchers to examine the effect of organisational change and organisational culture on the performance of employees of PT X North Sumatra Branch. Change is not something easy therefore change can have 2 sides of its impact, namely acceptance and can be implemented properly or vice versa, namely rejection or unpreparedness of the organisation in accepting these changes. Therefore, companies need to prepare the concept of change, change the previous paradigm and promote the change (Goncalves and Goncalves, 2012).

Organisational change has occurred in all PT X offices in Indonesia, including the North Sumatra Branch of PT X. As one of the branches located on the island of Sumatra which makes a major contribution to social insurance services. In this study, researchers will examine the organisational changes that have occurred at PT X North Sumatra Branch. Organisational changes are not only to the organisational culture policy but to some of the financial and non-financial



benefits applied. In this study, researchers also want to see whether there is an effect of organisational change and organisational culture on the performance of employees of PT X North Sumatra Branch. Also researcher want to see the effect of effect of organisational change and organisational culture on the performance of employees through millennials generations employee's job satisfaction in PT X North Sumatra Branch.

2. LITERATURE REVIEW

2.1 Framework Model

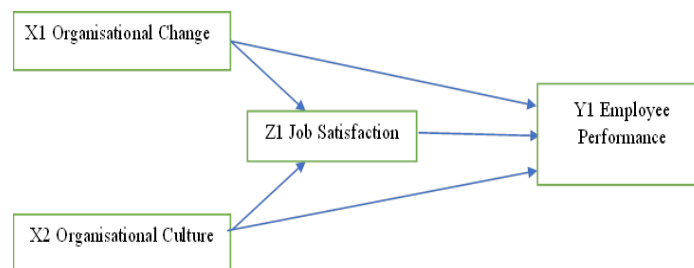


Figure 1 Framework Model

The framework model of this research are X1 = Organizational change, X2 = Organizational Culture , Y1 = Employee Performance and Z1 = Job Satisfaction.

2.2 Change in Organisational

Robbin and Conter (2012: 4) suggest that organisational change is any change related to people, structure or technology. Changes in the organisational environment in business have a strong influence on the organisation. Every change that occurs will always have an impact on every aspect of the organisation such as: value added results, structure of complex, span of control, management, work groups, work arrangements, activity processes and forms of communication or delegation. Isniar et al, (2018: 55).

Organisational change will lead to advanced options if there is a harmonious continuity between the system and its implementers. The atmosphere that takes place in the sistem is organised and carried out in accordance with procedures or makes cooperative innovations with each other. For example, if a company experiences an increase in shares in a period it cannot be separated from the established POAC (Planning, Organising, Actuatin, and Controlling) design. If the planning of an organisation is well-established, but the control is weak, then the increase in shares will occur only if there is luck.

1. Indicators of Organisational Change

According to Robbins in Rahardian (2013, 18), changes can be grouped into four categories:

a. Structure

Changing the structure includes making changes in authority relationships, job redesign, or similar structural variables. Organisational structure is defined as the tasks that are formally divided, grouped, and coordinated. Changes can be made by altering one or more key elements in the design of an organisation.

Organisational structure is a way of dividing work tasks which are then formally grouped and coordinated.

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b. Technology

Technological change involves modifications in the way work is processed and in the methods and equipment used. Technological changes usually include the introduction of new equipment, tools or methods, automation or computerisation. Automation is a technological change that replaces people with machines.

c. Physical Arrangement

Changing the physical arrangement includes changing the space and layout arrangements at work. The placement of work space that affects the comfort of the workforce, so that work becomes comfortable and also the desired results can be achieved optimally.

d. Employees

Changing employees refers to changes in employee attitudes, skills, expectations, perceptions, and or behaviour. Individual change exists to help individuals and groups within the organisation to work together more effectively.

2.3 Organizational Culture

According to Chaerudin (2019) organisational culture is defined as values or norms of behaviour that are understood and accepted together by members of the organisation as rules of behaviour contained in the organisation. According to Hari (2015) organisational culture is a system adopted by all members of an organisation that distinguishes one organisation from another. Organisational culture is the basis of orientation for employees to pay attention to the interests of all employees.

Organisational Culture Relating to Leaders according to Sabri et al. (2011: 126) in their research argue that management or leaders in an organisation play a role in facilitating employees in completing the tasks assigned by the organisation to achieve organisational goals.

While Organisational Culture Relates to Employees according to Sabri et al. (2011: 126) reveal that organisational culture related to employees is a culture where organisational members are open to each other and provide feedback on opinions, views, and thoughts between organisational members. This culture is also about building trust between colleagues and helping each other in solving problems that arise and completing tasks in order to achieve organisational goals.

According to O'Reily & Jehn in Mulyadi (2018) the characteristics of organisational culture are as follows:

- a. Innovation and risk-taking courage. The extent to which employees are encouraged to be innovative and take risks.
- b. Attention to detail. The extent to which employees are expected to demonstrate precision, analysis, and attention to detail.
- c. Results-orientation. The extent to which management focuses on results, rather than on the techniques and processes used to achieve those results.
- d. People-oriented. The extent to which management decisions take into account the effects of the results achieved on the people in the organisation.
- e. Team-orientated. The extent to which work activities are organised around teams rather than individuals.



2.4 Employee Performance

The definition of performance according to Anwar Prabu Mangkunegara (2014: 67) states that performance is the quality and quantity of work achieved by a worker in carrying out his duties in accordance with the responsibilities given to him.

Meanwhile, according to Mulyadi (2015: 63) defines performance as the work achieved by workers in quality and quantity in accordance with their duties and responsibilities.

Based on the opinions of these experts, it can be concluded that performance is the willingness of a person or group of people to carry out activities or perfect them according to their responsibilities with the results as expected, through a comparison between real work results and established standards.

According to Mangkunegara (2016: 67) states that the factors that influence performance achievement include:

1. Ability Factors (Ability)

Psychologically, ability consists of potential ability (IQ) and reality ability (knowledge + skill). This means that bosses and nurses who have IQ above average (IQ 110-120) with adequate education for positions and are skilled in doing their daily work, it will be easier for them to achieve the expected performance.

2. Motivational Factors

Motivation is defined as an attitude (attitude) of superiors and nurses towards the work situation (situation) in their organisational environment. Those who are positive (pro) towards their work situation will show high work motivation, otherwise if they are negative (contra) towards their work situation will show low work motivation. The work situation in question includes, among others, work relationships, work facilities, work climate, supervisor policies, work leadership patterns and working conditions.

According to Miner translated by Anwar Prabu Mangkunegara (2014: 75) suggests that the dimensions and indicators of performance can be measured, namely as follows:

a. Work Quality

Work quality is how well an employee does what should be done. The dimension of work quality is measured using three indicators.

b. Work Quantity

Work quantity is how long an employee works in one day. This work quantity can be seen from the work speed of each employee.

c. Responsibility

Responsibility for work is an awareness of the employee's obligation to carry out the work given by the company.

d. Cooperation

The willingness of employees to participate with other employees or employees vertically and horizontally both inside and outside of work so that work results are getting better.

2.5 Job Satisfaction

There are various definitions of job satisfaction. The term "satisfaction" refers to an individual's general attitude towards his or her job (Sutrisno, 2017). Job satisfaction is described as a positive feeling towards work, which is the result of an evaluation of each job characteristic.

Factors commonly used to measure job satisfaction of a nurse according to Stephen P. Robbins (2015), namely:

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1. The work itself (work it self), which is the main source of satisfaction where the job provides interesting tasks, work that is not boring, opportunities to learn, opportunities to accept responsibility and progress for nurses. Indicators of this dimension, namely:
 - a. Employee satisfaction with the suitability of the job with their abilities.
 - b. Employee satisfaction with the responsibilities given in the job.
 - c. Employee satisfaction with work to be more creative.
 - d. Employee satisfaction with learning opportunities.
2. Salary/Wages, which is a multidimensional factor in job satisfaction. The amount of wages or money received by nurses is an assessment for satisfaction, where this can be seen as something that is considered appropriate and appropriate. Indicators of this dimension, namely:
 - a. Satisfaction with the suitability of salary for work.
 - b. Satisfaction with the benefits provided.
 - c. Satisfaction with the provision of incentives.
3. Supervision, the ability of leaders to provide technical assistance and behavioural support. The first is nurse-centred, measured by the degree to which leaders take a personal interest in and care for nurses. The second is a climate of participation or influence in decision-making that can affect nurses' work. The indicators of this dimension are:
 - a. Satisfaction with technical assistance provided by superiors.
 - b. Satisfaction with the moral support provided by superiors.
 - c. Satisfaction with supervision carried out by superiors.
 - d. Co-workers, i.e. co-operative co-worker relationships are the simplest source of job satisfaction.

Work groups, especially cohesive teams act as a source of support, comfort, advice, and assistance to individual members in the group. When nurses feel satisfied with their colleagues in the group, it will encourage nurses to be enthusiastic at work. Indicators of this dimension, namely:

- a. Satisfaction with teamwork.
- b. Satisfaction with the social environment at work

3. RESEARCH METHODS

According to the type of research, this research is included in associative research. According to Sugiyono (2016: 55), associative research is research that aims to determine the relationship between two or more variables. According to Arikunto (2019, p. 27) quantitative research is a research method that as the name implies, many are required to use numbers, starting from data collection, interpretation of these data, and the appearance of the results. Descriptive analysis can be used as an initial stage to assist researchers in identifying data. Descriptive analysis will be very helpful in organising, compiling and presenting in a form that is easy to understand (Maswar, 2017).

In this study, a theory will be built that serves to explain, predict and control a symptom. Causal relationship is a relationship that is cause-and-effect in nature, one variable (independent) affects the other variable (dependent).

The population in this study were employees of PT PT X North Sumatra Branch. Where the total number of permanent employees is 84 people. The sample is part of the number and characteristics possessed by the population (Sugiyono 2018: 118). This study uses purposive



sampling technique. Purposive sampling is one of the non-probability sampling techniques where the researcher determines the sampling by determining specific characteristics that are in accordance with the research objectives so that it is expected to answer the research problem (Sugiyono, 2017).

In collecting data related to what will be discussed, it is carried out directly using the questionnaire method. The questionnaire method is a data collection technique through a form containing questions submitted in writing to a person or group of people to get answers or responses as well as the necessary information. This data will be analyzed using a quantitative approach using statistical analysis, namely the partial least squares –structural inquiry model (PLS-SEM) which aims to carry out path analysis (path) with latent variables. This analysis is often referred to as the second generation of multivariate analysis (Ghozali & Latan, 2012). Structural equation analysis (SEM) based on variance can simultaneously test the measurement model as well as test the structural model.

4. RESEARCH METHODS

4.1 Results of Data Analysis

The outer loading test value of the indicator questions in the questionnaire is above 0.7 and not less than 0.6. It means the questionnaires relate to the results.

The outer loading results:

Table 1 The results of outer loading

Indicators	Organisational Change	Organisational Culture	Job Satisfaction	Employee Performance
X1.1	0,879			
X1.2	0,803			
X1.3	0,769			
X1.4	0,749			
X1.5	0,721			
X1.6	0,770			
X1.7	0,893			
X1.8	0,823			
X2.1		0,783		
X2.2		0,744		
X2.3		0,734		
X2.4		0,787		
X2.5		0,750		
X2.6		0,705		
X2.7		0,785		
X2.8		0,733		
Z1.1			0,720	
Z1.2			0,728	
Z1.3			0,811	
Z1.4			0,903	
Z1.5			0,798	
Z1.6			0,768	
Z1.7			0,732	
Z1.8			0,703	
Y1.1				0,704
Y1.2				0,848
Y1.3				0,764
Y1.4				0,710
Y1.5				0,813
Y1.6				0,747
Y1.7				0,706

There are 31 questions of 4 variables where X1 means Organizational Change, X2 means Organizational Culture, Z1 means Job satisfaction and Y1 Employee Performance.

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Table 2 The table of composite reliability

Variable	Composite Reliability
X1 Organisational Change	0,935
X2 Organisational Culture	0,913
Y1 Employee Performance	0,904
Z1 Job Satisfaction	0,922

Based on the data presented in the table above, it can be seen that the composite reliability value on all research variables is > 0.70. This shows that all research variables have fulfilled composite reliability and have a high reliability value, because the composite reliability value is > 0.7. The value of Organisational Change is 0.935, Organisational Culture is 0.913, Job Satisfaction 0.922 and Employee Performance is 0.904.

Table 3 The result of Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)
X1 Organisational Change	0,644
X2 Organisational Culture	0,567
Z1 Job Satisfaction	0,574
Y1 Employee Performance	0,597

The AVE value should be equal to 0.5 or more. An AVE value of 0.5 or more means that the construct can explain 50% or more of its item variance (Wong K.K., 2013, Sarstedt et al., 2017). Based on the table above, the value that has been processed and obtained the Average Variance Extracted (AVE) value is above 0.50. The value of AVE from the table above are Organisational Change of 0.644, Organisational Culture of 0.567, Job Satisfaction of 0.574 and Employee Performance of 0.597.

Table 4 results of direct effect

Variable	X1 Organisational Change	X2 Organisational Culture	Z1 Job Satisfaction	Y1 Employee Performance
X1 Organisational Change			-0,183	0,210
X2 Organisational Culture			0,989	0,989
Z1 Job Satisfaction				0,317
Y1 Employee Performance				

Based on the results of the analysis of the direct effects inner model in the figure above, it can be concluded as follows:

- The direct effect of Organisational Change (X1) on Job Satisfaction (Z1) is -0.183, which means that if Organisational Change (X1) increases by one unit, Job Satisfaction (Z1) can decrease by -18.3%. This influence is negative.
- The direct effect of Organisational Culture (X2) on Job Satisfaction (Z1) is 0.989 which means that if Organisational Culture (X2) increases by one unit, Job Satisfaction (Z1) can increase by 98.9%. This influence is positive.
- The direct effect of Organisational Change (X1) on employee performance (Y1) is 0.210, which means that if Organisational Change (X1) increases by one unit, employee performance (Y1) can increase by 21%. This influence is positive.
- The direct effect of Organisational Culture (X2) on employee performance (Y1) is 0.470, which means that if Organisational Culture (X2) increases by one unit, employee performance (Y1) can increase by 47%. This influence is positive.



- e. The direct effect of job satisfaction (Z1) on employee performance (Y1) is 0.317, which means that if job satisfaction (Z1) increases by one unit, employee performance (Y1) can increase by 31.7%. This influence is positive.

Variable	X1 Organisational Change	X2 Organisational Culture	Z1 Job Satisfaction	Y1 Employee Performance
X1 Organisational Change				-0,058
X2 Organisational Culture				0,314
Z1 Job Satisfaction				
Y1 Employee Performance				

Table 5 results of indirect effect

Based on the table above, there are 2 definitions:

1. The indirect effect of Organisational Change (X1) on employee performance (Y1) through job satisfaction (Z1) is -0.058 which means that if Organisational Change (X1) increases by one unit, employee performance (Y1) can increase indirectly through job satisfaction (Z1) by -0.058%. This influence is negative.
2. The indirect effect of Organisational Culture (X2) on employee performance (Y1) through job satisfaction (Z1) is 0.314, which means that if Organisational Culture (X2) increases by one unit, employee performance (Y1) can increase indirectly through job satisfaction (Z1) by 31.4%. This influence is positive.

5. CONCLUSION

Based on the results of this study about the Effect of Organizational Change and Organizational Culture toward employee performance through job satisfaction of millennial generations PT X North Sumatra Branch. Based on the analysis and discussion of the research results, it can be concluded that :

1. Organisational change directly has a positive significant effect on employee performance
2. Organisational culture directly has a positive significant effect on employee performance
3. Organisational change directly has a negative not significant effect on job satisfaction
4. Organisational culture directly has a positive significant effect on job satisfaction
5. Organisational change indirectly has a negative not significant effect on employee performance through job satisfaction
6. Organisational culture indirectly has a positive significant effect on employee performance through job satisfaction

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