



Changes in Organizational Culture in the Financial Services Authority Unable to Improve Employee Performance

Abdullah Muksin¹, Rizky C. Imron², Marhalinda Marhalinda³, Nana Trisnawati⁴, Ruwaida Ruwaida⁵, Darmin Darmin⁶

^{1,2,3,4,5,6} Universitas Persada Indonesia Y.A.I, Indonesia

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Abstract

The aim of this research is to determine the effect of changes in organizational culture, competence and job satisfaction on employee performance at the Financial Services Authority (FSA) Head Office. The population of this study was 3,780 organic employees of the FSA central office using the Stratified Random Sampling technique, a sample of 100 people was determined to represent each field in the FSA work unit. The data collection method uses field data and primary data obtained through surveys by distributing questionnaires to respondents, while the data analysis method uses partial regression analysis and is processed with SmartPLS 4.0 software. The results of this research showed that there was a positive but not significant effect of changes in organizational culture on the performance of FSA employees, competency had a positive and significant effect on performance and job satisfaction had a positive and significant effect on employee performance.

Keywords: *Changes in Organizational Cultures, Competency, Job Satisfaction, Employee Performance*

INTRODUCTION

The Financial Services Authority (FSA), abbreviated as FSA, is an independent institution with functions, duties and authority in regulating, supervising, examining and investigating in accordance with the provisions contained in Law Number 21 of 2011 concerning FSA ([Financial Services Authority, 2017;2018](#)). In more detail, FSA is an entity that stands alone and is not influenced by other parties, which is responsible for regulation, supervision, inspection and investigation as explained in Law Number 21. To determine employee performance, a performance assessment is carried out every year.

Performance assessment is a method used by the FSA to measure employee performance achievements against targets that have been set in a certain period. Individual Performance Indicators, hereinafter abbreviated as IKI, are indicators that reflect the successful implementation of duties and responsibilities through achieving individual work plans and predetermined targets, while Key Performance Indicators, which are then financial and non-financial indicators that reflect the success of achieving targets. strategic of an organization. Performance Level is a group of Employee Performance Rankings obtained from Performance Values which are used, among other things, as a basis for payment of individual employee performance rewards and income adjustments. From the results of employee performance assessments in 2022, the average FSA employee performance score per field was 2.55. This value is between the good and fair categories but tends to be closer to the good category. Therefore, it is necessary to consider FSA management to continue to improve the quality of its employees' performance with an average achievement target per field that is close to a value of two, namely to be able to reach the good category quite accurately. In the field of Supervision of the Non-Bank Financial Industry, the average performance value is the lowest compared to other fields, namely 2.62, so that the performance of supervision of the Non-Bank Financial Industry can be said to be not optimal. Priority for developing quality performance can be started with performance evaluation in the field of supervision of the Non-

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Corresponding author's email: abdullah.muksin@upi-yai.ac.id

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Bank Financial Industry and followed by other fields from the lowest category score to the highest. Efforts to improve the quality of performance certainly need to pay attention to the factors that play a role in the performance of FSA employees. This problem is still a serious problem, especially in the government agency sector, where the FSA is included. In the government sector, FSA always prioritizes responsive, adequate, polite and efficient services to the public, while internally adjustments need to be made due to changes in organizational culture. As a result, these two things cannot work in harmony and there will be obstacles to changes in organizational culture which will have an impact on the performance of FSA employees. Changes in organizational culture also require employees to improve or develop work competencies so they can adapt to changes in policy and information technology.

In terms of work competency, this includes skills that can be measured and quantified and skills that are subjective (Hard Skills and Soft Skills), remembering that the minimum criteria for becoming an FSA employee is a Bachelor's Degree. This is considered to have met the criteria for having adequate Hard Skills and Soft Skills for prospective employees. The current generation is often spoiled by the use of adequate technological equipment, however there are still many employees who have not fully mastered the Information Technology (IT) used by FSA, so employee performance is not optimal. Meanwhile, in the current technological era, IT mastery has become an open secret. This mastery is an "unwritten" requirement to help the performance of employees who use IT equipment almost every day. In practice, the competence of employees who use IT does not balance with adequate IT equipment, so work is often hampered simply because of the inability to use IT equipment. As a result, some employees do not feel satisfied working in their respective fields.

The problem of FSA employees' dissatisfaction with career paths that were initially quite promising. Just like government agencies in general, the smell of bureaucracy is still attached to the concept of government, employee dissatisfaction with career gaps causes FSA employees to experience demotivation (decreased work motivation). A strong organizational culture should lead to a high level of job satisfaction, while a weak culture will result in low levels of satisfaction within the organization. However, in practice, there are still many FSA employees who consider that cultural programs are not mandatory. This pattern of thinking shows that the level of knowledge and concern of FSA employees is quite low regarding changes in organizational culture, so that it has an impact on the performance of FSA employees.

The problem in this research is whether or not there is an influence of changes in organizational culture on work competence and job satisfaction on the performance of Financial Services Authority employees in Jakarta. So, it is known that changes in organizational culture do not significantly affect employee performance, but work competency and job satisfaction can influence the performance of FSA employees.

LITERATURE REVIEW

According to [Siswadi \(2012\)](#), transformation in organizational culture refers to a set of norms, beliefs, attitudes and philosophies that are collectively owned by an organizational entity. This culture includes a unique system of values, beliefs and norms, and is an important element in assessing the performance of an organization. Apart from this definition, [Sembiring \(2012\)](#) explains that organizational culture refers to a system of shared meaning held by members of an organization, which differentiates the organization from others. The conceptual change in organizational culture in this research reflects the values that permeate all members of the organization when carrying out their duties as an appropriate method for understanding, thinking and feeling about innovation regarding risks, results orientation and employee interests as well as details in tasks.

The concept of competence according to [Moeheriono \(2010\)](#) is A competency is an unreasonable character of an individual's performance in a situation. In this context, competence has characteristics that show behavior that is believed to be capable of carrying out work in any work situation, besides there is a causal relationship that the competence possessed by a person is an indicator for predicting that person's performance, whether they can work effectively, measurably, specifically and according to work standards. which is implemented. The work competencies used in this research are the abilities possessed by employees related to skills in carrying out tasks, managing, taking quick action and working together to achieve set goals.

According to [Sutrisno \(2019:75\)](#), job satisfaction refers to the pleasant or unpleasant emotional conditions felt by employees regarding their work. This reflects individuals' feelings towards their tasks and situations in the work environment. Another view regarding job satisfaction from [Wibowo \(2016:415\)](#) states that every individual involved in the world of work hopes to get satisfaction from their work environment. The importance of job satisfaction is related to its impact on the level of employee productivity or performance, which is a big hope for organizational leaders. The conceptual job satisfaction used in research is that satisfaction at work includes positive feelings towards various aspects, such as the work itself, salary level, job promotions, job opportunities, promotion opportunities, and work environment.

[Afandi \(2018:83\)](#) defines performance as work output that can be obtained by individuals or groups of individuals within the organization, in accordance with their authority and responsibility, with the aim of achieving company targets legally, without violating the law, and in accordance with moral and ethical norms. To determine employee performance, according to [Bintoro & Daryanto \(2017:107\)](#), it can be measured by achieving the quality of work, quantity of work, punctuality of available time, effectiveness and independence in carrying out their duties. The conceptual performance of the employees studied is related to the work results achieved in terms of quality, quantity, punctuality, effectiveness and independence in completing their work

RESEARCH METHOD

The research method used is a descriptive research method using a quantitative approach. The objects studied were employees of the Financial Services Authority Head Office in Jakarta, with an organic employee population of 3,780 people. Using the proportionate stratified random sampling technique, 100 employees were selected as samples for this research, representing the population.

This research can be categorized as explanatory research, where the main analysis is focused on hypothesis testing regarding the influence of the independent variable (X), namely changes in organizational culture, competency and job satisfaction on the dependent variable (Y), namely Employee Performance. After the data from the questionnaire is collected, the SEM analysis process is carried out using the Partial Least Square (PLS) approach which consists of two stages. The first stage is evaluating the measurement model or outer model, while the second stage is evaluating the structural model or inner model, by calculating R², Goodness of Fit and the structural path coefficient value which is evaluated using the t-statistical test from the bootstrapping process. with the SmartPLS program version 4.0, as explained by [Ghozali & Latan \(2015\)](#).

FINDINGS AND DISCUSSION

The structural model obtained by testing SmartPLS 4.0 produces a model structure as shown in Figures 1 and 2 below.

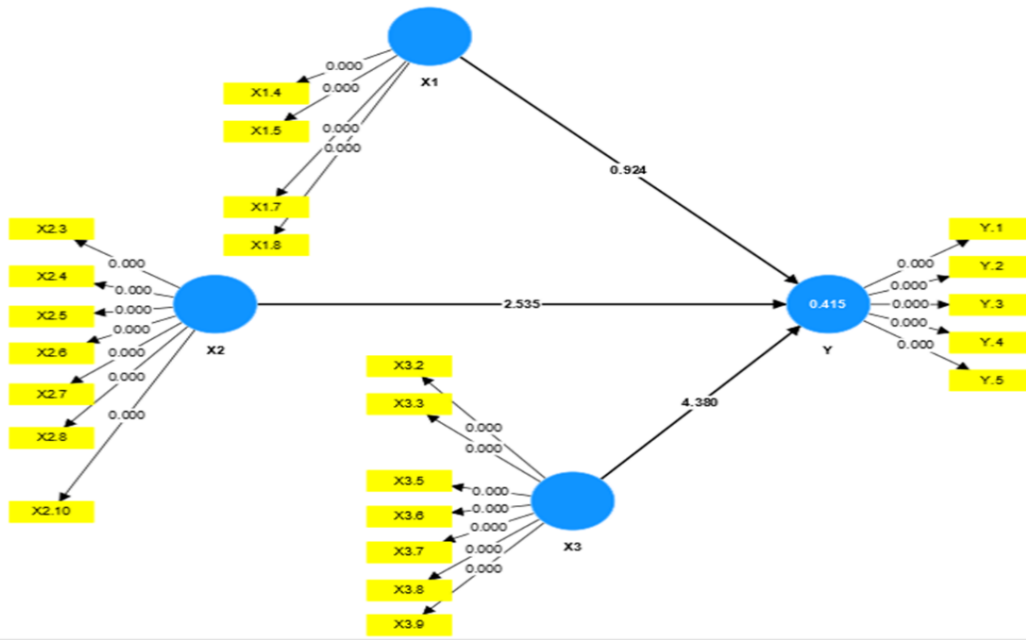


Figure 1. Partial Least Square Structural Model with t-statistic values

Source: SmartPLS 4.0 report output (2024)

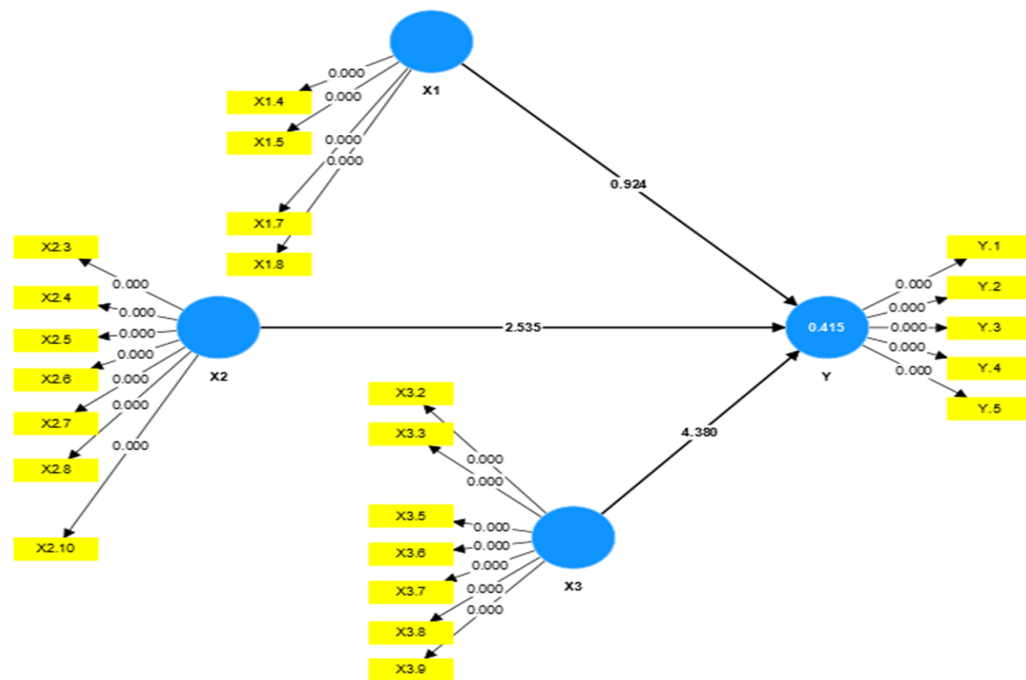


Figure 2. Structural Model of *Partial Least Square with P-value*

Source: SmartPLS 4.0 report output (2024)

Table 1. Hypothesis Test Results

Forms of Influence	P-Value	t-statistics	Hypothesis Test Results
B.O Changes ==> Employee Performance	0.355	0.924	Rejected
Competency ==> Employee Performance	2.535	0.011	Accepted
Job Satisfaction ==> Employee Performance	4.380	0.000	Accepted

Source: SmartPLS 4.0 output (2024), processed

Ghozali & Latan (2015) explained that hypothesis testing can be carried out by observing the t-statistics value using a significance level of as high as 95% ($\alpha = 0.05$). The t-table value for the 95% significance level is 1.96. The determination to accept or reject a hypothesis refers to the value 1.96. Therefore, a hypothesis will be declared accepted if the t-statistics value exceeds 1.96, while the hypothesis will be rejected if the t-statistics value is less than 1.96. Apart from using the t test, hypothesis testing can also be done using a probability approach with a probability value (P-value) < 0.05 .

Looking at Figure 1, Figure 2 and Table 1, the t-statistical value for path analysis of organizational culture change on employee performance is $0.924 < 1.96$ or with a p-value of $0.355 > 0.05$, so hypothesis 1 is rejected, which means that the organizational culture change variable has a positive but not significant effect on the performance of Jakarta Financial Services Authority office employees.

Based on Figure 1, Figure 2 and Table 1, the t-statistical value for analysis of competency pathways on employee performance is $2,535 > 1.96$ or with a p-value of $0.011 < 0.05$, so hypothesis 2 is accepted, this means that the competency variable has a positive and significant effect on the Performance of Jakarta Financial Services Authority office employees.

Based on Figure 1, Figure 2 and Table 1, the t-statistical value for path analysis of job satisfaction on employee performance is $4,380 > 1.96$ or with a p-value of $0.000 < 0.05$, so hypothesis 3 is accepted, this means that the job satisfaction variable has a positive effect and significant to the performance of Jakarta Financial Services Authority office employees.

To prove that the structural model of this research has a high ability to explain the research data as a whole, it can be concluded that the structure of this model is valid, it can be seen from the Goodness of Fit Model (GOF) values, in the table below.

Table 2. Goodness Of Fit Model

Average Comunalitiy	R Square	Goodness Of Fit Model (GOF)
0.720	0.415	0.547

Source: SmartPLS 4.0 output (2024), processed

The calculation results show that the GOF model value is root $(0.720 \times 0.415) = 0.547$, including high GOF, meaning that the GOF results have a high ability to explain empirical data, so it can be concluded that the model formed is valid. The Normed Fit Index (NFI) has a value ranging from 0 to 1. According to Yamin (2022), the interpretation of the GOF index value is 0.36 (high GOF).

The structural model of this research produces that the organizational culture change variable is unable to influence the increase in FSA employee performance. This is proven by the fact that the majority of respondents think that the FSA does not provide a fair assessment of the work results of its employees, because the FSA is a state institution that has a bureaucratic organizational structure. So that all assessments of employee work results are formed based on the element of

closeness to the leadership and other "non-technical" elements.

Meanwhile, the competency and job satisfaction variables are able to influence the performance of FSA employees, especially the job satisfaction variable which has the biggest influence on increasing employee performance, especially in the dimension of employees being satisfied with their superior's leadership style so that they are able to complete work on time.

CONCLUSIONS

The results of this research can be concluded that the organizational culture change variable is not able to influence the performance of FSA Jakarta employees, but the competency and job satisfaction variables are positively and significantly able to influence the performance of FSA Jakarta employees. Meanwhile, the dominant variable influencing employee performance is job satisfaction, especially in the dimension of satisfaction with superiors' leadership style so that FSA employees are able to complete their work on time.

LIMITATION & FURTHER RESEARCH

Suggestions for future researchers to develop this research in more depth by including other variables, including compensation, motivation, training and work environment, so as to obtain maximum results to enrich the development of human resource management theories and concepts.

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