

**ANALYSIS THE INFLUENCE OF ORGANIZATIONAL CULTURE: POWER DISTANCE,
INDIVIDUALISM AND MASCULINITY TO EMPLOYEE PERFORMANCE
AT PT. FREEPORT INDONESIA**

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ABSTRACT

Human resource is a major asset in an organization. Organizations should have its own personalities, which are reflected in their organizational culture. The activities in the organization will not work properly without the involvement of human element; meanwhile the success of achieving organizational goals is supported entirely from the behavior of employees. The external forces may suggest the need of cultural change therefore the culture of the organization will be formed in accordance with the strategy and its environment. This research is aimed to analyze (1) do power distance, individualism, masculinity influence employee performance at Quality Management Service (QMS) Department, PT. Freeport Indonesia; (2) which of power distance, individualism, masculinity has significant influence on employee performance at QMS Department, PT. Freeport Indonesia. The research methodology is associated with multiple linear regression analysis technique, as sample of the research 100 respondents. The findings revealed that power distance, individualism and masculinity have a significant effect to the employee performance at QMS Department. Masculinity is the most influencing factor on employee performance. In overall, PT Freeport Indonesia, particularly in QMS department should keep and maintain a work environment with regard to the personal values and employee personality in line with organizational culture to maximize their performance.

Keywords: *power distance, individualism, masculinity, employee performance.*

INTRODUCTION

The 21th century was a period of growth and organization of free and complex in all jobs. The organizations itself are required to respond and adapt to changing environments and internal organizational need. Organizational culture is a system that is widely accepted with understanding and maintained through good synchronization between the action of top management and the employee. Meanwhile, it can affect the way people behave and should be as the benchmark in any program development and organizational measures taken. In particular, the activities in the organization will not work properly without the involvement of human element. Employees have an important role in forming or managing organization and utilize existing technology. The qualified employees are carrying out and are able to provide a high work performance required by organization to achieve goals.

Nonetheless, a successful organization will be regarded as to effectively manage the external and internal conformity. The forces in the external environment may suggest the need of cultural change therefore the culture of the organization will be formed in accordance with the strategy and its environment. Strong organizational culture is also a powerful device for guiding behaviors that help employees do their jobs better.

Basically a strong culture will greatly help to smooth the activities of the organization in achieving its objectives. In 2011, PT. Freeport Indonesia employs more than 11,300 direct employees and more than 12,000 contractor employees. More than 97.5 % of employees are local, and 1.55 % are foreign. In order to manage the large amount of worker and the numbers of risk occurs; PT. Freeport Indonesia should react comprehensively providing the opportunity to develop the knowledge, skills and proper professional behaviors in the field of operations. Organizational culture also has effect on the productivity level of the organization in the sense that it influences employee's behavior to work and it is the input of the employees to the organization that determines the organizational productivity level. It has been suggested that organizational culture affects such outcomes as productivity, performance, commitment, self-confidence and ethical behavior (Shani and Lau, 2005). Hofstede, G (1998:309) divided organizational culture into four dimensions, which are: power distance, individualism, masculinity and uncertainty avoidance. In this study, the researchers only took three of the degree of organizational culture, namely power distance, individualism and masculinity.

Research objectives

The objectives of this research are:

1. To analyze the influence of power distance, individualism, masculinity on employee performance at QMS Department, PT. Freeport Indonesia.
2. To identify which power distance, individualism, masculinity that has the most significant influence on employee performance.

THEORETICAL FRAMEWORK

Human Resources Management

Storey (2001:7) noted that the beliefs of human resources management included the assumptions that it is the human resource that gives competitive edge, that the aim should be to enhance employee commitment, that human resource decisions are of strategic importance and that therefore human resource policies should be integrated into the business strategy.

Organizational culture also has effect on the productivity level of the organization in the sense that it influences employee's behavior to work and it is the input of the employees to the organization that determines the organizational productivity level. Robbins and Coutler (2013:512) examined that organizational culture as the drive that recognizes the efforts and contributions of the organizational members and provides holistic understanding of what and how is to be achieved, how goals are interrelated, and how each employee could attain goals. Holan and Phillips (2004) studied that it was a focus of intensive investigation by management researchers that how organizations create, transfer and retain information. It has been suggested that organizational culture affects such outcomes as productivity, performance, commitment, self-confidence and ethical behavior (Shani and Lau, 2005). Hofstede, G (1998:309) divided organizational culture into four dimensions, which are:

1. Power Distance

Power distance is the extent to which the members of society accept the unequal distribution of power between individuals. In large power distance societies, the employee believe that their supervisor is true even though they are wrong, and thus, the employees will not take the initiative in making non routine decisions. On the other hand, participative management leadership style will likely by productive for the organization in the country which has a small power distance.

2. Individualism

The relationships individuals have in each culture. In individualistic societies, individuals look after themselves and their immediate family only where as in collectivistic cultures, individuals belongs to groups that look after them in exchange for loyalty.

3. Masculinity

Dominant values in masculine countries are achievement and success and in feminine countries are caring for other and quality of life. The main theme of this dimension is how people give social roles associated with gender issues.

4. Uncertainty Avoidance

The uncertainty and ambiguity based upon tolerance helps in mitigating the willingness of people. Uncertainty avoidance is the degree to which members of society feel uncomfortable with uncertainty and doubts. The main theme of this dimension is how a society reaction to the fact that time only goes in one direction and the future is unknown, and whether to try control the future or let it.

Employee Performance

Employee performance is a process for establishing a shared workforce understanding about what is to be achieved at an organizations level. Performance is defined as the record of outcomes produced on a specified job function or activity during a specified time period. Cascio (2006) in Awadh and Saad (2013) defined employee performance is the degree of an achievement to which an employee's fulfill the organizational mission at workplace.

Previous Research

Awadh, et al (2012) found certain dimensions of culture have been identified so far and research shows that values and norms or an organization were based upon employee relationship. Ojo (2012) found that organizational culture i.e. norms, atifacts, values, traditions, assumptions and belief influences employee work behavior. Uddin, et al (2012) finds that organizational culture significantly influences employee performance and productivity in the dynamic emerging context. Shah, et al (2012) found pearson correlations indicated that there was positive impact of organizational culture on the employees' job satisfaction and organizational commitment.

Research Hypothesis

1. H₁: Power distance, individualism and masculinity have significant influence to employee performance simultaneously.
2. H₂: Power distance, individualism and masculinity have significant influence to employee performance partially.

Conceptual Framework

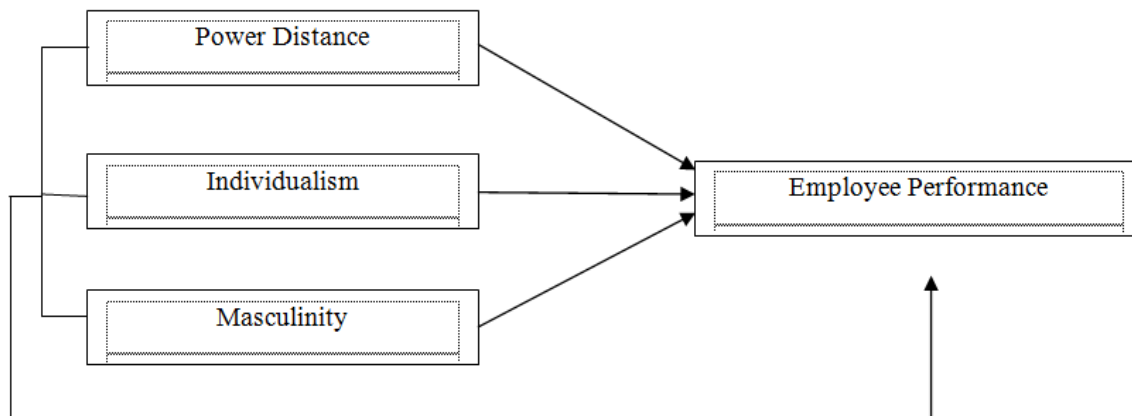


Figure 1. Conceptual Framework

Sources: Theoretical Framework

RESEARCH METHOD

Type of Research

This research uses casual type of research. This type of research also determines if one variable causes another variable to occur or change. In this research is to investigate the analysis of Power Distance, Individualism and Masculinity to Employee Performance at QMS Department.

Place and Time of Research

The study was connected in Tembagapura between October-November 2013.

Population and Sample

The population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate (Sekaran, 2009:262). Population of this research is all employees of QMS Department, PT. Freeport Indonesia. The random sampling is from the questionnaire survey where the respondents were asked to fill the questionnaire directly. The sample of this research is all employees of QMS Department, PT. Freeport Indonesia as many as 100 employees or respondents.

Data Collection Method

Researcher collect the primary data of research by do survey (spread questionnaires) and to collect the secondary data, this research browsed the information through internet, human resources management books and human resources management journal. Much of primary data collection required for solving human resources problems involves asking questions to respondents and recording their response. To collect primary data, this research does survey by spreading questionnaires to gather information. A questionnaire is a formal framework consisting of a set of questions and scales designed to primary raw data.

Data Analysis Method

Validity and Reliability Test

To analyze the validity of questionnaire, Pearson Product Moment is used. Validity is a test of how well an instrument that is developed measure the particular concept it is intended to measure (Sekaran, 2009:157). A questionnaire said to be valid if the questions in the questionnaire able to reveal something that will be measured by the questionnaire. Reliability is defined as the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials. Alpha Cronbach is reliable coefficients that can indicate how good items in asset have positive correlation one another.

Multiple Regression Analysis Method

Regression analysis is used to determine the effect of independent variables on the dependent variable. In order to find out the influence of dependent variable within dependent variables used multiple linear regression with the formula:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where:

Y	= <i>Employee Performance</i>
X_1	= <i>Power Distance</i>
X_2	= <i>Individualism</i>
X_3	= <i>Masculinity</i>
α	= <i>The constant, when all independent variable equal to 0</i>
β	= <i>Regression coefficient</i>
e	= <i>error</i>

RESULTS AND DISCUSSION

Result

Demographic Analysis

The research finds it is important to observe the demographic analysis of the research. Firstly, by looking at gender analysis, the number of respondents in this research was 31% female and 69% male. Male are more dominant than female. At the age demographic, most of respondents were at the range of age which is considered productive, age class 25-30 years old which is 39%. Then followed by the age class 31-39 years old is 30%, and then age class more than 40 years old is 25%, and the lowest percentage of respondents comes from age less than 24 years old which is only 6%.

Next is education level. This classification is divided into four classes. Undergraduate (S1) contributes the highest percentage which is 60% or can define as 60 employees, followed by employees who graduate from high school which is 25%, and then D1-D3 which is 12% and then employees who have background education from postgraduate are the lowest percentages with only 3%. Level of education all employee in this study had little effect on employee performance. From income per month, the respondents are divided into four classes. It shows that the highest percentage 60% derived from income Rp. 7,000,000- 12,000,000; followed by income less than Rp. 6,000,000 which is 15%; and then income at range of Rp. 13,000,000- 19,000,000 have percentage 11% and income at around more than Rp. 20,000,000 which is 9%. On the data above we can see that the income is Rp. 7,000,000- 12,000,000 more dominant in the survey respondent. Then the occupation, section Maintenance contributes the highest percentage which is 45%, followed by section Operation which is 32%, and then section Licensing with 9%, Safety Training which is 10%, section Administration percentage which is 7% and the lowest percentage of respondents come from Apprentice Consellor which is 3%.

Validity and Reliability

The result of reliability shows the instrument is acceptable because Alpha Cronbach coefficient has a value of 0.746; it proves that the data is up to standard and can move forward to the next step. The test of validity shows value of correlations index of each good where the values are above minimum level of 0.30.

Multiple Regression Analysis

Table 2. Multiple Regression Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.793	.251		3.152	.002
	Power distance	.245	.047	.344	5.217	.000
	Individualism	.206	.066	.230	3.117	.002
	Masculinity	.374	.054	.491	6.964	.000

a. Dependent Variable : Employee Performance

Source: SPSS data processed, 2014.

Multiple Linear Regression model is used to determine the effect of several independent on a dependent variable. The computation was done by using the SPSS 22.0 software. The computerized calculation ensures the accuracy of the analysis. From the result in the table 2, the model is defines as:

$$Y = 0.793 + 0.245 X_1 + 0.206 X_2 + 0.374 X_3 + e$$

1. Constant (b_0) 0.793 shows the effect of relationship between Power Distance (x_1), Individualism (x_2) and Masculinity (x_3) to the Employee Performance (Y). it means if all independent variables are equal to zero then the employee performance (Y) is predicted to be 0.793
2. Consider other variables are constant or equal to zero, if there is one unit increasing in X_1 (Power Distance) then the employee performance (Y) will increase 0.245.

3. Consider other variables are constant or equal to zero, if there is one unit increasing in X_2 (Individualism) then the employee performance (Y) will increase 0.206.
4. Consider other variables are constant or equal to zero, if there is one unit increasing in X_3 (Masculinity) then the employee performance (Y) will increasing 0.374.

Independent variables of this research, which are power distance (X_1), individualism (X_2) and masculinity (X_3) have an influence on organizational culture at QMS Department, PT. Freeport Indonesia.

Multiple Coefficient of Determination (R^2)

Table 3. Table R and R^2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.794 ^a	.631	.619	.322

- a. Predictors : (Constant), Employee Performance

Source: SPSS data processed, 2014

The coefficient of determination (R^2) of 0.631 shows that the linear relationship in this model is able to explain the employee performance (Y) for 63.1% while the rest 38.1% is explained by other factors not discussed in this research.

Hypothesis Test

F-Test

F test is used to determine the whole effect of all independent variables to dependent variable. This test done by comparing the f_{count} with f_{table} . If f_{count} is higher than f_{table} , h_0 is rejected and h_1 is accepted.

Table 4. F-test Result

Model	Sum of squares	Df	Mean Square	F	Sig.
1 Regression	16.975	3	5.658	54.622	.000 ^a
Residual	9.945	96	.104		
Total	26.919	99			

- a. Predictors: (Constant), Employee performance

- b. Dependent Variable: Power Distance, Individualism, Masculinity

Source: SPSS data processed, 2014

By using the level of significant of 0.05 ($\alpha = 0.05$) and degree of freedom (df) of 4; 95, the f_{table} from F distribution table is $f_{4; 95; 0.05} = 2.467$, while f_{count} from table 4 is 54.622. The result is $f_{count} > f_{table} = 54.622 > 2.467$. It is absolutely describe that independent variable simultaneously influences the dependent variable. Therefore, hypothesis 1 is accepted.

T-Test

T-Test is used to determine the partial effect of each independent variable to dependent variable. T-test value is obtained by comparing value of t_{count} with t_{table} . If t_{count} is higher than t_{table} , then h_0 is rejected and h_1 is accepted. The values of each variable are shown on the table 5 below:

Table 5. T-Test Result

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	.793	.251		3.152	.002
	Power Distance	.245	.048	.344	5.217	.000
	Individualism	.206	.066	.230	3.117	.002
	Masculinity	.374	.054	.491	6.964	.000

- a. Dependent Variable: Employee Performance

Source: SPSS data processed, 2014

The partial influence for each independent variable will be explained as follows:

1. Power Distance(X_1) to Employee Performance (Y)
 Reject H_0 if $t_{count} > t_{table}$ or Accept H_0 if $t_{count} < t_{table}$
 On Table 5.10 t_{count} of power distance is 5.217. Since there is a level of significant 5%, then the t_{table} will be $t_{95; 0.05} = 2.2771$. Comparing the t_{count} with t_{table} : $5.217 > 2.2771$
 Since the t_{count} is greater than t_{table} , H_0 is rejected and H_1 is accepted. Thus, power distance has significant effect to employee performance at QMS Department, PT. Freeport Indonesia
2. Individualism(X_2) to Employee Performance (Y)
 Reject H_0 if $t_{count} > t_{table}$ or Accept if $t_{count} < t_{table}$
 On table 5.10 t_{count} of individualism is 3.117. Since there is a level of significant 5%, then the t_{table} will be $t_{95; 0.05} = 2.2771$. Comparing the t_{count} with t_{table} : $3.117 > 2.2771$
 Since the t_{count} is greater than t_{table} , H_0 is rejected and H_1 is accepted. Thus, individualism has significant effect to employee's performance
3. Masculinity(X_3) to Employee Performance (Y)
 Reject H_0 if $t_{count} > t_{table}$ or Accept if $t_{count} < t_{table}$
 On table 5 t_{count} of masculinity is 6.964. Since there is a level of significant 5%, then the t_{table} will be $t_{95; 0.05} = 2.2771$. Comparing the t_{count} with t_{table} : $6.964 > 2.2771$
 Since the t_{count} is greater than t_{table} , H_0 is rejected and H_1 is accepted. Thus, masculinity has significant effect to employee's performance.

From the explanation above, it describes that all variables such as power distance (X_1), individualism (X_2), masculinity (X_3) influence employee performance (Y) partially. After analyzing by the T test, it can be concluded that all variables were accepted. Therefore, hypothesis 2 is accepted.

Discussion

The research finds that there are some factors that influence the employee performance at QMS Department, PT. Freeport Indonesia. F-test result shows that there is a linear relationship in this multiple regression model. It is described that independent variables (power distance, individualism and masculinity) simultaneously influences the employee performance as dependent variable. T-test result finds power distance, individualism and masculinity influence the employee performance at QMS Department, PT. Freeport Indonesia partially.

Masculinity Perceived Employee Performance

Masculinity is the most influencing factor to employee performance at QMS Department, PT. Freeport Indonesia. Masculinity is considered as a tendency within an organization or company in defining achievement, heroism, assertiveness and material success. Employee performance management in QMS is influenced by the organizational culture. Masculinity, is caused by several factors could be found based on the primary data and secondary data from this research. First, with in an organization or a company made up of men and women, they differ biologically, socially and culturally determined by the masculine and feminine roles, particularly employees in the QMS Department PT. Freeport Indonesia dominated by men.

Theory Hofstede (1998:311) masculine dominance led to a tendency toward high specificity and high regard even heroic achievement in accordance with the properties of manliness. Secondly, the influence masculinity also on show and also determined by social class, level of education and employment, PT. Freeport a foreign company that comes from the USA, of course, there are still bringing organizational culture that has a high degree of masculinity. Organizational cultures in QMS Department, PT. Freeport Indonesia and motivated to feel important opportunity to Achieve a great income, gain there cognition they deserve, has the opportunity to advance to higher levels of employment and the last desire have challenging work to perform.

Individualism Perceived Employee Performance

The other independent variables are also influential on employee performance is individualism. Individualism is the tendency of social function relatively freely and individually means only take care of themselves and their families Hofstede (1998:310). Cultures in QMS Department, PT. Freeport Indonesia based on the results of the research department found that, there are several factors that significantly influence employee performance in work and organizational individualistic, the employees were very important to them

while having a job that gives them enough time to personal or family life, they also greatly appreciate the high freedom to use their own approach to their work and feel a sense of challenge to the job in which employees can achieve a significant achievement for the personal.

Power Distance Perceived Employee Performance

Power distance actually has an influence to employee performance at QMS Department, PT. Freeport Indonesia. Dimensions of organizational culture according Hofstede (1998:312) is generally different in each country is due to the influence of the social culture of the country itself. Power distance is the extent to which the members of society accept the unequal distribution of power between individuals. In large power distance societies, the employees believe that their supervisor is true even though they are wrong, and thus, the employees will not take the initiative in making non routine decisions. Power distance is the extent to which members receive power in institutions and organizations is distributed unequally.

In the research results obtained in the QMS department employees PT. Freeport, there are several factors that affect power distance on employee performance: a sense subordinate employee concerns and fears, feelings of employees towards work environment associated with autocratic or paternalistic style, and how employees express their preferences towards superiors and co-workers.

CONCLUSION AND RECOMMENDATION

The research objectives of this research conclude:

1. Power distance, individualism and masculinity have significant influence dependent variables simultaneously.
2. Masculinity has the most significant influencing factor on employee performance partially, compared to other independent variables.
3. Individualism has significant influence employee performance at QMS Department, PT. Freeport Indonesia partially.
4. Power distance has significant influence employee performance at QMS Department, PT. Freeport Indonesia partially.

Recommendation

The result above shows organizational culture is strongly influenced by the QMS Department and masculinity dimensions significantly influence the variable Y which is employee performance. It can be interpreted that Organizational cultures in QMS department, PT. Freeport Indonesia is important to create opportunity to achieve a great income, gain the recognition they deserve, drive the opportunity to advance to higher level employee and the last desire is challenging work to perform. Individualism and power distance cultures are also reflected in the organization's QMS department, the employees feel important to make a positive relationship between subordinates and superiors in terms of work discipline as their contribution to their maximum performance. Employees at QMS Department are also highly motivated to work activities that may impact on their personal lives that will also encourage them in their work performance.

PT Freeport Indonesia, particularly quality management service department through the results are advised to keep and maintain a work environment with regard to the value of personal values and in personal current employees in line with organizational culture that values will certainly have an impact on their performance. PT Freeport Indonesia as one of the big companies with the purpose and benefits are very promising, must pay great attention to their organizations culture, making employees as part of the company assets.

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