

The Effect Of Organizational Culture On Career Planning And Its Impact To Work Motivation And Employees Performance

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Abstract

The study aims to analyze the organization culture, career planning, motivation and employee performance at the PDAM (Regional Water Company) in North Sumatera province. This study used a descriptive-explanatory survey method with the sample size of 367 employees selected using stratified random sampling technique from the target population of 4409 employees. Through the effect model of path analysis which consists of causal relationship between variables, it found that organization culture is low, career planning is planned well, while work motivation and employee performance are low. Moreover, the organization culture influenced positively by career planning, career planning influenced positively by work motivation and employee performance, and finally organization culture influenced positively by work motivation and employee performance, both directly and indirectly through career planning.

Keywords: *employee performance, work motivation, career planning, organization culture*

1.0 INTRODUCTION

The authority of local government to manage the economic potential of the region in order to increase revenue (PAD) has been granted by the central government through Act No. 32 of 2004 on regional government. It is also stated that the local government may establish a reserve fund to finance specific needs for which not be provided in the annual budget. Thus, the local governments attempts to increase the regional revenue in order to improve the societal welfare of society by establishing the regional-owned enterprises. The local company is a source of revenue that can be maximized through good management. This was stated in Law No. 1 of 2004 on State Treasury states that the property of the state or county where the budget can be allocated to produce good asset for government use, cooperation, and transferable to other parties.

As one of the regional-owned enterprises, the Regional Water Company (PDAM) considered has a strategic establishment to explore the potential of the local economy through the management of water resources. PDAM has a great responsibility in the provision and supply of clean water. This company should be managed with good management so that the vital needs of the community for clean water in sufficient quantities can be met. Adequacy of clean water and good water quality is an important factor that determines the health of society. In addition, the well-managed business of Regional-Owned Enterprises will be able to generate the necessary income as a source of regional revenue.

The success rate of the management organization in carrying out its mission can not be separated from the influence of environmental or socio-cultural conditions where the organization is located. Robbins (2001)

argues that one of the important factors that can determine the purpose and effectiveness of organization is the organizational culture. Further Robbins (2001) argues that organizational culture does not look real, but it affects the survival of a company. Meanwhile, according to Andreas (2003) that the match between the values held by employees and the corporate culture is one very important factor because the suitability will encourage employee performance. Organizational culture is a set of values and norms that control the interaction among members of the organization with other people outside the organization's environment. It is also said to be a set of understanding or a way of thinking that is spread by the members of the organization and taught the correctness to new members (Jones, 2001).

The expectation for having a better management at the PDAM is assessed urgently. In fact, the performance of PDAM is relatively having slow development on the coverage and low quality of services, particularly in the province of North Sumatera. This negative performance resulted due to the unfavorable employees' contribution and other internal factors such as organizational culture, career planning and work motivation. The weak organizational culture is indicated by; i) the employees are slow to commit in actions or have a low aggressiveness; ii) a weak result orientation or benefits which employees tend to focus on the techniques and process orientation; and iii) lack of orientation in which people did not consider the effect of the organization's decision to the members of organization as well as a weak in organizational culture of innovation.

Other factors that inhibit career planning is due to the lack of awareness of employees to plan their career; 1) unclear career opportunities; 2) the absence of a clear

and transparent pattern in the career development of employees; and 3) a waiver of the administrative efficiency of human resources in the organization such as employee ratio discrepancy with the workload as well as job specification discrepancies. A career as a sequence of promotion or transfer to the lateral positions that has more demanding responsibilities or to locations that had better working relationship. Many people are fail to manage their careers because they do not pay attention to basic concepts in career planning. They do not realize that the career goals can boost their careers and generate greater success.

A career planning is an active way to meet the needs for internal staffing of a company. The purpose of career planning is basically to create a synergy between the company and its employees where employee self-development will be accommodated. With career planning, the employees have a clear picture of the future of his career, while for companies can lead to the achievement in works effectively and can help in the planning of human resources (Greenhaus, 1998).

The weak of organizational culture and inappropriate career planning are the factors that importantly to be addressed in order to restructure the PDAM because of its ability to motivate workers and improve employee performance. With the improvement of management strategy accompanied with debt restructuring and adjustment of water rates according to the price of production, the expected target of the Millennium Development Goals (MDGs) can be achieved and the risk of future water crises can be reduced.

Based on the explanation above, it is stated that the unhealthy performance management of PDAM as reflected by lower customer satisfaction, particularly on water quality and water pressure as well as non-technical service of communication with customers, thus a better management of PDAM is required. Unoptimal employee performance is a constraint that weaken or has a weak effect to organizational culture, low career planning and work ethic. To which extent the influence of organizational culture can encourage employee's career planning and improve the motivation and employee's performance, either directly or indirectly through career planning. Meanwhile, the formulated problem of this study are: i) How does the organizational culture, career planning, work motivation and employee's performance; ii) How big is the positive influence of organizational culture on employee career planning;

iii) How big is the positive influence of career planning on work motivation and performance of employees; and iv) How big is the positive influence of organizational culture on employee motivation and performance, both directly and indirectly, through the career planning of employees at the Regional Water Company (PDAM) in the North Sumatera province.

2.0 METHODOLOGY

2.1 Research Object and Design

The object of study is organizational culture, career planning, work motivation and employee performance on the employees of Regional Water Company (PDAM) in the province of North Sumatera. While the design of this study is using a survey method with a descriptive-explanatory approach, where research intends to explore or describe the quality of the variables of this study and to test the hypothesis and explain the causal relationship through sampling and questionnaires (Sekaran, 2003).

2.2 Operationalization of Variables

1) Independent Variable

The independent variable (X) in this study is the organizational culture that consists of innovation and risk taking, attention to detail, outcome orientation and people, team orientation, aggressiveness and stability. The innovation and risk taking, attention to detail, outcome and people orientation, team orientation, aggressiveness, and stability must be possessed, built and accepted collectively by the members of the organization (Robbins, 2001).

2) Intervening Variable

Intervening variable (Y) in this study is composed of career planning, self-assessment, reality check, goal setting, and action planning (Noe et al., 1997).

3) Dependent Variable

The first dependent variable (Z_1) in this study is work motivation consists of hygiene and motivator factors (Frederick Herzberg in Schermerhorn, 2005). Furthermore, the second dependent variable (Z_2) in this study is the employee's performance consists of quality, quantity, timeliness, cost effectiveness, need for supervision and interpersonal impact (Bernardin and Russell, 1998).

To facilitate the measurement of the three concepts above, therefore this study used several dimensions and indicators which are systematically operationalized in the form of Table 1 as follows:

Table 1. Operationalization of Variables

Variable	Dimension	Indicator	Scale	No. Quotionnaire
Organization Culture (X) Organizational culture refers to a shared understanding of the system adopted by members that distinguishes the organization from other organizations (Robbins, 2001: 510).	<i>1. Innovation and Risk Taking.</i> The extent to which employees are encouraged to innovative and take risks (Robbins, 2001: 510).	1. The award or appreciation	Ordinal	1
		2. Freedom of expression.		2
		3. Granting authority to take decisions		3
		4. The drive to face the challenge of working		4
	<i>2. Attention to detail</i> The extent to which employees are expected to exhibit precision (accuracy), analysis, and attention to details (Robbins, 2001: 510).	1. Application of transparent management system	Ordinal	5
		2. The response to the detailed information corresponding real condition of the employee.		6
		3. Employees are encouraged to work carefully and accurately		7
		4. There is a follow-up to suggestions and criticism.		8
	<i>3. Outcome orientation</i> The extent to which management focuses on results rather than on the techniques and processes used to achieve that result (Robbins, 2001: 510).	1. Employees are encouraged to pay attention to customer satisfaction.	Ordinal	9
		2. Employees are encouraged to have responsibility for the quality of the work.		10
		3. Employees are encouraged to work hard to achieve the company's profit.		11
		4. Employees are encouraged to attach great importance to the productivity of the company.		12
	<i>4. People orientation</i> The extent to which management decisions take into account the effect of outcomes on people within the organization (Robbins, 2001: 510).	1. The company supports the development of HR employees	Ordinal	13
		2. The company provides equal opportunities for career development of employees.		14
		3. The company treats employees fairly.		15
		4. Recognition of the company to the employees seen on the achievements of employees		16
	<i>5. Team orientation</i> The extent to which work activities are organized around teams rather than individuals (Robbins, 2001: 510).	1. Company facilitate relationships between units.	Ordinal	17
		2. Encouraging a culture of mutual respect between the opinion of the group.		18
		3. Leadership support the smooth inter-group work activities		19
		4. The company supports teamwork on every job		20
	<i>6. Aggressiveness</i> The extent of person aggressive and communicative (Robbins, 2001: 510).	1. Supervision is directed to encourage morale	Ordinal	21
		2. Assignment of authority and responsibility to spur employment.		22
		3. Giving awards to employees who excel.		23
		4. The company promotes a culture of competition among employees.		24
		5. Employees are encouraged to efficiency and work quickly.		25
	<i>7. Stability</i> The extent of organizational activities emphasize on maintaining the status quo in contrast to growth (Robbins, 2001: 510).	1. Application procedures, bureaucracy and regulations in accordance with the needs of the company.	Ordinal	26
		2. Maintain the company's financial condition to remain stable for operations.		27
		3. Encourage leadership element supervise work activities of subordinates		28
		4. Encouraging employee loyalty to superiors and the company		29

<p>Career Planning (Y) The process by which employees become aware of their interests, values, strengths, and weaknesses, to obtain information about job opportunities within the company; identify career goals and set a plan of action to achieve the career goals (Noe et.al, 2003).</p>	<p>1. <i>Self assessment</i> Self-assessment in determining the interest and career, fitness values, and behavioral tendencies.</p>	<p>1. The current work match your interests 2. There is a correspondence between personal values with corporate values. 3. Recognizing personal strengths and weaknesses.</p>	Ordinal	1 2 3		
	<p>2. <i>Reality check</i> Employees receive information about how companies evaluate their skills and knowledge and in which they have a relationship with the company's plans.</p>	<p>1. Knowing how companies assess the performance of employees. 2. Getting feedback fast and precise about the personal performance of the boss. 3. Knowing career information.</p>	Ordinal	4 5 6		
	<p>3. <i>Goal setting</i> Employees determine the short-term career goals and long-term planning process.</p>	<p>1. Having a purpose and a clear work plan. 2. The purpose of a career based on your interests and abilities. 3. The purpose of career discussion with your boss.</p>	Ordinal	7 8 9		
	<p>4. <i>Action planning</i> Employees determine how to achieve career short-term and long-term.</p>	<p>1. Improve the skills required by the company. 2. Having a high loyalty. 3. Utilize every opportunity development.</p>	Ordinal	10 11 12		
	<p>Work Motivation (Z₁) Willingness to increase efforts to achieve organizational goals conditioned by the ability to satisfy the needs (Herzberg in Schermerhorn, 2005).</p>	<p>1. <i>Hygiene factors</i> Factors that may cause dissatisfaction (dissatisfiers). Improvements to the hygiene factors will prevent, reduce, or eliminate dissatisfaction</p>	<p>1. The company's policy and its implementation 2. Technical supervision. 3. Working condition. 4. A sense of security in a job 5. Interpersonal relationships. 6. Salary.</p>	Ordinal	1 2 3 4 5 6	
		<p>2. <i>Motivator factors</i> Factors that can lead to motivation.</p>	<p>1. Recognition. 2. Achievement. 3. Possibility of growth. 4. Advancement. 5. Responsibility. 6. The work it self.</p>	Ordinal	7 8 9 10 11 12	
		<p>Employee Performance (Z₂) Yield at a particular job function or activity during a certain period of time (Bernardin and Russell, 2003).</p>	<p>1. <i>Quality</i> The quality of work is based on specified standards.</p>	<p>1. Summary of work according to the procedure 2. Quality of work according to the standard</p>	Ordinal	1 2
			<p>2. <i>Quantity</i> Employment generated based on target.</p>	<p>1. Achievement of work activities 2. Achievement of the work</p>	Ordinal	3 4
			<p>3. <i>Timeliness</i> Working time completed and not disrupt others' works.</p>	<p>1. Work on time 2. Support the completion of other work</p>	Ordinal	5 6
			<p>4. <i>Cost effectiveness</i> Using the resources efficiently.</p>	<p>1. The use of an efficient budget 2. Use of the work facilities efficiently</p>	Ordinal	7 8
			<p>5. <i>Need for supervision</i> The ability to complete the work without close supervision, discipline, and high morale.</p>	<p>1. Work without close supervision. 2. Discipline. 3. Morale.</p>	Ordinal	9 10 11
			<p>6. <i>Interpersonal Impact</i> Ability to cooperate with superiors, peers, subordinates and can organize a good job.</p>	<p>1. The ability to cooperate with superiors. 2. The ability to collaborate with colleagues. 3. The ability to organize a good job.</p>	Ordinal	12 13 14

2.3 Population and Data Analysis

The population of this study is all employees at seven (7) PDAM office in North Sumatera province amounting to 4,409 people. While sample was taken with a stratified random sampling technique with a size of 367 employees which determined based on a minimum sample size of Yamane (in Rakhmat, 2000). The sample is allocated proportionately and randomly selected in each group of employees.

The design of the descriptive analysis using the technique of categorization based on quartile boundary, while the design of the verificative analysis between variables using Path Analysis. Path analysis were chosen because the causal relationship between variables is a related series or causality is recursive where the structures' effect being analyzed divided into several structures. This is a consequence of the direct and indirect effects. With Path Analysis, the influence of direct and indirect effect of the endogeneous variable on exogeneous variable can be explained. Similarly, a series of causality that occurs between these variables can be known and described diagrammatically.

3.0 FINDINGS

3.1 The Effect of Organizational Culture on Career Planning and Its Impact on Work Motivation and Employee Performance

In the model this effect, organizational culture (X) serves as exogenous variable, career planning (Y) functioned as an endogenous variable, while work motivation (Z1) and employee performance (Z2) functioned as other endogenous variables. Career planning is an effect of organizational culture, while the work Motivation and employee performance is the impact of organizational culture and career planning. The results of the analysis can be briefly seen in Figure 1.

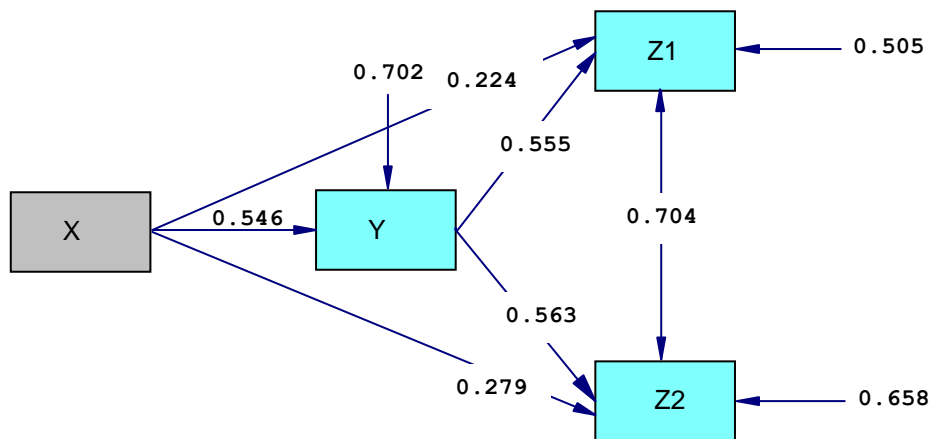


Figure 1. Results of Path Analysis

Functional equation that shows the causative relationship between the variables of the path diagram above is as follows:

$$\begin{aligned}
 Y &= p_{YX} X + \square_1 \quad (\text{Function 1}) \\
 Y &= 0.546 * X + \square_1 \quad (p^2_{Y\square_1} = 0,702 \text{ dan } R^2_{Y.X} = 0.298) \\
 Z_1 &= p_{Z_1X} X + p_{Z_1Y} Y + \square_2 \quad (\text{Function 2}) \\
 Z_1 &= 0.224 * X + 0.555 * Y + \square_2 \quad (p^2_{Z_1\square_2} = 0.505 \text{ dan } R^2_{Z_1.XY} = 0.495) \\
 Z_2 &= p_{Z_2X} X + p_{Z_2Y} Y + \square_3 \quad (\text{Function 3}) \\
 Z_2 &= 0.279 * X + 0.563 * Y + \square_3 \quad (p^2_{Z_2\square_3} = 0.434 \text{ dan } R^2_{Z_2.XY} = 0.566) \\
 &\quad (r_{Z_2Z_1} = 0.704)
 \end{aligned}$$

where:

- X: Cultural Organisation (independent variable)
- Y: Career Planning (intervening variables)
- Z₁: Work Motivation (first dependent variable)
- Z₂: Employee Performance (the dependent variable)
- _i: Residual or error in the first function
- p: Path coefficient shows strong direct influence of exogenous variable on endogenous variable.
- R²: Coefficient of determination that indicates the magnitude of the total effect of all the variables.

Descriptively, the entire path coefficient (p) is positive which indicates that each of the exogenous variables have a positive influence on the direction of its endogenous variable, i.e. the higher the quality of the exogenous variables, the higher the quality of the endogenous variables that are affected.

The coefficient of determination value on each function above corresponds to the value of path coefficient or Multiple Correlation Coefficient as follows:

Function 1: $R^2_{Y.X} = 29.8\% \leftrightarrow R_{YX} = p_{YX} = 0.546$

Function 2: $R^2_{Z_1.XY} = 49.5\% \leftrightarrow R_{Z_1.XY} = 0.703$

Function 3: $R^2_{Z_2.XY} = 56.6\% \leftrightarrow R_{Z_2.XY} = 0.753$

The path coefficient value of p_{YX} is 0.546 at the first function of results analysis above which show the level of model fitness influence organizational culture (X) on career planning (Y) is quite high at $R^2_{Y.X} = 29,8\%$. The value for multiple correlation coefficient of $R_{Z_1.XY} = 0.703$ at second function of results analysis showed that the level of model fitness influence organizational culture (X) and career planning (Y) on work motivation (Z_1) is high; $R^2_{Z_1.XY} = 49,5\%$. While the value of multiple correlation coefficient of $R_{Z_2.XY} = 0.753$ at third function of results analysis showed that the level of model fitness influence organizational culture (X) and career Planning (Y) on employee performance (Z_2) is high; $R^2_{Z_2.XY} = 56,6\%$. The coefficient of determination measures the proportion of the variation in an endogenous variable that can be explained by the exogenous variables that influence it. It also seems that the work motivation (Z_1) is closely related to employee performance (Z_2).

The high value of determinant coefficient as a measure of goodness of fit statistic is a commonly used model which illustrates that the influence of organizational culture on career planning and its impact to work motivation and employee performance has a highly forecasting ability (Koutsoyiannis, 1977: 29-30 and Wirasasmita, 2008: 4-5) in explaining the relationship behaviors between organizational culture (X) on career planning (Y); organizational culture (X) and career planning (Y) on work motivation (Z_1); organizational culture (X) and career planning (Y) on employee performance (Z_2). Similarly, the relationship between work motivation (Z_1) with Employee Performance (Z_2). The following structural diagram shows the value of the t-statistic results of parameters significance test, namely the path coefficients of the exogenous variables on endogenous variables.

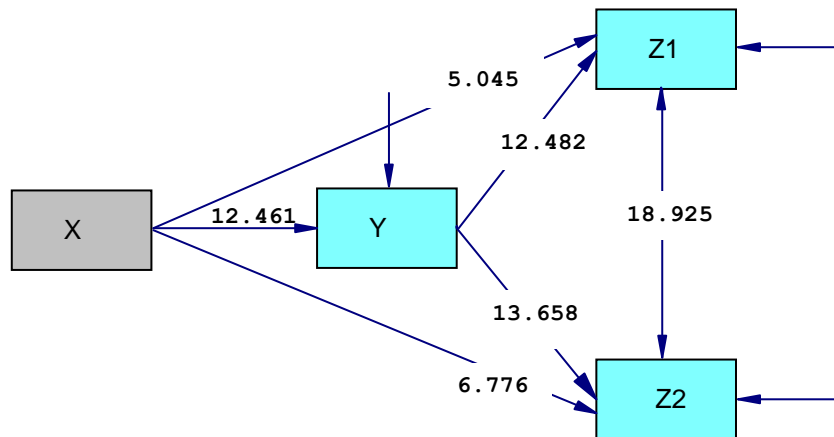


Figure 2. The Result of Parameter Significance Test.

The above figure summarized that the results of significance test on the functional effect above indicates that organizational culture significantly has a positive effect on career planning; career planning significantly has a positive effect on work motivation and employee performance; and organizational culture significantly has a positive effect on work motivation and employee performance. Similarly, work motivation has positive and significant effect on employee performance.

3.2 The Effect of Organizational Culture on Career Planning

The structural equation that shows the causative relationship between the variables in the first structure is as follows:

$$Y = p_{YX} X + \square_1 \text{ (Function 1)}$$

$$Y = 0.546 * X + \square_1 \text{ (} p^2_{Y\square_1} = 0.702 \text{ dan } R^2_{Y.X} = 0.298 \text{)}$$

- where :
- X : Organizational culture (exogenous variable)
 - Y : Career Planning (endogenous variable)
 - \square_1 : Residual or error in the first function
 - p_{YX} : Path coefficient of Organizational Culture on Career Planning.

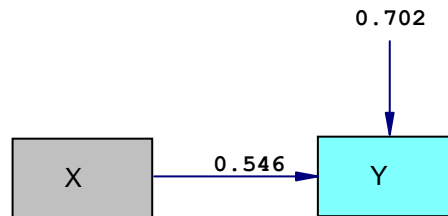


Figure 3. The Result of Path coefficient of Organizational Culture on Career Planning.

The influence of organizational culture (X) on career planning (Y) is equal to $R^2 = 0.298$ or 29.8% or $p^2_{YX} = (0.546)^2 = 29.8\%$. In other words, the large proportion of the variation of career planning (Y) which can be explained by the organizational culture (X) is at 29.8%. The remaining variation of 70.2% is explained by other factors. It shows that the influence of organizational culture is relatively lower than the influence of other factors not examined in this study.

The path coefficient of organizational culture (X) on career planning (Y) is equal to $p_{YX} = 0.546$. The positive value of p_{YX} means that organizational culture (X) has a positive direction influence on career planning (Y), i.e. the better the organizational culture, the higher quality of career planning can be done by employees. This influence is significant at the 5% error level with a value of $t = 12.461$ ($> t_{tabel} = 1.649$). This result indicates that the hypothesis 2 stated that organizational culture (X) has a positive effect on career Planning (Y) is accepted.

3.3 The Effect of Career Planning on Work Motivation and Employee Performance

The structural equation that shows the causative relationship between variables on the second structure is as follows:

$$Z_1 = p_{Z1X} X + p_{Z1Y} Y + \square_2 \quad (\text{Function 2})$$

$$Z_2 = p_{Z2X} X + p_{Z2Y} Y + \square_3 \quad (\text{Function 3})$$

$$Z_1 = 0.224 * X + 0.555 * Y + \square_2 \quad (p^2_{Z1\square_2} = 0.505 \text{ and } R^2_{Z1.XY} = 0.495)$$

$$Z_2 = 0.279 * X + 0.563 * Y + \square_3 \quad (p^2_{Z2\square_3} = 0.434 \text{ and } R^2_{Z2.XY} = 0.566) \quad (r_{Z2Z1} = 0.704)$$

where:

- X: Organization Culture (exogenous variable)
- Y: Career Planning (first endogenous variable)
- Z1: Work Motivation (second endogenous variable)
- Z2: Manager Performance (third endogenous variable)
- \square_2 : Residual or error for the second function
- \square_3 : Residual or error for the third function
- p_{YX} : Path coefficient of Organizational Culture on Career Planning
- p_{Z1X} and p_{Z2X} : Path coefficient of Career Planning on Work Motivation
- p_{Z1Y} and p_{Z2Y} : Path coefficient of Career Planning on Manager's Performance

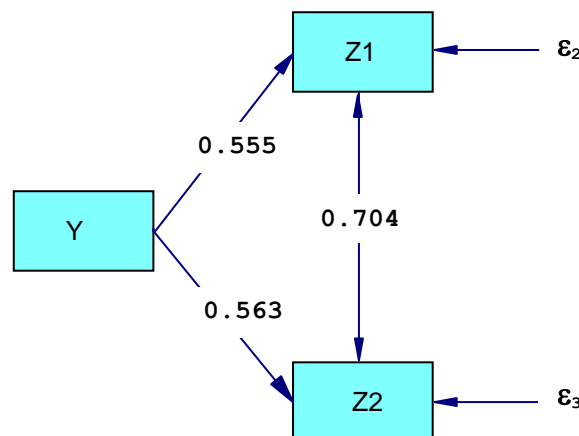


Figure 4. The Results of Path Analysis of Career Planning Influence Work Motivation and Employee Performance

The strong influence of the career planning on work motivation: $p_{Z_1Y} = 0.555$ (Y influences included in the category is quite strong (Guilford, 1956). Positive value of p_{Z_1Y} means that the career planning (Y) has a positive influence on the direction of work motivation (Z_1) i.e. the better the career planning the higher work motivation. This partial effect is significant at the 5% error level with a value of $t = 12.482 (> t_{tabel} = 1.649)$.

The strong influence of career planning on employee's performance: $p_{Z_2Y} = 0.563$. Positive value of p_{Z_2Y} means career planning (Y) has a positive influence on the direction of employee's performance (Z_2), thus the better career planning the higher the employee's performance. This partial effect is significant at the 5% error level with a value of $t = 13.658 (> t_{tabel} = 1.649)$.

All the results above indicate that the third hypothesis of this study on the positive influence of career planning (Y), work motivation (Z_1) and employee's performance (Z_2) is acceptable. Comparatively, the effect on career planning has more dominant influence on employee performance than work motivation which both are having the same positive influence direction, thus indicate that the career planning is the dominant determinant of employee performance than work motivation.

3.4 The Effect of Organizational Culture on Work Motivation and Employee's Performance through Career Planning.

The structural equation that shows the causative link between variables on the structure 3 is as follows:

$$Y = p_{YX} X + \square_1 \quad (\text{Function 1})$$

$$Y = 0.546 * X + \square_1 \quad (p^2_{Y\square_1} = 0.702 \text{ dan } R^2_{Y,X} = 0.298)$$

$$Z_1 = p_{Z_1X} X + p_{Z_1Y} Y + \square_2 \quad (\text{Function 2})$$

$$Z_1 = 0.224 * X + 0.555 * Y + \square_2 \quad (p^2_{Z_1\square_2} = 0.505 \text{ dan } R^2_{Z_1,XY} = 0.495)$$

$$Z_2 = p_{Z_2X} X + p_{Z_2Y} Y + \square_3 \quad (\text{Function 3})$$

$$Z_2 = 0.279 * X + 0.563 * Y + \square_3 \quad (p^2_{Z_2\square_3} = 0.434 \text{ dan } R^2_{Z_2,XY} = 0.566)$$

$(r_{Z_2Z_1} = 0.704)$

- where:
- X: Organization Culture (exogenous variable)
 - Y: Career Planning (first endogenous variable)
 - Z₁: Work Motivation (second endogenous variable)
 - Z₂: Employee Performance (third endogenous variable)
 - ₂: Residual or error for the second function
 - ₃: Residual or error for the third function
 - p_{YX}: Path coefficient of Organizational Culture on Career Planning
 - p_{Z₁X} dan p_{Z₂X}: Path coefficient of Organizational Culture on Work Motivation and Employee Performance
 - p_{Z₁Y} dan p_{Z₂Y}: Path coefficient of Career Planning to Work Motivation and Employee Performance

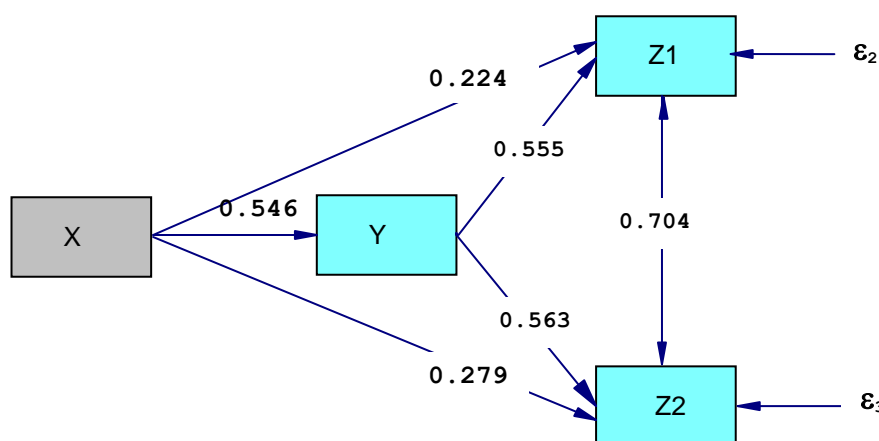


Figure 5. Results of Path Analysis of Organizational Culture influence on Work Motivation and Employee Performance Through Career Planning

The strong influence of the organizational culture on work motivation: $p_{Z_1X} = 0.224$ (X influences included in the category is weak but significant (Guilford, 1956: 145). Positive value of p_{Z_1X} means that the organizational culture (X) has a positive influence on

the direction of work motivation (Z_1) i.e. the better the organizational culture, the higher work motivation. This partial effect is significant at the 5% error level with a value of $t = 5.045 (> t_{tabel} = 1.649)$.

The strong influence of organizational culture on employee's performance: $p_{Z_2X} = 0.279$. Positive value of p_{Z_2X} means organizational culture (X) has a positive influence on the direction of employee's performance (Z_2), thus the better organizational culture the higher the employee's performance. This partial effect is significant at the 5% error level with a value of $t = 6.776 (> t_{tabel} = 1.649)$.

The influence of organizational culture indirectly through career planning on work motivation and employee performance demonstrated by $p_{YX.p_{Z_1Y}} = 0.546 \times 0.555 = 0.303$ and $p_{YX.p_{Z_2Y}} = 0.546 \times 0.563 = 0.307$. It is shown that the organizational culture significantly influence the career planning as well as the career planning on work motivation and employee performance as stated in the results of the previous hypothesis test. Thus, the fourth hypothesis on the positive influence of organizational culture (X) on the work motivation (Z_1) and employee performance (Z_2), either directly or indirectly, through the career planning (Y) is accepted. From the comparison of the effect, it shows that organizational culture has a dominant influence on employee performance relative to the work motivation that have the same positive influence direction. The result indicates that organizational culture is a dominant determinant of employee performance.

4.0 DISCUSSION

4.1. The Result of Study on Organizational Culture, Career Planning, Work Motivation and Employee Performance

The results indicated that the PDAM's employees in North Sumatera province have not been fully able to accommodate the cultural values of the organization as expected. Out of 7 (seven) main characteristics that expected, all are inadequate. The main characteristics are: innovative and risk-taking, attention to detail, results orientation, people orientation, team orientation, aggressiveness, and stability. The outcome orientation characteristic is an characteristic of organizational culture which is the weakest, while the stability characteristic is the most stronger. The efforts to strengthen the organizational culture in PDAM in the province of North Sumatera can be done by improving the process of the formation of organizational culture (Robbins, 2001). The local government as the owner of the organization is expected to explore and define the basic philosophy of performance-based that minimally includes those seven characteristics of organizational culture.

The desired basic philosophy is shared values that can change the attitudes and behavior of all members of the organization in the achievement of the performance. Applying the basic philosophy of the top managers to be formed in the values that can be

expressed formally and conditioned in a conducive organizational climate to be accepted by members of the organization. In the final stage, top managers are to socialize these values to all members of the organization in order to be understood and implemented. The socialization process needs to be done on an ongoing basis, either intensively to the values become traditions and extensively to reach all members of the organization.

The results show that employees of PDAM yet have sufficient capability to plan their career well. Employees do not fully understand the position in the organization, identify career goals, and establish a plan of action needed to achieve the career goals. The 4 (four) aspects of career planning mostly inadequate. The aspects of career planning are; self assessment, reality check, goal setting, and action planning. The aspects of reality check and goal setting are among the weakest aspects of career planning, while the self-assessment aspect is relatively has more stronger. While, the efforts to improve the career planning at PDAM also can be done through encouraging push factors (such as organizational culture) and through the assistance of the firm's career management. The companies can improve the ability of employees to conduct a reality check by providing information about how companies evaluate their skills and knowledge towards their career's position along the company's plans. In improving the ability of employees to set career goals, companies can help employees by involving managers to discuss their career goals both short term and long term, and establishing a career development plan (Noe et al., 2003).

In terms of work motivation, the results indicated that the PDAM's employees do not have high work motivation. The factors in work motivation is still considered inadequate, both with regard to hygiene factors or motivator factors. The efforts to improve work motivation at PDAM can be done through other push factors such as an increase in fulfillment of the adequacy of wages (hygiene factors) and an award (recognition) as work's achievement (motivator factors). The work motivation can also be enhanced by strengthening the confidence the employees for the fulfillment of expectations that; i) specific efforts will encourage a number of performance; ii) the achievement of specific performance would result gaining of rewards; and iii) certain rewards will meet a number of goals/personal needs (Schermerhorn et al., 2005).

In relation to the performance of employees, the results indicated that the PDAM's employees yet to have a high performance. The improvement of performance of employees at PDAM can be done through encouraging its constituent factors, namely; opportunity, ability, and motivation (such as

organizational culture, career planning and work motivation) and also can be done through conditioning work environment, namely; job characteristics, the system of incentives and constraints/barriers (Spector, 2003). The companies also can increase the appreciation of the psychological nature of employees on the core characteristics of an occupation such as self-esteem, responsibility and knowledge of result.

4.2 The Result of Study on Organizational Culture on Career Planning and Its Impact on Work Motivation and Employee Performance

The results of the effect on the three structures show that the organizational culture at PDAM potentially used as the driving instrument to work motivation and employee Performance, either directly or indirectly through the development of career planning. The dominant effect on career planning compared the cultural organization on work motivation and employee performance shows that employees who are able to plan well in their career will be encouraged to improve their work motivation and performance. This aligned with the opinion by Werther and Davis (1996) that the improvement in performance, loyalty to company, and work motivation are the outcomes expected in the career planning. In career planning, employees have a clear picture about the future of their career so that employees are encouraged to demonstrate motivation and performance (Greenhaus, 1998).

The results on the influence of organizational culture on career planning and its impact on employee motivation and performance aligned with the opinion by Vroom in Schermerhorn (2005) that indicate the need for the work motivation instrument that refers to the value of the individual in achieving expected performance of employees in accordance with the objectives of the organization. In this case, the interaction between the organizational culture, career planning, work motivation and employee performance. The results of this study confirms the existence of the factors forming the performance of that work motivation and employee performance are affected by organizational culture as a factor of opportunity and career planning as a factor of ability.

4.3 The Result of the Effects of Organizational Culture on Career Planning

The positive influence of organizational culture on career planning shows that the stronger of hiring the employees on a shared understanding system in the organization, the higher the awareness of employees to understand their position in the company, identify career goals and establish a plan of action to achieve the goal of their career. Johannes (1997) stated that the effect of organizational culture on career planning is a form of organizational cultural benefits for the organization and the development of human resources.

The influence of organizational culture derived from outside factors of the career planning which found have more dominant effect on career planning. The results suggest that the organizational culture at PDAM have not been fully effective to improve the quality of career planning. It also shows that other factors outside of organizational culture have the decisive role in improving the ability of employees to plan their career well.

Other influence of career planning than organizational culture is the dependent on management career of the company and the employee's ability to carry out its duties and functions within the company. The career management system developed by the company to provide career choices and prepare succession plans for employees, measure employee potential and training needs, and match the needs of the organization with the ability of employees (Mathis & J. Jackson, 2002). The company's career management supporting career planning can be done through three roles, namely: i) career education in an effort to stimulate, motivate, and enlighten the employees on their career; ii) provide the necessary career information such as job descriptions, job specification and performance standards, so that employees can formulate a career plan that makes sense to them through existing career path; and iii) career guidance conducted through awareness of interests and the ability of employees to choose the most appropriate career path through aptitude tests associated with the likelihood of the most effective career path (Werther & Davis, 1996).

The ability of the individual in terms of knowledge and skills possessed is one of the starting points of awareness of employees beside the existence of interest in career planning. The employees with limited capabilities such as having low level of education, will be less motivated to do career planning well. This resulted due to the large disparity between the ability of current employees with the skills required for a career. The characteristics of individual ability in the performance of duties and functions provide an anchor career and limit an individual's career choice. It is been stated by Shein in Marihot (2002) that an individual's career anchor can be of type functional or technical, managerial, creativity, autonomy and independence or security.

4.4 The Result of the Effects of Career Planning on Work Motivation and Employee Performance

The positive influence of career planning on work motivation and performance of employees indicate that increased awareness of employees to plan his career will encourage the growth of the willingness of employees to increase its efforts in achieving the organization's objectives. According to Herzberg in Schermerhorn (2005), a motivation is the willingness

of employees to increase efforts to achieve organizational goals conditioned by the ability to satisfy the needs. Thus, the higher the awareness of employees to plan their career, the higher employees motivation. The results are consistent with the theory of goal setting states that the more specific goals, challenges, and feedback, thus the work motivation will be higher in performance achievement by organization's members (Robbins, 2001).

The career planning will encourage employees to open the true potential of the employees because they have specific career goals which they will continue to improve and develop these potential towards the achievement of organizational goals. Likewise, through career planning, employee motivation will increase because their needs are met and the opportunity to advance will be received if the career ladder increases.

The influence of career planning on the performance of employees is accordance with the opinion of Werther and Davis (1996) which states that an increase in performance, loyalty and employee motivation is the expected outcome of career planning. Further Greenhaus (1998) states that employees who have well-planned in their career will have a clear picture of the future of their career and have clear guidelines on the necessary action plans. The career planning beneficial for the company in boosting achievement the performance effectively. The results are consistent with the findings by Noe (1996) that career planning has an influence on the development and performance of employees. Further Noe stated that through the career planning process, there is an increase in voluntary employees' development activities and their performance.

In comparison of the effects, the career planning is a dominant influence on employee performance relative to work motivation which both have same positive direction. The ability of employees to plan their career has a more decisive role in the formation of employee performance. Werther and Davis (1996) stated that an increased motivation and employee performance is a desired outcome of career planning. Based on the comparison between the influence of career planning with external factors on work motivation and employee performance, other factors have greater influence than career planning. These results indicate that the high-low work motivation and employee performance is depending on career planning where it is also determined by other factors such as compensation and employee commitment.

4.5 The Result of the Effects of Organizational Culture on Work Motivation and Employee Performance

The positive influence of organizational culture on employee motivation and performance, both directly and indirectly, through career planning. According to Herzberg in Schermerhorn (2005), motivation is the willingness of employees to increase efforts to achieve organizational goals based on the ability to satisfy the needs. The results are consistent with the theory of goal setting which states that the more specific goals, challenges, and feedback made higher work motivation in achievement of the members' performance of the organization (Robbins, 2001).

The effect of organizational culture on work motivation, either directly or indirectly through career planning. An organizational culture is a form of function in facilitating the creation of individual commitment to a greater thing namely the organization, rather than individual commitment to himself (Robbins, 2001). This will encourage individual's work motivation in the form of increased efforts to achieve the objectives of the organization. The strong organizational culture encourages positive attitudes and behavior of members of an organization which driven by the positive perception that the organization can provide a useful value as expected. The positive attitude and behavior will encourage member organizations to work better and harder in order to achieve organizational goals. The findings by Maglino et al. (1999) showed that a strong corporate culture will increase the motivation of employees where the values of employees aligned with the company's values.

From the comparison of the effects, organizational culture is the more dominant influence on employee performance relative to the work motivation, although the direction of influence are equally positive. These results indicate that organizational culture is the dominant determinant for the employee performance. While in the context of achievement motivation and employee performance, the ability of employees to plan their career is a more decisive role in the formation of employee motivation and performance, compared to the organizational culture. Werther and Davis (1996) stated that an increased in motivation and employee performance is the most desirable outcome of career planning. With a good career plan, employees will have a clear picture of the future of their career, as well as clear guidance on the required action plan (Greenhaus, 1998).

The comparison of direct and indirect influence of organizational culture on work motivation and performance through career planning indicates that the indirect influence of the organizational culture through career planning is greater than its direct effect. This illustrates that planning a career as an intermediate variable that has a decisive role in generating the

contribution of organizational culture in improving motivation and employee performance.

Based on the comparison of the influence of organizational culture on work motivation and employee performance through career planning with external factors, other factors have a large effect that is greater than the influence of organizational culture. These results indicate that although the motivation and employee performance determined by the organizational culture, either directly or indirectly, through career planning also depends on the role of push factors motivation and performance of other employees such as compensation and employee commitment, as well as the competence and employee satisfaction.

5.0 CONCLUSION

1. Organizational culture at PDAM in the province of North Sumatera is still weak. All the characteristics of organizational culture optimally can not be accommodated by the employees, especially the characteristics to focus on the result (outcome orientation).
2. The organizational culture has a positive influence on the career planning with a strong effect. The acceptance of organizational cultural provides opportunities necessary to support the employee's ability to understand his position, identify career goals and establish a plan of action in achieving achieving career goals.
3. The career planning has a positive effect on work motivation and employee performance. The degree of influence on work motivation is quite high, as well as on employee performance. The ability of employees in career planning provide the necessary opportunities to encourage motivation and employees performance. The dominant influence of the career planning on employee performance in comparison to the work motivation indicates that awareness of career employees to plan has a more decisive role in improving the employee performance than the establishment of work motivation.
4. The organizational culture has a positive effect on work motivation and employee performance, both directly and indirectly, through the career planning. The degree of influence, either directly or indirectly, relatively weak. The dominant influence of organizational culture on employee performance indicates that recruitment on shared values within the organization has a more decisive role in improving the performance of employees than in the establishment of work motivation.

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