

# ORGANIZATIONAL CULTURE, COMMITMENT AND PERFORMANCE: CASE OF REGIONAL STATE-OWNED WATER COMPANY IN BORNEO

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**Abstract:** The paper examines the effect of organizational culture on job performance with quality of working life and organizational commitment as mediating variables. The method used in this research is a survey method. The sample consists of all staff in the company PDAM (regional state-owned water company) and they were collected by using questionnaires. This study tested the effect among the variables by using Partial Least Square-Structural Equation Modeling method. The result showed that organizational culture (X.1) does not affect directly to the employee' performance (Y). However, organizational culture (X.1) affects the performance (Y) when mediated by quality of working life (X.2). Meanwhile, organizational culture (X.1) affects significantly the organizational commitment (X.3) directly and indirectly through the quality or working life (X.2). Organizational culture (X.1) significantly affects organizational commitment (X.3). Quality of working life (X.2) has a significant and direct effect on the employees' performance (Y). organizational commitment (X.3) is not significant.

**Keyword:** organizational culture, quality of working life, organizational commitment, performance, PLS-SEM, SmartPLS.

## 1. INTRODUCTION

Human resources is one of the important factors in an organizational system. For that reason, it is the key to achieving the organizational goal. In addition, every organization has their own interests in terms of achieving their goals. This, of course, requires their best performance. Regional State-Owned Water Company (PDAM) Tirta Kandilo Paser Regency is a regional state-owned company (BUMD) engaged in the supply of clean water for the people of Paser Regency. The regional state-owned companies have operated in eight service areas, and one of them is PDAM Tirta Kandilo in Tanah Grogot which runs its activities there. This company is also much dependent on the performance of its employees in providing service to its clients.

The employees' performance is employee's level of success in carrying out their duties and responsibilities.

Any result of their performance requires organizational support in, appropriately, treating the human resources. Furthermore, the quality of work life is the employee's perception of their mental and physical well-being in their workplace (Cascio, 2006). According to Kong, and Ho (2016) the quality of work life has a positive relationship with performance. This theory is supported by a previous research by Asgari, Ahmadi and Jamal (2015), Platis, Reklitis and Zimeras (2015). and Hosmani and Shambhushankar (2014).

There is a phenomenon that occurs in PDAM Tirta Kandilo. Their employees still feel that they are not yet satisfied with their working life. For example, they feel that working life in PDAM is not open to each other, conflict resolution does not work well because employees feel that leadership is unable to provide solutions for problem solving, superiors and subordinate communication is not good and they complain about the low development in

the absence of job training. Basically, there are indications that there is a low organizational commitment so that their commitment is also low.

The employees' views are in contrast to Karim, Khan and Shamim (2017) stating that employees' commitment to their organization can be an important instrument to improve their performance. This theory is supported by a research conducted by Almutairi (2015). Tolentino (2013) and Yeh & Hong (2012). It is stated that a low organizational commitment leads to an organizational culture. Valizadeh & Ghahremani (2012) in his research suggests the higher organizational culture has an effect on the high working life. Thus, organizational culture can create progress on all components of the quality of working life. In other words, every component of the quality of working life is influenced by organizational culture. This research supports the previous research by Fardipoor (2000), Chen and Aryee (2007). Hazrati, Zohdi, Zohdi and Dalvand. (2012) and Leblebici (2012) who stated that organizational culture has a significant influence on the quality of working life.

According to Robbins and Judge (2008:259), one specific outcome of a strong organizational culture is a decline in employee turnover. Therefore, the harmony of goals achieved by the employees and organizations through culture will build an organizational commitment within the employees in the organization. The theory is supported by a previous research by Sahito and Vaisanen (2017). Mitic et. al., (2016) stated that certain dimensions of organizational culture have a significant effect on organizational commitment.

Referring to the above description, there is a fairly clear gap between the existing reality and the theory that has been tested for reliability from some previous empirical studies. For that reason it needs further empirical studies fill in this gap. In connection with this problem, this study attempts to examine the effect of organizational culture on performance with quality of working life and organizational commitment as the mediation variables.

## **2. LITERATURE REVIEW**

Gilboa, Shirom, Fried and Cooper (2008) stated that the quality of working life (X) determines performance (Y).

Using nine components, the quality of working life has a significant relationship with the employees' performance. The most influential component is the balance between individual life and working life. In addition, Tolentino et. al., (2013) stated, for academics and non-academic staff, organizational commitment (X) and performance (Y) relationship does not have a uniform relationship. That is, affective commitment is significantly correlated with the performance of academic staff, while in the administrative staff, none of the dimensions of commitment is related to employee performance.

Parvar, Allameh & Ansari (2013) examined the relationship of quality of working life (X) with organizational commitment (Y). The conclusion is that the quality of working life directly affects organizational commitment. If the quality of working life is high, organizational commitment will also be high. Meanwhile, Hayes and Bonner (2015) examined the relationship of quality of working life (X) and organizational commitment (Y) of the administrative staff. The result is that there is a positive and significant relationship between the quality of working life and organizational commitment. That is, the quality of work life positively affects organizational commitment.

Deery and Jago (2015) and Mosadeghrad (2013) examined the impact of quality of working life (X) on organizational commitment (Y). The results show a positive and significant relationship between the components of quality of work life and organizational commitment. Since the components of the quality of working life have a significant effect on organizational commitment, the quality of working life is considered an important factor in increasing organizational commitment owned by employees.

Unlike Deery and Jago (2015) and Moshadeghrad (2013), While Habib, Aslam, Hussain, Yasmeen and Ibrahim (2014) examined the effect of organizational culture and job satisfaction against organizational commitment in improving employees' performance. Organizational cultures (X1), job satisfaction (X2), organizational commitments (X3) simultaneously affect each other and at the last stage, they affect the employee's performance (X4). Organizational culture has a positive and significant impact on job satisfaction.

Yet, organizational culture has a positive and significant effect on organizational commitment.

But, job satisfaction has a positive and significant effect on organizational commitment. Organizational commitment has a positive and significant impact on employees' performance. However, organizational culture has a positive and significant effect on employee performance. In the end, job satisfaction has a positive and significant impact on performance.

### **Organizational Behavior**

Organizational behavior is a study that concerns aspects of human behavior in an organization or a particular group. It covers aspects generated from the influence of the organization on humans as well as the aspects resulting from human influence on the organization. According to Sinha (2012), the factors that affect the development of perception are psychology, family, and culture. Yet, organizational culture is what employees feel and how their perception creates an exemplary pattern of beliefs, values, and expectations. Culture is an exemplary pattern of basic acceptance when it is discovered, or developed by a particular group as a learning effort to overcome the problem. In relation to this evidence, Robbins & Judge (2008: 256) argued that organizational culture refers to a system of shared meanings shared by members that differentiate the organization from other organizations. There are five functions of organizational culture that are very important for organizational progress. They are such as boundary, identity, commitment builder, stabilizer, and control mechanism. All these will guide and shape the employees' attitudes and behavior.

### **The Relationship among Variables and Hypotheses**

**The effect of organizational culture on quality of work life:** Organizational culture is a variable that significantly affects the quality of working life in private and public sectors employees in Nigeria (Benjamin, 2013). According to Alharbi (2017) problems that often arise in the creation of quality of working life can be classified based on human conditions, organizational conditions, and physical conditions of the work environment. Valizadeh & Ghahremani (2012) stated that the higher organizational culture also leads to the higher quality of

working life. Previously, Hazrati (2009) and Almutairi (2015) stated that organizational culture has a significant effect on the quality of working life.

**H1:** Organizational culture significantly affects the quality of working life.

**The effect of organizational culture on organizational commitment:** Mitic et. al., (2016) stated that organizational culture is a variable that positively and significantly affects organizational commitment. A strong organizational culture indicates a high agreement between members about what the organization believes. According to Robbins, Judge and Millet (2015) the harmony of among the organization and employees for this purpose can build a cohesiveness, loyalty, and organizational commitment.

**H2:** Organizational culture has a significant effect on organizational commitment.

**The Effect of Quality of Working Life on Performance:** According to Katz, Kochan and Weber (1985) the quality of working life has a positive relationship with performance. This means that if the quality of working life in a good organization, the employees. Performance will be higher. The quality of working life is a variable that significantly affects employees' performance as evidenced by Asgari et. al., (2012), Azril et. al., (2010).

**H3:** The quality of working life significantly affects performance.

**The effect of organizational commitment on performance:** Organizational commitment is very influential factor towards the performance, where strong commitments to the organization proved to increase job satisfaction, reduce absenteeism and improve performance. Khant et. al., (2010) stated that employees' commitment to their organization can be an important instrument for improving the employees' performance. Based on this argument, it can be concluded that there is a significant effect between organizational commitment and performance. This argument is also supported by the study of Memari et. al., (2013), Tolentino (2013) and Yeh & Hong (2012).

**H4:** Organizational commitment significantly affects performance.

**H5:** The quality of working life significantly affects organizational commitment.

**The Effect of Organizational Culture on Performance:** Organizational culture is one of the supporting factors for improving the employees' performance. Organizations that take account of the organizational culture factors will improve the organization quality. Organizational culture becomes one of the work guidelines to improve employees' performance for getting more optimal. According to Uddin et. al., (2012) organizational culture is a variable that significantly affects employees' performance. Alharbi and Alyahya (2013) also argued that certain dimensions of organizational culture have a strong effect on employees' performance. This means there is a positive and significant correlation between organizational culture and employees' performance (Ponnu & Hassan, 2015).

**H6:** Organizational culture significantly affects performance.



Figure 1: Framework of Research Model

### 3. RESEARCH METHODOLOGY

#### Location, Population, and Sample

This research takes its object at the office of regional state-owned water company (PDAM) Tirta Kandilo, the Regency of Paser Tanah Grogot, the Service Unit located on DI Panjaitan street No. 67, the Village of Batang Batang, Tanah Paser, East Kalimantan (Borneo),

76211. Phone. / Fax: 0543-5235001. The population in this research consists of the PDAM Tirta Kandito's employees with the total number of 60 employees. The sample was derived from all employees of PDAM Tirta Kandilo with the total number of 60 employees. The data were the primary data and they were collected using questionnaire distributed to them directly.

#### Variables and the Instruments

There are three independent variables such as organizational culture, quality of working life, and organizational commitment. The dependent variable is the performance. The instrument is a questionnaire with the question representing the indicators that are divided into various items. Table 1 shows the instrument summary for the variables' measurement.

#### Scoring Technique

Scoring technique for measuring the research instrument was done by using Likert scale with scoring scale (score) 1 to 5, with variation of answers for each question item such as "strongly agree/able", "agree/able", "quite agree/ quite able", "Disagree/not able" and "strongly disagree/ very inadequately". Each answer option is given a value of 1 for negative extreme answers and a 5 for a positive extreme answer. The answers of all respondents were grouped and processed further using Structural Equation Model (SEM) approach using Partial Least Square (PLS) software.

#### Data Analysis Technique

The data analysis for hypothesis test was done by using SmartPLS software. SmartPLS was used due its advantages such as the data are not necessarily multivariate-normal distribution (indicator with category scale, ordinal, interval until ratio can be used on same model) and the sample size should not be large (Ghozali, 2011). In addition, there are two steps that must be done in running the analysis using PLS. The first stage was the measurement model (outer model) by testing reliability and validity. Then, the second stage was to test the structural model (inner model) which includes the prediction capability of a model and the relationship between variables.

**Table 1**  
**The Instrument Details for Research Variable Measurement**

<i>Variable</i>	<i>Dimension</i>	<i>Indicators</i>	<i>Number of Items</i>	
Naranjo-Valencia, Jiménez-Jiménez, Sanz-Valle (2016)	Innovation and Brave to be risk-taking	1. Employees are encouraged to think creatively in doing the work. 2. Employees are ready to take risk in doing work	2	
	Attention to Details	3. Employees are required to complete the job properly. 4. Organizations motivate employees to pay more attention to detail in doing the job	2	
	Result-Oriented	5. Employees always work by emphasizing maximum result	1	
	Individually-Oriented	6. Employees try to do the job seriously.	1	
	Aggressiveness	7. Employees do a healthy competition among employees in doing the job.	1	
	Stability	8. Employees feel comfortable with the condition of the organization.	1	
	Shen, Benson, and Huang (2014) Vinopal (2012) Ukko, Tenhunen, Rantanen (2008) Pruijt (2000)	Fair and right compensation	1. Employees feel the salary given in accordance with the results of his work and enough for daily needs.	1
		Secure and healthy working environment	2. Employees are satisfied with the conditions of a healthy and safe environment.	1
Opportunity to use and develop their working competency		3. Employees feel the opportunity to use and develop their work skills.	1	
Opportunity to always develop and secure working life		4. Employees feel safe and satisfied with career in company.	1	
Social interaction in the working place		5. Employees are satisfied to establish relationships with colleagues and superiors in the office.	1	
Employees' rights in their companies		6. Companies respect the employees' rights. 7. Company gives freedom to express (opportunity to express opinion).	2	
Working effect on their whole works		8. There is no adverse effect of employees' work on the family or employees' routines. 9. Employees are satisfied with the division of work schedules with time off.	2	
The Company's social responsibility		10. Employees are satisfied with the company's image in society. 11. Employees are satisfied with the service and quality of products produced by the company.	2	
Organizational Commitment (Froese and Xiao, 2012) Dirani and Kuchinke, 2011)		Affective Commitment	1. Employee pride becomes part of the organization. 2. Emotional attachment of employees to the company.	2
		Continuous Commitment	3. Employees feel heavy & feel the loss to leave the organization. 4. Fear employees if out of the organization will not get a similar job.	2
		Normative Commitment	5. Employees believe that loyalty is important and is a moral obligation. 6. Employees continue to work in the company because employees feel the company relies on them in carrying out operational activities.	2

*(Contd..)*

<i>Variable</i>	<i>Dimension</i>	<i>Indicators</i>	<i>Number of Items</i>
Employees' Performance (Mathis and Jackson, 2006:378)	Work Quantity	1. Employees can achieve targets set by the company.	2
	Work quality	2. Employee work results in accordance with the standard quality of the company.	2
		3. Accuracy of employees in carrying out a given task.	
	Time Utilization	4. Employees can use the time efficiently in carrying out a given task.	2
		5. Employees like to procrastinate/delay work.	
	Presence	6. Employees present work on time.	1
	Cooperation	7. Employees can appreciate each other and help each other.	1

#### 4. RESULTS AND DISCUSSION

##### The Analysis of Respondents' Characteristics

The analysis of the data about the respondents' characteristics was done to describe the characteristics of the employees of PDAM Tirta Kandilo Service Unit, Tanah Grogot. The number of the population is 60 respondents, in which 41 (68%) are male. Among these employees, 42 are the full time employees and 18 are under contract or outsourcing. The number of the customers is 10.171 households. The majority of them are working under 5 years (50%) and above 10 years 20%. From education side, 17 employees are undergraduate level and 2 employees master degree level. This means 30% of the employees are undergraduate and the rest of 37 are secondary school levels or at this same level. Among them 55% are married.

##### Outer Model Measurement

At this stage, it is the test of the reliability and validity for the research model. Reliability test was done by using the reference of composite reliability and cronbach alpha whereas the validity tests using the reference convergent and discriminant validity.

##### Reliability Test

The test of reliability was done using the reference to the value of composite reliability and cronbach alpha for independent variables. This produced a composite reliability value above 0.84 and for cronbach alpha above 0.74. Thus, it can be said that the independent variable used in this research is reliable.

##### Validity Test

The test of validity for the research constructs is referred to two aspects: convergent and discriminant validities. To test the convergent validity, this study used the value of outer loading with a value of 0.708 or more and average variance extracted (AVE) with a default value of 0.50 or more.

**Table 2**  
**The AVE Value of Structural Model**

<i>Latent Construct</i>	<i>AVE</i>	<i>Minimum Standard</i>	<i>Criteria</i>
Organizational Culture	0,396944	0,5	Not valid
Performance	0,542720	0,5	Valid
Organizational Commitment	0,505574	0,5	Valid
Quality of Working Life	0,473510	0,5	Not Valid

As based on the first validity test presented in Table 2, the AVE score result shows that the latent constructs for organizational culture and the quality of work life proved to be invalid because the value of AVE for both constructs is still below the standard value of 0.5. Form this, it indicates that some items that have the value of Loading Factor below 0, 6 must be issued in the 2nd structural model to allow the value of the latter two AVE variables so that it can increases.

After that, the cleaning was done by removing items that loading factor values are below 0, 5. Outer loadings (convergent validity) of latent organizational construction items, quality of work life, organizational commitment and performance indicate there is no invalid item because all their value is more than 0.5.

**Table 3**  
**The AVE Value of the 3<sup>rd</sup> Structural Model**

Latent Construct	AVE	Minimum Standard	Criteria
Organizational Culture	0,505346	0,5	Valid
Performance	0,620351	0,5	Valid
Organizational Commitment	0,505547	0,5	Valid
Quality of Working Life	0,505185	0,5	valid

Referring to Table 3, it shows that the entire latent constructed prove to be valid because the AVE values are higher than 0.5 which is the minimum standard value

in smartPLS. In addition, Cross Loadings (Discriminant Validity) test results against latent construction items that show all items proved valid because the correlation value of cross loading of the latent construct is higher than the cross loading correlation to other latent constructs.

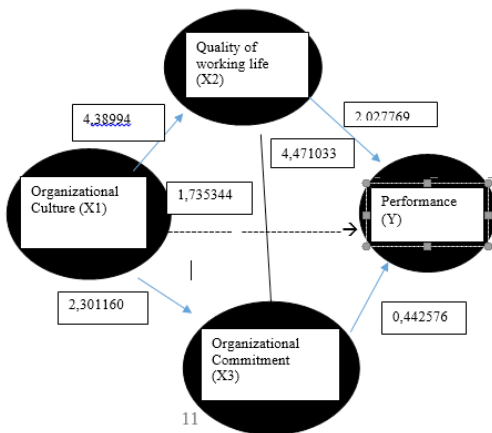
**Hypothesis Testing**

The next is to test the effect whether it is significant or insignificant between the variables studied in this study. This is done to test the hypothesis using a statistical value for alpha 5% *t*-table value that is 1.96 as listed in Table 4.

**Table 4**  
***t*-Statistics of Inner Fit Structural Model**

Hypotheses	Effects between Constructs	Path Coefficient	T Statistics	T Table	Results
H1	Organizational culture → Quality of working life	0,459204	4,389945	1,96	Affects significantly
H2	Organizational culture → Organizational Commitment	0,283267	2,301160	1,96	Affects significantly
H3	Quality of Working life → Performance	0,386077	2,027769	1,96	Affects significantly
H4	Organizational Commitment → Performance	0,091006	0,442576	1,96	Affect but not significantly
H5	Quality of working life → Organizational commitment	0,529499	4,471033	1,96	Affects significantly
H6	Organizational culture → Performance	0,234252	1,735344	1,96	Affect but not significantly

Based on the results of hypothesis testing, the end of this research model when built from the effect of significant variables can be illustrated in Figure 2.



**Figure 2: Significant Effects on Research Variables**

**The Effect of Organizational Culture (X.1) on Quality of Working Life (X.2)**

The first hypothesis testing was conducted to examine the effect of organizational culture (X.1) on working life quality (X.2). To prove whether there is a significant effect

or not, this study compared the *t*-statistical value of the result of bootstrapping with *t*-table. Based on table 4, it indicates that the value of *t*-statistic > *t*-table, namely: 4.389945 > 1.96. It can be concluded that organizational culture (X.1) proved to have a significant effect on the quality of working Life (X.2), at a significance level of 5%, with a degree of effect of 0.459204 or 45.92).

The coefficient of relationship direction is positive, meaning that the higher organizational culture (X.1), the higher the quality of working life (X.2) is. The degree of the effect is a strongly enough category because it is between 0,400- 0,599 (Sugiono, 2013: 215). The results of this study support the study by Benjamin (2013) and Valizadeh & Ghahremani (2012) who found that organizational culture significantly affects the quality of working life, the higher the organizational culture, the higher the quality of working life is.

**The Effect of Organizational Culture (X.1) on Organizational Commitment (X.3)**

The second hypothesis testing was done to test the effect of organizational culture variable (X.1) on organizational

commitment (X.3). To prove whether there is a significant effect or not, this study compared the *t*-statistic value of the result of bootstrapping with *t*-table. As presented in Table 4, it is known that *t*-computed > *t*-table, namely: 2.301160 > 1.96. It can be concluded that Organizational Culture (X.1) proved to have a significant effect on Organizational Commitment variable (X.3) at 5% significance level with big influence 0,283267 or 28,33%.

The direction coefficient of the relationship is positive, meaning the higher Organizational Culture (X.1) the higher the Organizational Commitment (X.3) the strength of its influence is in weak category because it is between 0,200 and 0,399. (Sugiyono, 2013: 215). The results of this study support the results of research conducted by Mitic et. al., (2016), which proves there is a positive and significant influence between Organizational Culture (X.1) on Organizational Commitment (X.3). This study reveals that organizational culture is a positive variable and it has a significant effect on organizational commitment.

#### **The Effect of Quality of Work Life (X.2) on Performance (Y)**

The third hypothesis testing was conducted to test the effect of working life quality (X.2) on performance (Y) variable. To prove whether there is a significant effect or not, this study compared the *t*-statistical value of the result of bootstrapping with *t*-table. Based on Table 4, it can be identified that the value of *t*-arithmetic > *t*-table, namely: 2.027769 > 1.96. It can be concluded that the variable of quality of working life (X.2) proved to have a significant effect on performance (Y) at 5% significance level with the effect of 0,386077 or 38,6%.

The coefficient of relationship direction is positive, meaning the higher the Quality of Work Life (X.2), the higher the Performance (Y), the degree of the effect is weak because it is between 0,200 to 0,399 (Sugiono, 2013: 215). The results of this study support Asgari et. al., (2012) and Azril et. al., (2010) which also proved that there is significant effect of quality of work life (X.2) on performance (Y).

#### **The Effect of Organizational Commitment (X.3) on Performance (Y)**

The fourth hypothesis test was conducted to test the effect of organizational commitment (X.3) to performance (Y).

To prove whether there is a significant effect, this study compared the *t*-statistical value of the result of bootstrapping with *t*-table. Based on Table 4, it can be seen that the value of *t* arithmetic < *t*-table, i.e., 0.442576 < 1.96. It can be concluded that the variable of quality of working life (X.2) proved to have no significant effect on Performance (Y) variable at 5% significance level with big influence 0,091006 or 9,1%.

The direction coefficient of the relationship is positive, meaning that the higher the organizational commitment (X.3) the higher the performance (Y). The degree of the effect is very weak because it is between 0,000 and 0.199 (Sugiono, 2013: 215). The results of this study support Sriekaningsih and Setyadi (2015) which also proves that there is no significant effect of Organizational commitment (X.3) on performance (Y) but does not support the results of research conducted by Khan et. al., (2010) i.e., there is a positive effect as well as Tolentino (2013) and Yeh & Hong (2012) also find organizational commitment (X.3) has a significant effect on performance (Y).

#### **The Effect of Quality of Working Life (X.2) on Organizational Commitment (X.3)**

The fifth hypothesis testing was conducted to examine the effect of Life Quality Work (X.2) variable on Organizational Commitment (X.3). Proof of whether or not there is a significant influence is done by comparing the *t*-statistical value of the result of bootstrapping with *t*-table. Based on table 4, note the value of *t* arithmetic > *t*-table, namely: 4.471033 > 1.96. It can be concluded that the variable of Quality of Work Life (X.2) proved to have significant effect to Organizational Commitment variable (X.3) at 5% significance level with big influence 0,529499 or 52,95%. The coefficient of the relationship direction is positive, meaning the higher the Quality of Work Life (X.2) the higher the Organizational Commitment (X.3), the strength of its influence is quite strong because it is between 0,400 to 0,599 . The results of this study support Gupta (2014) and Parvar et. al., (2013) also proves that there is a significant effect on the Quality of Working Life (X.2) on Organizational Commitment (X.3) in his research stating that the quality of a good working life will increase organizational commitment of the employees.



### **The Effect of Organizational Culture (X.1) on Performance (Y)**

The testing of the sixth hypothesis was conducted to examine the effect of organizational culture (X.1) on performance (Y). To verify whether the effect is significant or not, this study compared the *t*-statistical result of bootstrapping with *t*-table. Based on Table 4, it is noted that the value of *t*-arithmetic < *t*-table, namely:  $1.735344 < 1.96$ . It can be concluded that organizational culture (X.1) proved to have no significant effect on performance (Y) at significance level of 5%, with effect degree of 0,234252 or 23, 43%.

The coefficient of relationship direction is in the form of positive, meaning the higher Organizational Culture (X.1) then the higher the Performance Quality (Y). The power of influence falls into the weak category because it is between .200 and 0.399 (Sugiono, 2013: 215). The result of this study does not support the results of research conducted by Uddin et. al., (2012) who found that organizational culture had a significant effect on performance.

### **The Effect of Organizational Culture (X.1) on Performance (Y) through Quality of Working Life (X.2)**

Organizational culture (X.1) has a direct significant effect on the quality of working life (X.2) with the path coefficient that is: (0,459204) or (45,92%) and *t*-statistic value of  $4,389945 > 1,96$  (significant). Quality of working life (X.2) has a direct significant effect on performance (Y) with path coefficient of 0.386077 or 38.6% and statistic *t*-value of  $2.027769 > 1.96$  (significant). Since both direct effects are significant, there is an indirect effect of organizational culture (X.1) on performance (Y).

Through the quality of working life (X.2), it is proved to have a significant effect with the statistic test > *t*-table i.e.,  $2.822285 > 1.96$  and the two-tailed probability value  $0.0048 < 0.05$ . It is has a strong effect with 0.58156 or 58.16% because it is between 0,400 to 0,599. In contrast, the direct effect of organizational culture (X.1) on performance (Y) was obtained with the coefficient of 0.234252, with *t*-computed of  $1.735344 < 1.96$  (not significant). The direct effect is smaller than the indirect effect (23.43% < 58.16%) but the direct effect is

not significant while the indirect effect is. This shows the effect of organizational culture (X.1) on performance (Y) is more indirect.

### **The Effect of Organizational Culture (X.1) on Organizational Commitment (X.3) through Quality of Working Life (X.2)**

Organizational culture (X.1) has a direct significant effect on the quality of working life (X.2) with path coefficient that is: (0, 459204) or (45, 92%) and *t*-statistic value of  $4,389945 > 1, 96$  (significant). Quality of working life (X.2) has a direct significant effect on organizational commitment (X.3) with path coefficient of 0,529499 or 52, 95% and statistic *t*-value  $4, 471033 > 1, 96$  (significant). Because both direct effects are significant, there is an indirect effect of organizational culture (X.1) on organizational commitment (X.3) through quality of working life (X.2). It is proved to be significant with statistic test > *t*-table i.e.,  $3.337846 > 1, 96$  and its two-tailed probability value of  $0.00084 < 0.05$ .

The effect degree is 0.617281 or 61.73%. Thus it is strong because it is between 0.600 and 0.799. In contrast, the direct effect of organizational culture (X.1) on performance (Y) that obtained the coefficient of 0.234252, with *t*-computed of  $1.735344 < 1.96$  (not significant). The direct effect is smaller than the indirect effect (23.43% < 61.73%). Yet, the direct effect is not significant while the indirect effect is.. This shows the influence of organizational culture (X.1) on performance (Y) is more indirect.

### **The Effect of Quality of Work Life (X.2) on Performance (Y) through Organizational Commitment (X.3)**

Quality of working life (X.2) has a direct significant effect on organizational commitment (X.3) with the path coefficient of 0,529499 or 52, 95% and *t*-statistic value  $4,471033 > 1,96$  (significant). Organizational commitment (X.3) has no significant direct effect on performance (Y) with the path coefficient of 0.091006 or 9.1% and *t*-statistic of  $0.442576 < 1.96$  (not significant). This is due to the fact that one of the direct effects is not significant, hence there is indirect effect of quality of working life (X.2) on performance (Y) through organizational commitment

(X.3). This is proved to be not significant with the sobel statistic test  $< t$ -table that is  $0,891756 < 1.96$  and the two-tailed probability value is  $0.372523 > 0.05$ .

The degree of the effect is  $0.644213$  or  $64.42\%$  so that it is in the strong category because it is between  $0.600$  to  $0.799$  (Sugiono, 2013: 215). In contrast, the direct effect of quality of working life (X.2) on performance (Y) obtained the coefficient of  $0.386077$ , with  $t$ -computed  $2.027769 > 1.96$  (significant). The direct effect is smaller than the indirect effect ( $38.61\% < 64.42\%$ ). However, the direct effect is significant while the indirect effect is not. This shows the effect of quality of working life (X.2) on performance (Y) is more direct or not indirect.

## 5. CONCLUSION

Having got the evidence of the research results, this study shows that organizational culture has a significant and positive effect on the quality of working life and the employees' organizational commitment, In addition, the quality of working life has a positive and significant effect on performance but the organizational commitment has no significant effect on the employees' performance. However, the quality of working life has a positive and significant effect on organizational commitment. Yet, the organizational culture proved to have no significant effect on employee performance as well.

### Managerial Implications

The results of the test on the effect of organizational culture on performance with quality of working life and organizational commitment as the mediation variables, provide some references that can be used as an input for PDAM Tirta Kandilo Service Unit Tanah Grogot as the object of research in this study.

First, organizational culture should no longer be viewed as a legacy of the past or just as a written guideline for the organization. Instead, organizational culture should be viewed as a strategy for managing the competition. As evidenced, the organizational culture can affect the employees' quality of working life and organizational commitment in PDAM Tirta Kandilo UP employees. Grogot Ground. The higher the organizational culture will be the higher the quality of work life and organizational

commitment. The most prominent culture owned by PDAM Tirta Kandilo employees is doing their job on time. They do not like to procrastinate the work. Besides, they have attention to the details that can be seen from employees' doing their work thoroughly.

Secondly, the quality of working life in PDAM Tirta Kandilo is good, but it should always be improved for better performance. This is due to the quality of working life that can directly affect the employees' performance and organizational commitment. Besides that, the quality of working life can mediate the organizational culture on the performance and organizational culture towards organizational commitment. The application of quality of working life within the company is by involving the employees in decision making in their work. In accordance with the position, authority, and position of each is indispensable. It is important that the employees have to take responsibility for the policies of the company as this will directly affect their working life. It is, therefore, expected that management provides an opportunity for the employees to participate in decision-making especially, operationally by getting input, listening to suggestions, and the opinions.

### Theoretical Implications

First, the organizational culture has a positive and significant effect on the quality of working life. This is in accordance with Tirana's result (2015: 153) and it supports the previous studies conducted by Valizadeh & Ghahremani (2012) and Benjamin (2015) that had similar results. Second, organizational culture has a positive and significant effect on organizational commitment. This is in accordance with the theory put forward by Robbins & Judge (2008: 259) and it also supports the previous studies by Mitic et. al., (2016) that get the same result. Third, the quality of work life positively and significantly influences the performance. This is in accordance with Asgari et. al., (2012), Azril et. al., (2010), that all had the same results. Fourth, organizational commitment has no significant effect on performance. This is not in accordance with Robbins & Judge (2013: 543) in whom they revealed that there is a strong relationship between organizational commitment and employees' performance. This result also does not

support the previous studies by Khan et. al., (2010), Tolentino (2013) and Yeh & Hong (2012) which get different results. Fifth, the quality of working life positively and significantly affects organizational commitment. Sixth, organizational culture has no significant effect on performance, this is not in accordance with the theory put forward by Robbins & Judge (2008: 259) and supports previous research conducted by Uddin et. al., (2012) and Ponnu & Hassan (2015) For the future, the researchers should expand the study in the wider range of industry to have more generalizable conclusion for providing the constructive input for the company's development.

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