

# Influence of Individual Characteristics, Organizational Culture and Work Motivation to Satisfaction and Performance of Hand-Rolled Cigarette Workers at the Cigarette Industry in Madura

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**Abstract:** *The role of Human Resources is very vital as the subject of executor for policy operational activities of the company. This study is intended to test and analyze the influence of individual characteristics, organizational culture and work motivation to satisfaction and performance of the hand-rolled cigarette workers in Madura. This study applies free variables (individual characteristics, organizational culture, and work motivation), intermediary variable (work satisfaction), and bound variable (employee performance). Population of this research is at the amount of 1,478 (one thousand four hundred seventy eight) persons with the amount of samples of 170 (one hundred seventy) respondents of the hand-rolled cigarette workers. The samples in this study are taken by using the Stratified Proportional Random Sampling Method. Data are collected through list of questions and analyzed by using the Structural Equation Method by applying the AMOS Program. Analysis indicates the outputs as follows: One (1) non-significant influence and six (6) hypotheses with significant influences. The non-influential hypothesis is the individual characteristics to the work satisfaction. Whereas the significant influential hypotheses, namely the variables: of individual characteristics to the work performance, of the organizational culture to the work satisfaction, of the organizational culture to the work performance, of the work motivation to the work satisfaction, of the work motivation to the work performance and of the work satisfaction to the work performance. Outputs of this study are expected to be able to be used as consideration for the management of cigarette industry in Madura in its efforts to improve the performance of its employees as well as for the Regional Government Administration in increasing its regional tax revenue.*

**Keyword:** Individual characteristics, organizational culture, work motivation, satisfaction and work performance.

## 1. Introduction

Cigarette industry as an organization has already become a pot for a cooperation of a group of people to achieve a certain goal. Organization consists of individuals whose masterworks will become the pillars to achieve the results. Effectiveness of an organization depends largely on the elements inside, namely 'Human Resources'. One of the Human Resource components in cigarette industry is the bottom line workers, or the bottom line employees who are involved a lot in production activities. Amount of the bottom line employees are relatively bigger than the others. The highest educational level of the bottom line employees is senior high school and lots of their activities are directly involved physically in production process. Work spirit and work motivation of bottom line employees have sufficiently given big contribution to productivity and efficiency of the production.

This research is important to be carried out because from the view point of cigarette industrial development, it has a tendency to change continuously in line with the progress in this era of globalization and the industrialization process in Madura island. Later on in the future, this research is expected to be able to be used as a consideration for all the stakeholders of cigarette industry in Madura in order to continuously improve the quality of Human Resources, so that their potentials can be continuously used as an effort to improve the people welfare.

Through the activities of this research, it is expected to be able to open the space for the businessmen to convey their inputs for the progress of cigarette industry in Madura. Outputs of this study are also expected to be able to produce the patterns and types of problem handlings pursuant to the industrial needs, particularly to be used as a basis to improve the employee performance in the scheme of human resources development at the cigarette industry in Madura.

Human resources become the most important asset of the company due to their role as the subject of the executor of policy and activities of the company operation. In order to get the company remains exist, it has to be brave to face the challenges and their implications, namely to face the changes and to win the competition. The company resources, such as capital, method and machines cannot give satisfactory results if they are not supported by human resources with optimum performance.

The company in improving and maintaining quality of its human resources must be able to manage its employees as best as possible, so that the employees can establish high performance. Several things able to influence the employee performance, among others are as follows: individual characteristics, organizational culture, work motivation, and others. The potential of human resources has to be utilized as best as possible to run the company functions with the commitment already been agreed by both parties, namely the superior and subordinates (employer and employees).

This research is different from the outputs of some previous ones. This research studies the performance of the hand-rolled cigarette workers at the cigarette industry in all business scales. The research is to study the factors influencing the employee performance through work satisfaction as the intervening variable. It is different from the previous research which is generally performed at the big scale private industries, while the ones having the research in small scale industry and home-made industry (micro) are still very limited. The limited research on small scale industries is explained by Duncan (2007:35) that although the small scale enterprises have a big contribution to the economy, in general the researches in the fields of marketing and management still give more focus on big scale companies.

Discussing about the employee performance cannot be separated from the factors able to influence the work satisfaction of someone. The work satisfaction can be achieved and fulfilled if some influencing variables can support it. The said variables are the Individual characteristics, organizational culture and work motivation.

## 2. Literature Review

Some theories are taken to be the basis in implementation of this study. The theories related to variables of the research cover as follows:

### a. Individual Characteristics

According to Robins (2008:113), individual characteristics is something owned by someone in which inside it consists of *the demographical characteristic variable, ability, and personality*. The demographical characteristics cover: *age, sex, marital status, number of dependents and service period*. The personality characteristics cover: *personality, attitude, and someone's need* taken along into the work atmosphere.

### b. Organizational Culture

According to Schein (1985:23), Organizational Culture is a basic assumption pattern found, dug up, and developed by a group of people as an experience in solving a problem, adjustment to external factors as well as the internal integration running meaningfully, so that it needs to be taught to the other new members in order to have the proper perception, thought and feeling in facing the organizational problems.

### c. Work Motivation

According to Jones and George (2008:119), work motivation is a psychological power determining the direction, level of business and perseverance of someone. Each worker has different motivation or stimuli in order to be willing to work well to meet his needs.

### d. Employee Satisfaction

Work satisfaction, according to Celluci and De Vries (1978:124), is the overall outputs of the degree of *like or dislike feeling* of an employee on various aspects of his works.

### e. Employee Performance

According to Bernadin and Russel (1993:179), the employee performance is an output produced by an employee from the work assigned to him in a certain period of time.

## 3. Research Methodology

### 3.1 Population and Samples

Population in this research consist of the whole hand-rolled cigarette workers in production department of the cigarette industry in Madura at the total of 1,478 (one thousand four hundred seventy eight) persons. There are 170 (one hundred seventy) respondents for this research.

### 3.2 Sources of Data and Data Collecting Method

Sources of data in this research are the primary as well the secondary data, whereas data collecting is carried out through interview and questionnaire.

### 3.3 Variable Measurement

The research variables are measured by using the Likert Scale with 5 (five) options, namely: Absolutely Disagree (1), Disagree (2), Neutral (3), Agree (4), and Completely Agree (5).

### 3.4 Technique of Data Analysis

The analytical model applied in this research is the gradual structured model and in order to test the presented hypothesis, this study applies the Structural Equation Modeling (SEM) operated by using the Analysis of Moment Structure (AMOS).

## 4. Findings and Discussion

Validity test and significance test for each indicator forming the constructs in all variables are presented in Table-1.

**Table 1: Validity Test and Research Variables**

Indicator	Loading Factor	C.R	Remarks
Ability (X <sub>1,2</sub> )	0,61	Fix	Valid
Personality (X <sub>1,3</sub> )	0,83	8,24	Valid
Problem Solving (X <sub>2,1</sub> )	0,66	Fix	Valid
Integration of Internal Factors (X <sub>2,3</sub> )	0,86	5,22	Valid
The Need to Make Achievement (X <sub>3,1</sub> )	0,62	Fix	Valid
The Needs Accepted by Groups (X <sub>3,2</sub> )	0,72	3,187	Valid
Satisfaction with Salary (Y <sub>1,1</sub> )	0,72	Fix	Valid
Satisfaction with Superior (Y <sub>1,2</sub> )	0,81	9,86	Valid
Satisfaction with the Work Itself (Y <sub>1,3</sub> )	0,83	10,097	Valid
Quantity of Outputs (Y <sub>2,1</sub> )	0,65	Fix	Valid
Quality of Outputs (Y <sub>2,2</sub> )	0,80	8,45	Valid
Work Knowledge (Y <sub>2,3</sub> )	0,75	8,072	Valid
Initiative (Y <sub>2,5</sub> )	0,57	6,494	Valid

Outputs of data processing and testing by using the SEM Analysis are presented at Drawing-1 and the outputs of the hypothesis testing in Table-2 are as follows:

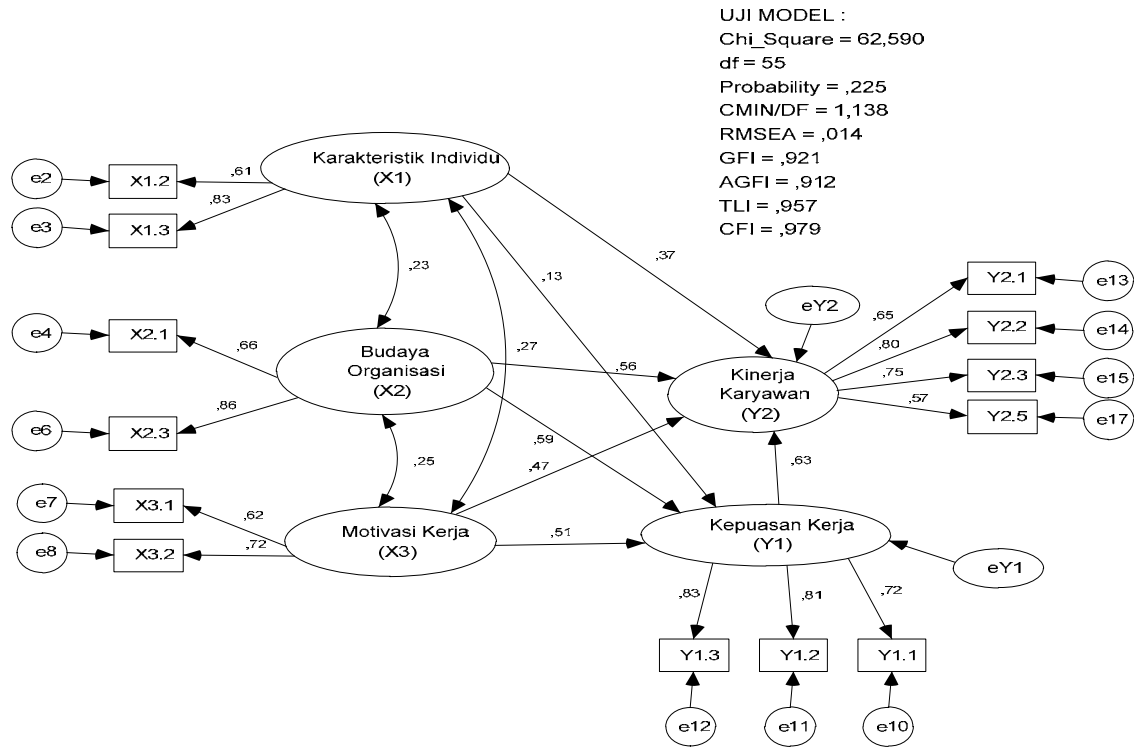


Figure 1: Test Outputs of Structural Equation Model (SEM)

Based on Figure-1, it is found out that the whole parameters have already met the threshold requirements, so that the model is feasible to be used for the hypothetical testing.

Table 2: Outputs of Hypothetical Testing

Hyp	Variable	Coefficient	C.R.	Remarks
H1	Individual Characteristic (X1) → Work Satisfaction (Y1)	0,994	1,601	Not significant
H2	Individual Characteristic (X1) → Employee Performance (Y2)	0,339	3,167	Significant
H3	Organizational Culture (X2) → Work Satisfaction (Y1)	0,286	2,221	Significant
H4	Organizational culture (X2) → Employee Performance (Y2)	0,225	2,993	Significant
H5	Work Motivation (X3) → Work Satisfaction (Y1)	0,092	2,653	Significant
H6	Work Motivation (X3) → Employee Performance (Y2)	0,172	3,495	Significant
H7	Work Satisfaction (Y1) → Employee Performance (Y2)	0,330	4,163	Significant

Based on the data on Table-1, Drawing-1 and Table-2, they indicate that:

Influence of Individual Characteristics to the Work Satisfaction (X1 → Y1).

The linear coefficient with positive sign (0.094) indicates that the individual characteristics to the satisfaction is at the same direction. The CR value (1.601) is smaller than 1.96. This means that the individual characteristics has no significant influence to the work satisfaction. The big values of linear coefficient and CR can be interpreted that the *First (1<sup>st</sup>) Hypothesis is rejected*.

Based on the result of confirmatory factor analysis, it is found out that the loading score of demographical characteristics is at the sum of 0.15 (<0.5), thus indicator of

demographical characteristics is omitted from the construct of individual characteristics.

By virtue of the response of the respondents on the age that has no influence in performing the work and the number of family dependents not becoming a burden in working indicate that the demographical characteristics of the hand-rolled cigarette workers in Madura do not give significant contribution in forming the construct of individual characteristics, so that the demographical characteristics are taken out from the construct of individual characteristics. The results of confirmatory factor analysis indicate that the loading factors of employee skills and personality give a contribution in establishing the construct of each individual characteristic at the amount of 60.9% and 82.5%.

Influence of Individual Characteristics to Employee Performance (X1 → Y2).

Linear coefficient has a positive sign (0.339) with the CR score of (3.167). Positive linear coefficient means that theoretically the influence of individual characteristic to the variable of employee performance is at the same direction. The CR score of 2.221 is bigger than 1.96 so it indicates that the variable of individual characteristic has an influence to the employee performance. The big value of linear coefficient score and CR shows that the *Second (2<sup>nd</sup>) Hypothesis is accepted*.

The response of respondents indicates that the employees are able to complete the lump-sum contracted targets already been determined by the owners of cigarette factories. Ability to complete this target can improve the employee performance, especially in improvement of product quantity, namely based on the response of respondents on

performance variables indicating that employees are able to complete the work pursuant to the amount of the specified works. The response of respondents indicates that the physical ability becomes the pre-requirement in performing the work at the cigarette factory. The reliable physical ability can improve the employee performance, since it related to the ability in rolling the hand-rolled cigarettes.

The respondent responses show that the personality of employees of the cigarette factory, among others are as follows: *not too much talking while working, persevering, patient in working and being accustomed to working fast.* Such personality has already been developed at the environment of cigarette factory and able to improve the performance of hand-rolled cigarette workers.

Influence of the Organizational Culture to the Work Satisfaction (X2→Y1).

The linear coefficient has a positive sign (0.225) with the CR score of (2.993). The linear coefficient means that the relationship between the influence of organizational culture to the variable of employee's work satisfaction is at the same direction. The CR score is  $> 1.96$  so it indicates that the variable of organizational culture has the influence to the employee work satisfaction. The big value of linear coefficient score and the CR shows that the *Third (3<sup>rd</sup>) Hypothesis is accepted.*

Based on the result of confirmatory factor analysis, it is found out that the loading value on the adjustment of external factors is at the amount of 0.44, it means that the indicator of external factor adjustment gives a contribution to the establishment of construct of organizational culture at the value of only 44.0%, so that the indicator is taken out from the construct of organizational culture.

Based on the response of the respondent, employees do not want to be terminated in whatever excuses, because employees of small cigarette industry are badly in need for a job. This indicates that the employees are not prepared to face the external factors, so that it causes the contribution of external factor to the establishment of construct to the organizational culture is low. The non-readiness in dealing with the external factor is caused by the denomination of low education of employees of the cigarette industry, approximately 36.5% of Elementary School and 37.6% of Junior Senior High School.

Based on the result of the confirmatory factor analysis, it is found out that the loading score of internal factor integration is 0.857 and it is based on the response of respondent, the most important one is that a strong commitment of the employees can be set up to maintain good reputation of the Company (having the highest average score).

Influence of Organizational Culture to the Employee Performance (X2→Y2).

The linear coefficient has a positive sign (0.225) with the CR score of (2.993). The positive linear coefficient means that theoretically the relationship between the influence of organizational culture to the variable of employee's performance is at the same direction. The CR score is  $>$

1.96, so it indicates that the variable of organizational culture has the influence to the employee performance. The big value of linear coefficient score and CR shows that the *Fourth (4<sup>th</sup>) Hypothesis is accepted.* Based on the outputs of analysis on structural equation models, it is found out that the organizational culture influences the performance. Indicators of organizational culture in this study, according to Schein (1985) are as follows: *problem solving, adjustment of external factors and integration of the internal factors.* The performance indicators in this study, according to Gomes (2003) are: *quantity, quality, work knowledge, creativity and initiative.*

Influence of Work Motivation to the Work Satisfaction (X3→Y1).

The linear coefficient has a positive sign at the sum of 0.092 with the CR score of 2.653. These two scores indicate the result fulfilling the requirements acceptable by the hypothesis. Based on the outputs of analysis on structural equation models, it is found out that the work motivation influences the work satisfaction. Indicators of work motivation, according to McShane and Von Glinow (2008:140-141) cover as follows: *the need to make achievement, the need to be accepted by their group, and the need to hold a position.* The indicators of work satisfaction according to Celluci and De Vries (1978) covers as follows: *satisfaction to the salary, satisfaction to the superior, and satisfaction to the work itself.* Outputs of this research support the statement of Armstrong (1999) that in order to improve the satisfaction, an employee can be motivated to work much better to improve themselves.

Influence of Work Motivation to the Employee Performance (X3→Y2).

The linear coefficient has a positive sign at the sum of 0.172 with the CR score of 3.493. This positive linear coefficient indicates that theoretically the relationship between influence of work motivation to the variable of employee performance have the same direction. The CR score is at the sum of 2.653 and it is bigger than 1.96, so it means that the variable of work motivation influences the employee performance. The big value of linear coefficient and the CR shows that the *Fifth (5<sup>th</sup>) Hypothesis* stating that the variable of work motivation has a significant influence to the variable of the employee performance *is proven correct and acceptable.*

Based on the outputs of analysis on structural equation models, it is found out that the work motivation influences the work performance. Indicators of work motivation, according to McShane and Von Glinow (2008:140-141) cover as follows: *the need to make achievement, the need to be accepted by their group, and the need to hold a position.* The indicators of work performance in this study, according to Gomes (2003) covers: *quantity, quality, work knowledge, and initiative.* Results of this research support the statement of As'ad (2004) that the motivation to obtain the sense of security and the work atmosphere able to stimulate employees to give higher dedication in completing their tasks assigned by their boss, the secured atmosphere either before, during or after working.



Influence of Work Satisfaction to the Employee Performance (Y1 → Y2).

The linear coefficient has a positive sign at the sum of 0.330 with the CR score of 4.163. This positive linear coefficient indicates that theoretically the relationship between influence of work satisfaction to the variable of employee performance have the same direction. The CR score is at the sum of 4.163 and it is bigger than 1.96, so it means that the variable of work satisfaction influences the employee performance. The big value of linear coefficient and the CR shows that the *Fifth (5<sup>th</sup>) Hypothesis* stating that the variable of work satisfaction has a significant influence to the variable of the employee performance *is proven correct and acceptable*.

Based on the results of analysis on structural equation models, it is found out that the work satisfaction influences the work performance. Indicators of work satisfaction, according to Celluci and De Vries (1978) cover: *satisfaction to the salary, satisfaction to the superior, and satisfaction to the work itself*. The indicators of work performance in this study, according to Gomes (2003) covers: *quantity, quality, work knowledge, and initiative*. Results of this research support the statement of Robbins (2001) that the high work satisfaction indicates the positive attitude to the employee performance.

## 5. Conclusions and Suggestions

### 5.1 Conclusions

Individual Characteristics have no significant influence to the work satisfaction of the hand-rolled cigarette workers in Madura. This output is proven by the hypothetical examination indicating that there is no influence having the same direction between individual characteristics and the work satisfaction. It means that the better individual characteristics does not bring any significant change to the improvement of work satisfaction of the hand-rolled cigarette workers in Madura. Individual Characteristics have significant influence to the work performance of the hand-rolled cigarette workers in Madura. This output is proven by the hypothetical examination indicating that there is an influence of having the same direction between individual characteristics and the work satisfaction. It means that the better individual characteristics has brought a significant change to the improvement of work performance of the hand-rolled cigarette workers in Madura

Organizational Culture has significant influence to the work satisfaction of the hand-rolled cigarette workers in Madura. This result is proven by the hypothetical examination performed indicating that there is an influence of having the same direction between organizational culture and the work satisfaction. It means that the better organizational culture has brought a significant change to the improvement of work satisfaction of the hand-rolled cigarette workers in Madura

Organizational Culture has significant influence to the work performance of the hand-rolled cigarette workers in Madura. This output is proven by the hypothetical examination performed indicating that there is an influence of having the same direction between organizational culture and the work

performance. It means that the better organizational culture has brought a significant change to the improvement of work performance of the hand-rolled cigarette workers in Madura

Work Motivation has significant influence to the work satisfaction of the hand-rolled cigarette workers in Madura. This result is proven by the hypothetical examination performed indicating that there is an influence of having the same direction between work motivation and the work satisfaction. It means that the better work motivation has brought a significant change to the improvement of work satisfaction of the hand-rolled cigarette workers in Madura

Work Motivation has significant influence to the work performance of the hand-rolled cigarette workers in Madura. This result is proven by the hypothetical examination performed indicating that there is an influence of having the same direction between work motivation and the work performance. It means that the better work motivation has brought a significant change to the improvement of work performance of the hand-rolled cigarette workers in Madura.

Work Satisfaction has significant influence to work performance of the hand-rolled cigarette workers in Madura. This output is proven by the hypothetical examination performed indicating that there is an influence of having the same direction between work satisfaction and the work performance of the employees. It means that the better work satisfaction has brought a significant change to the improvement of work performance of the hand-rolled cigarette workers in Madura.

Contribution of the result of this study to the development of science is indicated through the 7 (seven) hypotheses that have already been proven through this study showing that the variables of organizational culture and work motivation become the most important predictor in applying the variable of work satisfaction and performance improvement of the hand-rolled cigarette workers in Madura. From on the aforesaid 7 (seven) hypotheses, six (6) of them are proven to have significant influence, while one (1) hypothesis has no significant influence. Hypotheses Number: 2, 3, 4, 5, 6 and 7 are proven to have significant influence to the previous theories and researches, while the result of Hypothesis No.1 does not support or refuse the theory and research used a reference in this study.

Results of this study provide information to set up policy for the management of cigarette industry in Madura, particularly in human resources management. Its implication to the regional economic development is the establishment of work field and the contribution to the PAD (*Regional Original Revenue*) and the stock exchange for the country. This research has illustrated the roles of company in optimizing the potential of Human Resources.

From the outputs of this study as a whole, it can be concluded that the work satisfaction and performance of the hand-rolled cigarette workers in Madura are influenced by the organizational culture and work motivation. Individual characteristics have no significant influence to the work satisfaction but they do have significant influence to the work performance of the hand-rolled cigarette workers in Madura.

## 5.2 Suggestions

### 5.2.1 For the Management of Cigarette Company / Industry

Management needs to improve the ability of employees through education and training, for example by inviting the experts in rolling the cigarette, so that it will improve the ability of employees either from the quantity or the quality aspects. Management needs to maintain and improve the indicators perceived good by employees. Variables of organizational culture and work motivation need to be maintained since they are perceived goods by employees. Management needs to continuously pay attention to work satisfaction of the employees in order to have their work performance improved.

### 5.2.2 For the Regional Government Administration

The roles of the entire four (4) Regency Administrations in Madura need to be improved in developing the Human Resources of the Managers / Owners, particularly in the matter of business management so that its sustainability can give contribution to the PAD (*Regional Original Revenue*).

The roles of Government need to be improved in the matter of regulation related to the policy and in providing the incentive able to stimulate the development of cigarette industry, so that its existence will be able to absorb the manpower, thus it improves the effectiveness of the regional economy.

### 5.2.3 For the Next Research

- a. Output of this study is expected to be able to be used as a reference to make more betterment in its variables and indicators with the same objects.
- b. The variable study on organizational culture and work motivation need to be developed considering the facts that its output has significant influence to the work satisfaction and performance of the employees.
- c. The variable study on individual characteristics need to have a further research conducted in order to enrich the scientific treasure although its result has no significant influence to the work satisfaction of the employees.

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