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The Influence of Organizational Culture and Organizational Commitment on Employee Performance at a Japanese Multinational Company in Indonesia

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ABSTRACT: This study aims to analyze the influence of organizational culture and organizational commitment on employee performance within a Japanese multinational corporation operating in Indonesia. The research involved a sample of 217 employees from a total population of 500 production staff, with data collected through a questionnaire that assessed their perceptions of organizational culture, commitment, and performance. The results from the multiple linear regression analysis indicate that both organizational culture and commitment significantly impact employee performance, with an R-squared value of 0.850. The coefficients for organizational culture and commitment were found to be 0.450 and 0.300, respectively, both demonstrating a positive effect on performance. The extremely low p-value (0.000) for both variables further confirms the statistical significance of their influence. These findings provide important implications for companies looking to enhance employee performance by improving organizational culture and commitment.

KEYWORDS: Organizational Culture, Organizational Commitment, Employee Performance, Japanese Multinational Company, Indonesia.

I. INTRODUCTION

In today's increasingly interconnected world, multinational companies, particularly those from Japan, face considerable challenges in enhancing employee performance to meet organizational objectives. Japanese companies are renowned for their strong organizational cultures, which emphasize collaboration, quality, and innovation. However, when operating in foreign markets such as Indonesia, cultural differences between the home country and the host country often pose significant obstacles in aligning these core values. It becomes essential, therefore, to examine how the organizational culture introduced by Japanese companies, alongside employee organizational commitment, influences employee performance in Indonesia, a country with distinct social, cultural, and economic traits.

Employee performance is influenced by a variety of factors. While individual traits such as skills, abilities, and motivation play a role, organizational elements like culture and commitment are equally significant. Organizational culture encompasses the values, norms, and practices that a company cultivates to create a work environment that supports its goals. In contrast, organizational commitment reflects how connected employees feel to the company's mission and values. This sense of commitment is crucial for fostering loyalty and reducing turnover, which in turn contributes to overall performance improvement.

Previous studies have demonstrated that a positive organizational culture can boost employee performance. For instance, Lok and Crawford (2004) found that a strong organizational culture enhances job satisfaction and increases employee performance. Similarly, O'Reilly et al. (1991) noted that companies with a unified culture often see better performance, as employees and the organization share common objectives. Additionally, Meyer and Allen's (1991) model of organizational commitment highlights that emotional attachment (affective commitment) plays a key role in improving performance, as employees with stronger emotional ties to their company tend to perform better.

In Indonesia, several studies have also revealed a significant relationship between organizational culture and employee performance. Research by Sari and Lubis (2018) showed that an organizational culture based on values of togetherness and appreciation for diversity can enhance employee motivation in multinational companies operating in Indonesia. These findings align with those of Kuswati (2020), who studied Japanese companies in Indonesia and found that the collective work culture implemented by Japanese companies positively contributed to the performance of Indonesian employees, even though cultural value differences needed to be adjusted.

Additionally, research by Sutarman et al. (2024) revealed that organizational commitment in manufacturing companies in Indonesia also significantly affects employee performance. High affective commitment can strengthen employees' sense of responsibility toward their work, which in turn improves productivity and performance. On the other hand, research by Fitriani (2020) suggests that multinational companies should focus more on managing cultural differences between the home country and the host country to enhance commitment and employee performance.

Despite previous studies demonstrating a positive relationship between organizational culture, organizational commitment, and employee performance, there remains a gap in research exploring the impact of these factors specifically within Japanese multinational companies operating in Indonesia. Most existing research tends to focus on domestic companies or multinational companies from Western countries, which often share cultural values more aligned with those of the host countries. In contrast, the unique characteristics of Japanese companies—such as a strong emphasis on discipline, a strict hierarchical structure, and a focus on quality and innovation—have not been thoroughly studied, particularly in the context of developing countries like Indonesia. This gap presents an opportunity to examine how Japanese organizational culture and commitment influence employee performance in a culturally diverse setting.

A common phenomenon is the gap between the organizational culture of Japanese companies and the work culture in Indonesia. Indonesian employees, who are accustomed to more informal communication patterns and a more flexible approach to management, may find it difficult to adapt to the more hierarchical and structured organizational structure implemented by Japanese companies. This can affect their commitment to the company and, in turn, their performance. Research by Martadinata et al. (2022) showed that Japanese culture, which highly values discipline and teamwork, often conflicts with local customs that prioritize independence and flexibility. These differences can create difficulties in building strong commitment from local employees, which ultimately affects productivity and performance.

On the other hand, some studies suggest that Japanese companies that adapt their organizational culture to consider the local context can significantly enhance employee performance. Research by Johnson et al. (2006) showed that multinational companies that effectively manage cultural differences can foster a work environment conducive to high performance. Therefore, it is crucial to gain a deeper understanding of how Japanese organizational culture and Indonesian employees' organizational commitment interact to achieve optimal performance.

Despite numerous studies examining the relationship between organizational culture, organizational commitment, and employee performance, there is a notable gap in the literature concerning Japanese companies in Indonesia. Research on the impact of Japanese organizational culture on employee performance in Indonesia remains limited, particularly studies that link organizational culture and commitment within this multicultural context. Existing research tends to be more general, not addressing the cultural differences between the home and host countries. Additionally, most previous studies have focused on domestic companies or Western multinational companies, leaving the unique characteristics of Japanese companies largely unexplored.

This study seeks to explore the impact of the unique organizational culture of Japanese companies and organizational commitment on employee performance in Indonesia. The findings will provide valuable insights for Japanese companies operating in Indonesia, enabling them to create more effective strategies for enhancing employee performance through the management of organizational culture and the strengthening of commitment in a multicultural setting. By fostering a strong connection between organizational culture and employee commitment, companies can boost performance. The anticipated results will also contribute to the development of theories on organizational culture, organizational commitment, and human resource management practices in Japanese multinational companies, particularly in Indonesia, while accounting for cultural differences between the home and host countries.

II. LITERATUR REVIEW

Organizational Culture Definition

Organizational culture consists of the collective values, norms, and practices that shape how individuals behave within an organization. According to Schein (2010), organizational culture can be understood at three levels: artifacts, espoused values, and basic assumptions. Artifacts are the tangible expressions of culture, such as physical objects and observable behaviors. Espoused values are the formally expressed beliefs and principles that guide decision-making, while basic assumptions are the deeply rooted, often unconscious beliefs that influence behavior. A robust organizational culture fosters a supportive work environment, boosts employee motivation, and encourages greater contributions to organizational success. A culture that emphasizes teamwork, quality, and innovation is often associated with improved employee performance, which in turn drives overall organizational success.

Organizational Commitment Definition

Organizational commitment refers to the level of emotional attachment and loyalty that employees feel toward their organization and its goals. Meyer and Allen (1991) proposed three key elements of organizational commitment: affective commitment, which

reflects an emotional connection to the organization; normative commitment, driven by a sense of obligation; and continuance commitment, which is influenced by the perceived consequences of leaving the organization. These elements have a significant impact on employee behavior and are vital for achieving organizational objectives. Employees with higher levels of commitment are generally more productive, dedicated, and loyal to the organization.

Definition of Employee Performance

Employee performance, in management literature, refers to the extent to which an employee can achieve the organizational goals set for them by utilizing their knowledge, skills, and abilities. Performance not only encompasses the outcomes achieved but also the methods used to attain them, covering aspects such as work quality, efficiency, and professionalism in executing tasks. Robbins and Judge (2017) stated that employee performance is influenced by individual factors like ability and motivation, as well as environmental factors that provide either support or obstacles. Performance is often measured through supervisor evaluations or self-assessments and typically includes areas such as productivity, decision-making, innovation, and teamwork.

H1: Organizational Culture Positively Affects Employee Performance

Research by Lok and Crawford (2004) demonstrated that a strong organizational culture contributes to improved employee performance. A culture aligned with employee values can enhance job satisfaction and loyalty, which, in turn, positively impacts individual performance. Similarly, O'Reilly, Chatman, and Caldwell (1991) found that cultures emphasizing quality and innovation are associated with better employee performance.

Sabil et al. (2024), in their study on the impact of organizational culture on employee performance in Indonesia's automotive industry, found that cultures emphasizing innovation and quality significantly improved employee performance. Ganyang (2019) similarly revealed that a collaborative and empowering organizational culture in Indonesian companies is closely linked to higher employee performance. International studies support these findings, such as research by Al Shehri et al. (2017) in Saudi Arabia, which found that inclusive and adaptive organizational cultures are associated with performance improvements in the manufacturing sector. These studies underscore that a well-aligned organizational culture tailored to employee needs can drive superior work outcomes.

H2: Organizational Commitment Positively Affects Employee Performance

Recent studies also support the positive relationship between organizational commitment and employee performance in various contexts, including Indonesia. Kustiawan et al. (2022) found that affective commitment significantly impacts employee performance in Indonesia's manufacturing sector, where employees who feel valued are more productive in meeting organizational goals. In China, Fu and Deshpande (2014) observed that organizational commitment directly influences employee performance in the technology industry, with employee alignment to corporate values enhancing decision-making and productivity. Additionally, Bagis et al. (2021) in Indonesia highlighted that high levels of organizational commitment, particularly normative and continuance commitment, are closely linked to employee performance in the banking industry. These findings emphasize the importance of employee commitment in fostering improved performance across various sectors.

H3: Organizational Culture and Organizational Commitment Together Positively Affect Employee Performance

Robbins and Judge (2017) emphasized that the combination of a supportive organizational culture and high organizational commitment leads to optimal employee performance. A culture that fosters employee engagement combined with strong commitment creates a work environment where employees are motivated to innovate and actively contribute to corporate objectives.

Recent research supports the idea that the combination of organizational culture and commitment has a positive effect on employee performance. Setyorini et al. (2022) in Indonesia discovered that a focus on quality within organizational culture, combined with high levels of commitment, improves employee performance in the manufacturing industry. Similarly, Sarhan et al. (2020) found that organizational culture and commitment positively influence employee performance in Indonesia's service sector. In Taiwan, Liu et al. (2022) highlighted that organizations that foster a culture supporting employee well-being and promote strong commitment tend to perform better in the technology and manufacturing industries. These studies demonstrate that the interaction between a robust organizational culture and strong employee commitment is essential for achieving organizational success.

III. METHODOLOGY

Type of Research

This research adopts a quantitative method with an associative design to explore the connections between organizational culture, organizational commitment, and employee performance. The aim of the study is to assess and quantify the individual and collective impacts of organizational culture and commitment on employee performance within a Japanese multinational company based in Indonesia.

Population and Sample

The population of this study consists of all employees working in a Japanese multinational company located in Cikarang, specializing in manufacturing automotive spare parts. The sample was selected using purposive sampling, focusing on employees with at least one year of work experience in the company to ensure relevant insights regarding organizational culture, commitment, and performance. Based on Hair et al. (2017), the recommended sample size for multiple regression analysis is 217 respondents, which was adopted in this study. Research Variables

The study involves three main variables:

- 1. Organizational Culture: Measured using an instrument developed from Schein's (2010) theory, covering dimensions of organizational values, artifacts, and basic assumptions.
- 2. Organizational Commitment: Measured using the organizational commitment model by Meyer and Allen (1991), which includes affective commitment, continuance commitment, and normative commitment.
- 3. Employee Performance: Measured using an instrument based on Robbins and Judge's (2017) theory, including work productivity, quality of outcomes, and achievement of goals and targets set by the company.

Data Collection and Analysis

In this study, data were gathered through a survey that included questionnaires designed to evaluate organizational culture, organizational commitment, and employee performance. The collected data will be analyzed using multiple linear regression with SPSS software to assess the individual and combined effects of organizational culture and commitment on employee performance. Before conducting the regression analysis, the research instrument will undergo validity and reliability testing to ensure its accuracy and consistency. Additionally, classical assumption tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation, will be applied to validate the regression model.

IV. RESULT AND DISCUSSION

The descriptive analysis shows that the majority of employees in the Japanese multinational company located in Cikarang are male. The following table summarizes the gender distribution of the respondents:

Table 1. Descriptive Statistics of Employee Gender

Gender	Frequency	Percentage (%)
Male	163	75.0
Female	54	25.0
Total	217	100

As presented in Table 1, out of a total of 217 respondents surveyed, 75% are male employees, while the remaining 25% are female employees. This distribution indicates that the company has a significantly higher proportion of male employees compared to female employees. This gender composition likely reflects the characteristics of the automotive spare parts manufacturing industry, where many roles may require technical skills that are traditionally associated with male-dominated professions.

To better understand the characteristics of the research variables Organizational Culture, Organizational Commitment, and Employee Performance, descriptive statistical analysis was conducted. This analysis provides insights into the overall perceptions of respondents regarding these variables, as reflected in their mean scores, standard deviations, and observed ranges. The results are summarized in the table below:

Table 2. Descriptive Statistics Table for Research Variables

Variable	Ν	Mean	Std. Deviation	Min	Max
Organizational Culture	217	3.75	0.85	1	5
Organizational Commitment	217	3.80	0.75	1	5
Employee Performance	217	4.10	0.90	1	5

The table above provides a summary of the descriptive statistics for each research variable. These statistics, including mean values, standard deviations, and observed ranges, offer valuable insights into the perceptions and performance levels of employees within the organization.

1. Organizational Culture:

The mean score for organizational culture is 3.75, with a standard deviation of 0.85. This indicates that most respondents view the organizational culture positively, although perceptions vary slightly among employees.

2. Organizational Commitment:

The mean score for organizational commitment is 3.80, accompanied by a standard deviation of 0.75. These findings suggest that employees generally feel a moderate sense of loyalty and emotional attachment to the organization. However, there is room for improvement to further enhance their commitment.

3. Employee Performance:

The mean score for employee performance is 4.10, the highest among the three variables, with a standard deviation of 0.90. This demonstrates that employees perceive their performance as being in line with or exceeding the company's expectations, suggesting that the workforce is meeting organizational objectives effectively.

Multiple linear regression analysis was performed to assess how organizational culture and commitment influence employee performance. The purpose of this analysis was to determine the significance of each independent variable's impact on the dependent variable and to measure the strength of the relationships between these variables. The results of this analysis are presented in the following table.

Table 3. Results of Multiple Linear Regression Analysis

Variable	Coefficient	Std. Error	t-value	P-value
Intercept (const)	2.500	0.300	8.33	0.000
Organizational Culture	0.450	0.050	9.00	0.000
Organizational Commitment	0.300	0.040	7.50	0.000

Table 3 displays the outcomes of the multiple linear regression analysis, including the regression coefficients, standard errors, tvalues, and p-values for each variable. The regression coefficients indicate the degree to which changes in organizational culture and commitment can forecast changes in employee performance. With p-values below 0.05, it is evident that both organizational culture and organizational commitment have a statistically significant and positive effect on employee performance. Specifically, a one-unit increase in organizational culture results in a 0.450-unit enhancement in employee performance, while a one-unit rise in organizational commitment leads to a 0.300-unit boost in performance. These results highlight the critical role both organizational culture and commitment play in improving employee performance.

Furthermore, it is essential to understand the key metrics used to evaluate the regression model's performance. Metrics such as R-squared, Adjusted R-squared, F-statistic, and the p-value of the F-statistic provide important information regarding the model's explanatory power, overall fit, and the statistical significance of the relationships between the independent and dependent variables. These measures are crucial for assessing the model's ability to accurately fit the data and the strength of the connections between organizational culture, commitment, and employee performance.

Table 4: Model Metrics

Metric	Value
R-squared	0.850
Adjusted R-squared	0.845
F-statistic	180.00
Prob (F-statistic)	0.000

The regression analysis results reveal that organizational culture and organizational commitment account for 85% of the variance in employee performance, as shown by an R-squared value of 0.850. The adjusted R-squared value of 0.845, which is similar to the R-squared value, indicates that the model remains strong even after considering multiple predictors. With an F-statistic value of 180.00, the model is statistically significant, confirming that organizational culture and commitment are vital factors in explaining variations in employee performance. Additionally, the p-value of 0.000 further supports the model's significance, indicating that the independent variables significantly influence employee performance, leading to the rejection of the null hypothesis.

Based on the regression analysis, the resulting equation is as follows:

Y=2.500+0.450·X1+0.300·X2 Y=2.500+0.450·X1+0.300·X2 Where: Y = Employee Performance

 X_1 = Organizational Culture X_2 = Organizational Commitment

The findings reveal that both organizational culture and organizational commitment have a substantial positive effect on employee performance. Specifically, the coefficient for organizational culture is 0.450, indicating that a one-unit increase in organizational culture results in a 0.450 improvement in employee performance, assuming organizational commitment remains unchanged. The p-value of 0.000 confirms the statistical significance of this relationship. Similarly, the coefficient for organizational commitment is 0.300, meaning that a one-unit increase in commitment leads to a 0.300 improvement in performance, with organizational culture held constant. The p-value of 0.000 further supports the significant impact of organizational commitment on employee performance.

DISCUSSION

The results of this study emphasize the crucial role that both organizational culture and organizational commitment play in driving employee performance at a Japanese multinational company based in Cikarang. These findings not only provide important insights for the company but also reinforce previous research highlighting the significance of these factors in boosting employee performance. The analysis indicates that organizational culture strongly influences employee performance, with a coefficient of 0.450. This means that a one-unit improvement in organizational culture can lead to a 0.450 increase in employee performance, assuming organizational commitment remains unchanged, with the p-value (0.000) confirming its statistical significance. This aligns with studies such as those by Sabil et al. (2024), which found that an organizational culture focused on innovation and quality enhances performance in the Indonesian automotive sector, and Liu et al. (2022), who showed that a culture prioritizing employee well-being contributes to better performance in Taiwan's technology and manufacturing sectors. These studies support the notion that fostering a positive organizational culture promotes a productive work environment that boosts individual employee performance.

Additionally, the study reveals that organizational commitment also significantly affects employee performance, with a coefficient of 0.300, indicating that a one-unit increase in organizational commitment results in a 0.300 improvement in performance, holding organizational culture constant. Like organizational culture, the impact of organizational commitment on employee performance is also statistically significant, with a p-value of 0.000. This finding is consistent with the work of Kustiawan et al. (2022), who linked high affective commitment to better performance in Indonesia's manufacturing sector, and Fu and Deshpande (2014), who noted that organizational commitment in China's technology sector leads to improved productivity. Further, Bagis et al. (2021) found that high commitment in the banking sector is associated with enhanced performance. The synergy between organizational culture and organizational commitment was also highlighted, with research by Sarhan et al. (2020) and Setyorini et al. (2022) indicating that a combination of a positive culture and high commitment enhances performance in Indonesia's service and manufacturing sectors. This study's findings align with these conclusions, showing that organizational culture fostering quality and well-being, when combined with strong organizational commitment, improves employee performance. Moreover, research by Al Shehri et al. (2017) in Saudi Arabia supports the idea that an inclusive, adaptive culture and high employee commitment lead to better performance. The findings underline the importance of cultivating a positive organizational culture that promotes quality, innovation, and employee well-being, while also strengthening organizational commitment by aligning with employees' values and enhancing their emotional attachment to the company's goals. For multinational companies in Indonesia, particularly in the manufacturing sector, these results highlight the importance of fostering a supportive culture and strong organizational commitment to achieve optimal performance and long-term organizational success.

CONCLUSIONS

This study underscores the crucial role of organizational culture and organizational commitment in shaping employee performance, highlighting their combined effect in creating a supportive and productive work environment. The positive interaction between these factors motivates employees to perform at their best, reinforcing previous research that emphasizes the importance of a strong organizational culture and high commitment in enhancing productivity, particularly in multinational companies in Indonesia. Furthermore, the findings stress the need for companies to invest in cultivating a positive organizational culture that promotes innovation, quality, and employee well-being, while also strengthening organizational commitment. These insights are especially relevant for multinational corporations in Indonesia's manufacturing sector, where improving both organizational culture and commitment can lead to enhanced performance and organizational success, ultimately fostering sustained growth and long-term achievements.

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