

# Analysis of the Influence of Organizational Appearance, Corporate Culture, and Service Quality on Employee Performance Mediated by Environmental Performance of Retail Employees in Batam City

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## ABSTRACT

This study aims to examine the effect of organizational appearance, corporate culture, and service quality on employee performance in Indomaret retail employees. This research uses descriptive quantitative research methods includes 103 respondents with Indomaret retail employees as the population. This research uses the application software Statistical Product and Service Solutions (SPSS) and Partial Least Square (PLS). From this research shows that the relationship and influence between variables that are significant and some are not significant so that not all hypotheses can be accepted. This main hypothesis in this research is Employee Performance on Corporate Culture.

**Keywords :** Organizational Appearance, Corporate Culture, Service Quality, Employee Performance, Environmental Performance, Retail

## INTRODUCTION

Human resources (HR) is a very important factor that cannot be separated in every organization, both institutions and companies. HR is also the key that determines the development of the company. In essence, HR is in the form of humans employed in an organization as movers, thinkers and planners to achieve the organization's goals. Human resources are important for an organization, because every human being has competitive advantages such as thinking, feeling and intuition. Human resource management is very important because proper management can improve organizational performance (Wenefrida Ardhian Ayu Hardiani et al., 2022). Because of the importance of human resources in a company or organization, there are issues that are certainly related to the human resources of the company or organization.

Employee performance is part of human resources itself. Meanwhile, according to (Sutrisno, 2016). Performance or work performance is the result of work that a person has achieved based on his work behavior in carrying out activities at work. Success or failure in an organization or company in carrying out tasks is closely related to employee performance, the achievement of performance in the organization is a factor that must be considered to realize the company in achieving predetermined goals. So the retail store is trying to improve the performance of its employees so that they are able to provide the best service to their customers. In order for a modern retail store to be able to compete healthily, it requires the presence of human resources (HR) who have work competence and commitment to a large organization so that employees are able to contribute to the progress of the organization.

## LITERATURE REVIEW

### Organizational Appearance

A specific objective led to the formation of an organization. An organization's goal is what it wants to

accomplish. Enhancing customer service, satisfying market demand, raising the caliber of goods or services, becoming more competitive, and boosting employee performance are examples of organizational goals (Yonata, et.al, 2020). Employees are the most important assets of an organization. As a result, organizations make great efforts to draw in, keep, and develop bright, motivated workers. (Aguiar-Quintana et al., 2020) Organizational appearance is something where many people participate in it. Second, appearance is contextual. Appearance cannot be seen as an independent action, but is always embedded in the framework of appearance activities. As we can see, organizations operate in a highly dynamic environment with rapidly advancing technology, necessitating change as uncontrollable external factors become a top concern for businesses. (Shafi et al., 2020)

(Alexiou et al., 2019) in their study to measure how well a company performs as seen through the various organizational tiers, enabling efficient and accurate work completion. According to this theory, when organizations treat their employees well, they behave more constructively toward them (Zhao et al., 2020). Social Exchange Theory explains the social relationship between employees and employers. It states that when employers support employees and consider their opinions during decision-making, employees will be more devoted to the organization. The organization's framework, which is ultimately created by joining these divisions, gives it the right form to carry out its environmental function.

*H1 : Organizational Appearance has a significant on Corporate Culture*

*H2 : Organizational culture has a significant on Service quality*

## **Corporate Culture**

Organizations with a strong culture will influence employee behavior and performance effectiveness. Employee performance will run in accordance with the culture adopted in the organization. (Atthohiri & Wijayati, 2021) defines corporate culture as the standards, convictions, attitudes, and behaviors that employees adopt in order to uphold and advance business objectives without harming the wellbeing of the company or its constituents. Individuals within an organization are greatly influenced by its corporate culture, and this influences how the organization reacts to changes in the environment (Zahra et al., 2008)

Corporate culture is greatly influenced by a number of important factors, including the personal histories of business owners and managers, their management styles, organizational communication styles, their willingness to delegate authority, and the opportunities they provide for innovation to managers at lower levels. An organization's current corporate culture also affects its capacity to handle digital transformation (Guiso et al., 2015). When an organization encounters an issue pertaining to both internal and external shifts that jeopardizes its long-term viability, its corporate culture is formed (Barth & Mansouri, 2021). Corporate culture is defined by numerous studies as an intangible asset intended to handle unforeseen circumstances in the future (Guiso et al., 2015)

Employee performance is positively and significantly correlated with corporate culture.

The hypothesis is accepted if it has a t-statistic value  $>1.96$  and a significance level of p-value  $<0.05$  (5%). A table of path coefficient results that address the study's hypotheses is provided below. Employee performance is positively and significantly correlated with corporate culture. (Yuwono et al., 2021)

The results of this study indicate that corporate culture has a significant and positive effect on employee performance. This is supported by research (Shamsudin & Velmurugan, 2023) The significance of corporate culture as a management concept has led to a proliferation of research on the relationship between

employee performance and corporate culture. Regretfully, it appears that the conclusion is ambiguous and inconsistent.

*H3: employe performance has a significant on Corporate Culture.*

*H4 : Corporate Culture has a significant on environmental performance.*

### **Service Quality**

A service is any action or activity that is essentially intangible and does not confer ownership that can be provided by one person to another (Laksana, 2018) Complete client satisfaction is the definition of quality. Customers should expect to be completely satisfied with a quality product if it meets their expectations. It has been stated that the provision of good or very good services in comparison to customer expectations is what constitutes service quality. (Husain et al., 2020). According to (Tjiptono, 2015) posits that service quality, or service, is a dynamic state that is intimately linked to people, processes, environments, products, and services that either meet or surpass the expected level of service quality. In general (traditional services and internet-based services).

Service quality is the customer's perception of the difference between the service received compared to the expected service. Service quality is a measure of how well the level of service provided is able to meet customer expectations. Another definition of service quality is the expected standard of excellence and the management of that excellence to satisfy client needs. (Fetra et al., 2023). A service is considered to be satisfactory and of high quality when it meets or surpasses the customer's expectations in terms of service quality (Idayati et al., 2020). In order to support decisions aimed at resolving customer issues, retail managers must possess a flexible understanding of the evolving sub-dimensions of service quality (Li et al., 2023).

*H5 : service quality has a significant of employee performance*

*H6 : service quality has a significant of environmental performance*

### **Employee Performance**

Employee performance can affect the satisfaction of the people concerned. Employee performance is the outcome of an employee's work, both in terms of quantity and quality, in carrying out the tasks assigned to them by superiors and engaging in a range of unproductive personalities (Sidabutar et al., 2020). Employees who have a good understanding of their duties and are responsive to the fulfillment of community needs certainly greatly support the success of their institutions in providing services to the community. Workers are a highly valuable corporate asset that need to be managed well to contribute as much as possible (Prami et al., 2022)

Performance and return are correlated; the higher the return, the more effective the performance, which in turn influences how the employee implements and completes the tasks that have been delegated to them. (Saleh et al., 2020) Employee performance, as is well known, is the outcome attained by an individual in completing the tasks that are delegated to him according to his level of expertise, experience, seriousness, and time. (Hasibuan, 2012). An organization that strives to enhance its human resource capabilities is considered good because having trustworthy human resources is essential for raising employee performance (Saputra et al., 2018)

*H7 : Service quality on employee performance with environmental performance*

## Environmental Performance

From a strategic standpoint, research on the causes of environmental performance is still in its infancy. Environmental Performance: A company's reputation improves in proportion to its level of involvement in environmental initiatives. According to research findings, environmental performance can be assessed on its own by utilizing metrics like waste reduction, recycling efforts, and pollution avoidance. Environment-based businesses must be able to overcome these environmental challenges in order to produce a positive ability to influence employee performance, which in turn leads to environmental performance in the business. These businesses must contend with the demand for their goods and services as well as competition for customers' trust. Environmental performance is seen as a form of corporate social responsibility. For example, environmental performance must be considered so that it is always good because it shows the company's concern for the environment around which the company operates (Meiyana, 2018). Enhancing environmental performance is still a major concern for many businesses, as the community and customers want them to be more sustainable. (Ahmad et al., 2021)

With information regarding the company's environmental performance will reveal how much effort the company has made in carrying out its responsibilities to overcome the environmental impacts it causes (Domingues et al., 2023). According to (Huang & Fu, 2019), consumers will pay more attention to companies with good environmental performance, so that product sales can increase and have a good impact. (Buana & Nuzula, 2017) where companies can ensure that they try to comply with government regulations and policies as well as the surrounding environment by being environmentally responsible. The effect of environmental corporate culture on environmental firm performance is a subject that is attracting the attention of recent literature (García-Granero et al., 2020)

## RESEARCH METHOD

This research uses quantitative research methods. Quantitative research is a research approach that uses data in the form of numbers and exact science to answer research hypotheses (Sinambela, 2020). In this research, the instrument for collecting data was using a questionnaire. The questionnaire used was created and distributed online using Google Forms. The questionnaire provided contains several questions regarding the respondent's biodata, as well as related variables in the research.

The population used in this research are employees who work in retail companies. Especially at Indomaret which is one of the retail companies in Indonesia. The samples selected from the population are several groups of people who work at the company and are related to what is discussed in this research. The minimum sample size that will be used is using the minimum sample size requirement should be 125 respondents. However, there was some data that could not be used so that from the questionnaire only 103 respondents were obtained that could be used.

Data collection techniques in research using primary data. So that it is easy for respondents to fill out the questionnaire given, the author ensures that each variable has a brief explanation of the variable, a brief explanation of how to fill out the questionnaire and promises that each respondent's demographic data will be kept confidential. The data obtained from the questionnaire is finally processed, the respondent's demographic data is processed using the SPSS application and the data related to each variable is processed using the SMART PLS application. The research method used in this research is PLS-SEM. PLS-SEM itself is a method for evaluating whether there is a relationship between these constructs.

## RESULT

### Demographic Characteristic of the Respondents

Up to 103 respondents were gathered by the researchers to do this study. The core data for this study will

come from the population of Indomaret retail employees in Batam City. PLS SEM is used to process the acquired data. It may be inferred from the questionnaire distribution findings that the majority of respondents are men, with an average age between 17 and 21. The average tenure of Indomaret retail employees who completed the questionnaire in this study was less than a year.

**Table 1 Research Questionnaire Distribution Data**

Gender	Total	Percentage
Male	52	50,5%
Female	51	49,5%
Age		
17 – 21 years	59	57,3%
22 – 26 years	42	40,8%
27 – 31 years	1	1,0%
>31 years	1	1,0%
Length of Work		
<1 years	63	61,2%
1 – 3 years	38	36,9%
>5 years	2	1,9%
Salary		
< 4.500.000	48	46,6%
Rp4.500.000 – Rp7.500.000	51	49,5%
Rp7.500.000 – Rp10.000.000	2	1,9 %
>Rp10.000.000	2	1,9%

**Table 2 Reliability Test Result (Cronbach Alpha and Composite Reliability)**

Variable	Cronbach Alpha	Composite Reliability	Result
Organizational Appearance	0,665	0,767	Reliable
Corporate Culture	0,810	0,874	Reliable
Employee Performance	0,796	0,869	Reliable
Service Quality	0,727	0,817	Reliable
Enviromental Performance	0,918	0,934	Reliable

If a variable’s composite reliability value is more than 0.7, it is considered dependable. Because every variable in the test had a Composite Reliability score greater than 0.7, the results were all deemed trustworthy.

**Table 3 Average Variance Extracted (AVE)**

Variable	AVE	Result
Corporate Culture	0.635	Valid
Employee Performance	0.628	Valid
Enviromental Performance	0,670	Valid
Organizational Appearance	0,665	Valid
Service Quality	0,562	Valid

A validity test is used in research to assess the data's correctness. The AVE value from a sample of 103 respondents was found to be more than 0.5, indicating its validity. To ascertain the construct, the Average Variance Extracted (AVE) test was used. To satisfy the validity criteria, the AVE value needs to be greater than 0.5. Since every test result's AVE value is greater than 0.5, it can be said that every piece of data was legitimate.

**Table 4 Direct Effect Test Result**

X → Y	T-Statistic	P-Value	Result
Corporate Culture → Employee Performance	3,025	0,003	Signifikan
Organizational Appearance → Employee Performance	3,461	0,001	Signifikan
Service Quality → Employee Performance	3,715	0,000	Signifikan

X → M → Y	T-Statistic	P-Value	Result
Corporate Culture → Environmental Performance → Employee Performance	3,025	0,003	Signifikan
Organizational Appearance → Environmental Performance → Employee Performance	3,461	0,001	Signifikan
Service Quality → Environmental Performance → Employee Performance	3,715	0,000	Signifikan

## DISCUSSION

With a composite reliability value above 0.7 and an AVE value above 0.5, the research results demonstrate the validity and dependability of all the variables. Given that retail employees at Indomaret have a strong desire to give the finest customer service, they place a high value on a positive work environment, which in turn has a big impact on staff performance. In addition to a pleasant and cozy workspace, workplace culture also affects this.

## CONCLUSION

The study's findings indicate that, with environmental performance acting as a mediator, organizational

appearance, corporate culture, and service quality all have an impact on worker performance in Batam City, particularly for Indomaret retail employees. Retail workers require both a positive work environment and high standards of customer service since they represent both the firm and its consumers.

A supportive work culture will boost employee performance, hence it is possible to draw the conclusion that work culture has a major beneficial impact on employee performance based on the discussion's outcomes. Second, because appropriate employee performance may enhance employee performance, organizational appearance has a major beneficial impact. Thirdly, workers who provide high-quality services can operate more efficiently to raise their performance so that Results are remarkably encouraging. Fourth, Employee commitment significantly improves performance.. Fifth, with environmental performance acting as a mediating factor, the work environment significantly improves employee performance.

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