

The Effect of Digital Culture on Employee Performance: A Conceptual Paper

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ABSTRACT

Successful digital transformation in an organization is supported by a digital culture. The aim of this study is to determine the influence of digital culture in the organization on the performance of employees at the Main Branch Office of PT Pos Indonesia Bandung. The quantitative method used in this research is simple linear regression analysis techniques and descriptive analysis. This paper is framed as a concept paper. A comprehensive literature review and previous research were used as the main research tools. This study shows that digital culture has a positive effect on employee performance. A digital culture that increases employee awareness and participation in digital transformation can increase employee capabilities in providing more effective and efficient service quality

INTRODUCTION

Technological developments in this era industrial revolution 4.0 make companies utilize technology to continue to develop in their business processes and not be left behind by competitors. New opportunities open up for companies that implement digitalization, because this can increase the company's operational efficiency, improve customer experience, and improve financial performance. If the company is able to manage the risks that exist due to digitalization and take advantage of opportunities, the company can be successful in the digital era (Junaedi, Renaldo, Yovita, Veronica, & Jahrizal, 2024)

PT Pos Indonesia (Persero) is a State-Owned Enterprise (BUMN) which acts as a corporate company operating in the field of postal and logistic services that must generate profits and as an agent of development. Starting in 2021, PT Pos Indonesia has implemented digital transformation in various work areas of PT Pos Indonesia. There are seven digital transformations carried out by PT Pos Indonesia, namely Business Transformation, Product and Channel Transformation, Process Transformation, Technology Transformation, Human Resource Transformation, Organization Transformation, and Culture Transformation. Digital technology improves the quality and quantity of services in companies operating in the services sector such as PT Pos Indonesia. Digital technology offers companies the ability to serve customers better, develop much faster, and ultimately improve performance. This digital transformation requires the support of human resources within the organization so that it can be implemented to achieve organizational goals.

Good employee performance or performance will be directly proportional to good results in the company's business development. Quality, quantity, working time and cooperation to achieve the goals set by the company are aspects to see the results of employee performance. The role of employees is very important in the success or failure of the company. In this case, the company needs to carry out the performance of each employee, whether they carry out their duties and obligations according to expectations (Bambang, 2021)

Effective employee performance assessment enables companies to optimize the competencies of their employees in order to achieve company goals (Irwansyah, 2021). The evaluation was carried out to assess employee performance efficiency based on a number of tasks that had been completed by the employees. The performance of Main Branch Office of PT POS Indonesia Bandung employees experienced increases and decreases from 2021 to 2022. The performance of branch heads experienced a significant increase, namely 80.53 in 2021 to 84.6 in 2022 with a performance level of P3. This means that the branch head has sufficient achievements. Then the manager's performance experienced a significant decline, namely from 88.46 in 2021 to 84.8 in 2022, with a performance level of P3. This means that the Main Branch Office of PT POS Indonesia Bandung manager has sufficient achievements and can still be improved. This is inversely proportional to the performance of assistant managers which experienced a very significant increase with an average value of 84.1 in 2021, with a performance level of P3 rising to 91.71 in 2022 with a performance level of P4. This means that the assistant managers at Main Branch

Office of PT POS Indonesia Bandung have achieved the targets set by their superiors and their achievements are considered good. Meanwhile, the performance of Main Branch Office of PT POS Indonesia Bandung staff experienced an insignificant decline, namely in 2021 with an average of 83.71 to 83.42 in 2022, with a performance level of P3, which means that the staff is sufficient in achieving targets with several deficiencies that can be improved. return.

Currently, human resources are required to display the best performance or quality due to business development and competition. One of the determining factors of performance is organizational culture. Shin, Mollah, & Choi (2023) stated that organizational culture is a set of shared basic value that a group learns when facing external adaptation and internal integration problems. One of the functions of organizational culture is as a unifier of employees in the organization, a culture that determines the identity of the organization, drives and becomes a guide for every employee in the organization (Muzaki & Supriyanto, 2021). Corporate culture is the result of how a company works and operates. It is composed of the collective experiences of employees; what they believe in and what they value. Culture has a strong influence on the requirements for success, including quality, effectiveness, efficiency, product reliability, customer service, and innovation within the company, so that the type of culture that exists in an organization is very important. PT Pos Indonesia has implemented an organizational culture, namely the "AKHLAK" culture. This "AKHLAK" culture is an abbreviation of trustworthy, competent, harmonious, loyal, adaptive and collaborative.

Organizational culture itself can develop into a digital culture because it adapts to changing market conditions, changes in government policy, new technology, and other factors (Welch & Feeney, 2014; Elijah, 2016). Organizations are required to be able to adapt to changes that occur in order to survive. Like now, with the development of digital technology, it brings a new culture to companies, namely digital culture. Digital culture is influenced by changes in the organizational environment, namely digitalization.

A digital culture that supports change is needed during digitalization; that is, an culture that is fit for digitally transforming organizations (Martínez-Caro, 2020). The same organizational culture is not enough for a company to realize successful digitalization within the company. Companies can make adjustments so that the existing organizational culture becomes a digital organizational culture. The proposal made by Duerr, Holotiuk, Beimborn, Wagner, & Weitzel (2018), namely that this approach is adapted to a digital context: (1) In changes in the structure of companies that are digitalizing, Artifacts become real, because there are new ways of internal collaboration such as cross-functional teams, physical and virtual collaboration, as well as dual structures and external collaborations such as start-ups, platforms with competitors and partners, and customer integration. (2) For the new organizational culture, values are the goal and digital norms are important. These values reflect the mentality and authority pattern towards digitalization; For example, responsibility is distributed across business units so that in the innovation process digital alignment can be

improved. (3) The underlying assumption of companies operating in the digital era is the need to integrate IT into innovation or equalization of power, by integrating their ideas into digital strategies that empower employees.

Nowadays, digital culture is the key to digital transformation. Digital culture is one of the supporting factors for successful organizational transformation to face Industry 4.0 because it is part of digitalization (Ferdian & Rahmawati, 2019). Digital culture is interpreted through attitudes and use of ICT which become habits that become complete values and beliefs (Navaridas-Nalda et al., 2020). The use of digital communication technology can be utilized for collaboration in the process of implementing digital organizational culture (Pangarso, Winarno, Aulia, & Rintonga, 2022). Hence, implementing a digital organizational culture is necessary in the digitalization transformation that supports the digital revolution transition (Bakar, Razali, Wook, Ismail, & Sembok, 2021).

According to Wokurka et al. (2017) the existence of a corporate culture that collides with digital corporate transformation causes expectations of significant business benefits for customers and the organization to fail. Therefore, identification of the practical aspects needed for a company to be successful in the digitalization management process that can improve company performance can be done with research on the important role and impact of digital culture on employee performance. Implementing a digital culture can help companies increase efficiency, productivity, and enable employees to adapt to technology which can increase the effectiveness of employee performance. Lack of digitalization culture and knowledge about the benefits of using Industry 4.0 tools at the organizational level can hinder organizations (Bakar, Razali, Wook, Ismail, & Sembok, 2021).

Based on the results of a pre-research questionnaire regarding digital organizational culture at the Main Branch Office of PT POS Indonesia Bandung which distributed to 15 respondents, it shows that the implementation of organizational culture has not been optimal. This can be seen from the responses given by employees. To the statement "I always create innovative ideas at work" there were 6.7% of employees who answered that they disagreed, and 93.3% said they agreed. Likewise, with the statement "I collaborate cross-functionally at work", as many as 6.7% said they disagreed, and 93.3% said they agreed. Furthermore, 46.7% said they disagreed and 53.3% agreed with the statement "I quickly adapt to changing technological demands". In the statement "I use data and analysis in making decisions", as many as 6.7% said they disagree, 86.7% said they agreed, and 6.7% said they strongly agreed.

As we have known that the digital transformation carried out by PT Pos aims to improve performance and change for the better. then, it is aligned with a digital culture that can support the realization of digital transformation. However, from the results above, it can be seen that digital culture is still not implemented enough by human resources in companies. This study investigates how digital culture have impact to employee performance. To achieve this research, the theoretical background and hypothesis development of this research are presented below and the research methodology used for data

collection and analysis is explained. Finally, the paper concludes with a discussion of the results.

LITERATURE REVIEW

Digital Culture

Organizational culture is the values, beliefs, norms, or assumptions adopted by an organization as a guide for behavior in the organization which distinguishes the organization from others (Khansa & Ferdian, 2021). Organizational culture is a model that comprises of belief and assumptions to regulate human capital (Meher & Mishra, 2020). Organizational culture can be synthesized that is a value that reflects the identity of company which is the basis for employees to act.

Digital culture is formed from the organizational culture inherent in companies that are transforming into digital in the current era of technological development. Digital culture refers to mindsets, behaviors, and practices related to the use of digital technology in everyday life. This culture reflects the social transformation brought about by advances in information and communication technology, especially the internet and mobile devices (Junaedi, Renaldo, Yovita, Veronica, Jahrizal, 2024). Concept of digital culture as follows: a set of shared assumptions and understanding about organisation functioning in a digital context (Deshpande and Webster's, 1989; Martínez-Caro, 2020). Collaboration, creativity, innovation and continuous improvement are values in digital organizational culture (Hadi & Baskaran, 2021).

Buvat et al. (2017) mentioned six criteria that can be used to measure the digital culture:

1. Innovation, exploration of new ideas.
2. Data-driven decision making, using data for analysis and business decisions taken for the company.
3. Collaboration, cross-functional collaboration to optimize skills.
4. Open culture, external networks a partner.
5. Digital first mindset, digital solutions for progress are used as a mindset.
6. Agility and flexibility, adapt to changing demands and technology in an agile and flexible manner.
7. Customer centricity, expanding the customer base with digital customer solutions accompanied by customer experience.

Employee Performance

Employee performance refers to one's achievement measured by the standards or criteria set by the company (Sihombing, Astuti, Musadieg, Hamied, Rahardjo, 2017). According to Mangkunegara (2017), employee performance is stated that performance (work performance) is the achievements of an employee in carrying out his duties in the form of quality and quantity in accordance with the responsibilities given to him. Performance is the achievement of the level of task implementation by employees through the abilities and conditions that have been previously determined to achieve organizational goals. It means that employee performance is a work result achieved based on targets given to employees. Employees must have a high desire for work so that they can produce

good performance which can be improved with abilities appropriate to their responsibilities.

There are factors that influence employee performance according to Kasmir (2016: 189-193), namely abilities and skills, knowledge, work design, personality, work motivation, leadership, leadership style, organizational culture, job satisfaction, and work environment.

Robbins & Judge (2017) mentioned six criteria that can be used to measure the performance of an individual employee, i.e.:

1. Quality, whether or not the work produced is good.
2. Quantity, output or amount of work results according to the target.
3. Punctuality, completing tasks according to plan.
4. Cost effectiveness, resources are used effectively.
5. Supervision needs, execution of tasks without intervention.
6. Interpersonal impact, level of attitude at work and when collaborating with colleagues.

The Relationship Between Digital Culture and Employee Performance

Several studies show that the key element in the digital era that enables companies to compete is a digital-based culture. Employee performance can be influenced by several factors, such as digital culture. The values embedded in the company which then collaborate with digital technology can produce output in the form of increased employee performance. The results of the study done by Ferdian & Rachmawati (2019), digital culture has a positive influence on employee performance. Findings by Khansa & Ferdian (2021) shows the magnitude of the influence of digital culture variables on employee performance variables of 52.2%. Research conducted by Bachtiar & Susanty (2020) shows that digital culture in companies has a positive and significant impact on employee performance. This shows that digital organizational culture implemented in an organization can significantly improve employee performance. The ease of collaboration in organizations that use digital technology can be felt with responsibility, trust and autonomy. Increasing employee performance is influenced by digital organizational culture, because they already have guidelines for working in the digital era (Pangarso, Winarno, Aulia, & Rintonga, 2022). The following hypothesis of this research is:

H1: Digital culture has a positive and significant impact on employee performance.

The conceptual framework in this study is as follows:

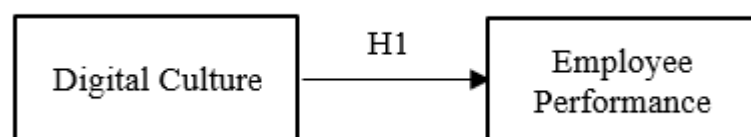


Figure 1. Conceptual Framework

METHODOLOGY

This research was conducted at the Main Branch Office of PT POS Indonesia Bandung. The approach method in this study applies quantitative with causal type research. According to Sugiyono (2019:16), quantitative research methods are research methods based on the philosophy of positivism which are used for research on certain populations and samples, data collection, and statistical data analysis in conducting hypothesis testing. The population of this research object is all employees of Main Branch Office of PT Pos Indonesia Bandung with 131 employees. This study used 30 employees as the research samples. Data collection is using questionnaire distributed to the respondents. The measurement scale using Likert, from 1 – strongly disagree to 5 – strongly agree. The data will be analyze using simple linear regression analysis. The type of research used is descriptive research. According to Sugiyono (2019:4) states that descriptive research is a research method used to analyze statistical data descriptively. Descriptive study is a type of research that is able to provide an overview or description of a situation with clear without any treatment of the object under study (Putranto, 2022)

CONCLUSIONS AND RECOMMENDATIONS

According to the theoretical exploration carried out in this research, it has been proven that digital culture has a positive and significant effect on employee performance. Companies need to increase the knowledge and capabilities of human resources regarding digital culture. Digital organizational culture can be an important factor in improving digital performance. Without a clear digitalization strategy, ideal digital organizational values cannot be achieved even though digital organizational culture produces better performance than before in an organizational environment that is familiar with the use of digital technology. (Pradana, Silvianita, Syarifuddin, & Renaldi, 2022). Existing cultural attributes in the organization need to be identified, select attributes that can accelerate digital business, and for the success of digital business, companies can form new organizational cultural attributes (Martínez-Caro, 2020).

The findings of this study have several implications for research and practice. These findings can help companies or organizations understand what kind of digital organizational culture is most appropriate to be more effective in improving employee performance in results-oriented digitalization. These findings can add knowledge to existing literature. It also provides a basis for future researchers to expand the study to realistic organizations in various sectors to generalize the findings to the context of business organizations.

FURTHER STUDY

This research has limitations, further researchers can add variables and involve more dimensions of digital culture. Further researchers also can conduct research on different objects like other specific business sector.

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