Analysis of Intellectual Capital and Organizational Culture on Employee Performance in Creative Industry Wedding Organizer Surabaya City

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The purpose of this study is to examine how organizational culture and intellectual capital affect employee performance in Surabaya City’s creative wedding organizer sector. This study employs a quantitative methodology. Data collection to be used in this research is through the use of questionnaires and a Likert scale of 1 to 5 in the scoring calculation of the questionnaire. The sampling method used in this research is the purposive sampling method, and we obtained five wedding organizer businesses in Surabaya City with a sample of 56 respondents determined using the Slovin formula. The data were analyzed using Partial Least squares (PLS). The findings of this study demonstrate that the variable of organizational culture has a favorable and significant impact on worker performance. Employee performance is positively and significantly impacted by the intellectual capital variable. Of the three aspects of intellectual capital, the structural capital component is more prominent than the human capital and relational capital dimensions.
INTRODUCTION

In Indonesia, part of the industrial sector that is experiencing development and is projected to continue to increase productivity in the future is the creative economy industry sector (kraft). In 2019 the craft industry contributed 7.29% to the total Gross Domestic Product (GDP) of Indonesia, or IDR 1,153.4 trillion. (GDP) of Indonesia or IDR 1,153.4 trillion. Based on survey data from the Tourism and Creative Economy Agency over the past decade, this industry has constantly moved up in the amount of GDP contributed. This is corroborated by Indonesia being ranked 9th in the data of countries with the fastest growing foreign tourists made by the World Travel & Tourism Council (WTTC). The craft industry is spread across various regions of Indonesia with the top 3 being West Java Province at 18.33%, East Java at 18.23%, and Sumatra at 17.94% of the total craft industry spread. East Java as the second-ranked province contributed 23.71% of the total GDP of Indonesia's Ecraft in 2016. The prominent creative economy sub-sectors in East Java Province are the music sub-sector with a percentage of 21.42%, the culinary sub-sector with 19.09%, and the performing arts sub-sector with a percentage of 10.31%.

Surabaya is the capital of East Java Province where people from both East Java and outside East Java flock to Surabaya to try their luck in the provincial capital. Like the previous data on the distribution of creative economy business units in 2016, East Java occupies the second position as the province with the most creative economy business units in Indonesia. This could be because the province of East Java, especially the city of Surabaya, utilizes the cultural potential they have and is developed into a promising business field. With a lot of cultural acculturation and also as the largest city, Surabaya City is a city that can be seen as an opportunity to develop creative economy businesses.

Part of the creative economy business that is widely available in Surabaya City is Wedding organizing. A wedding organizer is a service that provides special services in a personal way that has the aim of supporting brides-to-be and families of brides-to-be from the planning stage to the implementation stage. The demand for wedding organizers since 2020 has increased drastically until now from what was initially a decline due to the Covid-19 pandemic. Both the actors and those involved in this industry must implement a good organizational culture so that it can support their work in this craft sector. However, currently, there are still many complaints by users of this wedding organizer service caused by various reasons. For example, complaints about the professionalism of the wedding organizer which is considered lacking, where this is included in the Intellectual Capital category. A wedding organizer is an entity that sells its services, so the quality of service, employee performance, and satisfaction are service, employee performance, and satisfaction are the main things.

Therefore, this research focuses on the effect of Intellectual Capital and Organizational Culture on Employee Performance. Bontis (Sari et al., 2019) proves that intellectual capital is an organizational resource that has no form and is generally classified as human capital, structural/organizational capital,
and external capital. Intellectual capital is an insight, information, and intellectual property that is able to get opportunities and manage threats to the life of an organization, as a result, it can affect endurance and success in competing in various matters. And also research conducted by (Gendut Sukarno et al., 2018) which was conducted on 5 East Java creative industry sub-sectors showed results that relational capital outweighed human capital, structural capital, and other forms of capital.

Organizational culture is part of the indicators that can affect employee performance. HR is usually formed due to the nature and character that exists in a person and the surrounding environment. According to Saiful (2018), organisational culture is the fundamental guiding concept of the organisation, containing common values, ideas, and regulations that serve as key characteristics for how to do business within the organisation. What often becomes a management problem is how to create a strong culture or in other words how to change a weak culture into a strong culture that will ultimately be able to improve employee performance to achieve the goals of the company or organization. A strong culture is very influential in improving one's consistency in behavior. In other words, culture is an important factor in improving the performance or performance of employees in the organization (Gendut Sukarno, 2018).

Employee performance is the result of the mindset, ability, and energy of one employee in carrying out his work, which has a form, can be seen, and can be calculated regarding the amount (Oktarina, 2021). It cannot be denied that intellectual capital and organizational culture play a role as part of the tactics that can be used by creative economy industry businesses, especially wedding organizers, in facing increasingly stringent economic challenges. This high demand can later have a new impact not only on business actors but can bring drastic changes to Indonesia's GDP, especially from the creative economy sector. With the many requests for the implementation of existing events, wedding organizers must continue to maintain the quality of service they provide to clients.

Based on the explanation above, there is a problem formulation, namely: 1) Does intellectual capital affect employee performance in the creative wedding organizer industry in Surabaya City?, 2) Does organizational culture affect employee performance in the creative wedding organizer industry in Surabaya City?. Based on the problem formulation, the objectives of this research are: 1) To examine the effect of intellectual capital on employee performance in the creative industry of wedding organizers in Surabaya City, 2) To examine the effect of organizational culture on employee performance in the creative wedding organizer industry in Surabaya City.

LITERATURE REVIEW

Intellectual Capital

According to Goh (in Rakhmat Kabul et al., 2021), intellectual capital refers to intangible resources that are crucial for gaining an industrial competitive edge, such as technology, consumer data, brand names, reputation,
and organisational culture. A competitive advantage is produced by applying experience, organisational technology, consumer correlation, and skills.

According to Brooking (in Suhaimeh et al., 2021), intellectual capital is a collection of intangible assets that serve an industry, such as markets, intellectual property, human resources, and infrastructure. According to Bontis and Pablos (in Rakhmat Kabul et al., 2021), there are three key components that make up intellectual capital: human capital, structural capital, and relational capital.

According to Fanggidae, P. Y (2022) has an opinion that human capital can be defined as the audience itself either individually or in groups regarding the capabilities of the person, insight, commitment, and personal experience lent to the industry. Human capital indicators consist of knowledge, expertise, abilities, and skills as said by Gaol (in Fanggidae, 2022). According to Marti (in Hasmirati & Akuba, 2022), structural capital is the potential of the industry to use human intellect and innovation (HR) to develop wealth that is actualized as the value of procedures, technology, routines and systems in an industry, as well as the ways in which elements in the industry are systematized, internalized, and processed. Also supported by Wirawan's opinion (in Muzakki, 2020), there are 4 indicators of structural capital, namely procedures, technology, routines, and systems.

Based on Edi Sugiono et al. (2019) in their research, it is explained that relational capital is a view of the potential to create relationships with external parties. Relational Capital according to Daat (in Sindania & Hartono, 2020) states that relational capital has indicators of customer loyalty, customer loyalty, and customer loyalty that relational capital has indicators of customer loyalty, distribution networks, business collaboration.

Organizational Culture

Organisational culture is described by Edy Sutrisno (in Banu Armansyah, 2022) as a set of values, assumptions, beliefs, or rules that have long been in place and are followed by members as a guide while acting and resolving organisational issues. According to Afandi (2018), an organization's culture is a collection of its values, presumptions, beliefs, philosophies, and organisational practises.

The strength of organizational culture will result in good industrial performance because it considers that a strong culture is a culture that instills core values in a strong way and is widely accepted by employees (Ikhsan, 2016). The higher the level of understanding of employees of organizational values and culture and the greater the commitment of employees to these cultural values, as a result, the organizational culture can be said to be one of its strong organizational cultures. Afandi (2018) explains that the benchmark for organizational culture is the implementation of rules, the implementation of values, beliefs, and the implementation of a code of ethics.

Employee Performance

According to Afandi (2018), performance is the end result of work completed by individuals or teams in a field in accordance with their respective
authorities and obligations in order to carry out the mission of the organisation without flouting morals and ethics or breaking the law. Because an organisation expects good employee performance in line with what is expected of them. in order for the accomplishment of organisational goals to typically follow the specified aims.

Haridansyah in Lestari et al., 2020 suggests employee performance indicators, namely targets, quality, completion time, and compliance. There are aspects that influence employees in achieving their performance described by Davis in Pangestu et al., 2022 is an ability factor consisting of IQ (potential ability) and is also supported by the education taken, and also a motivational factor which is a condition of moving directed employees.

Creative Industry

The creative economy is the realization of the added value of intellectual property that has a source of creativity for people who have a basis in cultural heritage, insight, and or technology (Law of the Republic of Indonesia No. 24 of 2019 concerning the Creative Economy, 2019). According to DCMS (in Ilhamuddin et al., 2018) the creative industry is a company that has its origin in the use of creativity, skills, and talents that a person has in order to build prosperity and employment through the creation and use of that person's creative power and inventiveness.

There are 17 sub-sectors of the creative economy in Indonesia, according to the Ministry of Tourism and Creative Economy. These include game development, architecture, interior design, music, fine arts, product design, design, culinary, animated films and videos, photography, DKV, radio television, crafts, advertising, performing arts, publishing, and applications.

Relationship between Variables

a) The Effect of Intellectual Capital on Employee Performance

Intellectual capital itself is a source of knowledge in the form of employees, consumers, procedures, or technology needed by the industry to improvise industrial values (Bukh, et.al in Rakhmat Kabul et al., 2021). Performance consists of two forms, namely: employee performance and organizational performance, employee performance is the result of work on the quality and quantity of employees based on standard work references while organizational performance includes the unity of employee and team performance. Based on the theory above, there is a strong correlation between intellectual capital and employee performance. Evidence of this statement is supported by research by Muhammad Hidayat and Dwi Fitria Azzahra (2019) conducted at PT. Bosowa Propertindo Makassar shows that human capital, structural capital, and relational capital (Intellectual Capital) simultaneously have a positive and significant effect on employee performance.

b) The Effect of Organizational Culture on Employee Performance

There are 3 basic ideas if there is a correlation between organizational culture and employee performance, namely (1) unifying goals, (2) a strong
culture is often stated as supporting performance because it creates an extraordinary level of motivation in employees, and (3) a strong culture supports performance because it provides the necessary structure and control without having to be based on formal bureaucracy Sudarmanto (in Sitorus, 2021). This statement is supported by research conducted (Sitorus, 2021) which states that organizational culture has a positive and significant effect on the performance of BPR Profidana Paramitra Yogyakarta employees. Based on the analysis and study obtained through previous research, a framework was obtained. The framework is used by researchers to determine the flow of research stages. The explanation related to the framework in this research is below.)

![Conceptual Framework](image)

Based on the research framework, researchers have the intention of testing a number of existing hypotheses. The explanation related to this research hypothesis is two hypotheses, which are formulated below:

**H1:** It is suspected that Intellectual Capital has a positive effect on employee performance in the creative industry of Wedding organizers in Surabaya City.

**H2:** It is suspected that organizational culture has a positive effect on employee performance in the creative industry of Surabaya City Wedding Organizer.

**METHODOLOGY**

In this research, researchers used a quantitative approach. The data collection to be used in this research this time is through the distribution of questionnaires online through the Google Form application. The scale used to measure in this research is an ordinal scale through the use of Likert weighting techniques. This research uses statements with a scale of 1-5. The above benchmarks are measured using a Likert scale which has 5 levels of preference answers, each of which has a score of 1-5 from strongly disagree to strongly agree.

The population in this research is employees of the wedding organizer creative industry in Surabaya City, which is divided into 5 wedding organizers with a total of 125 employees. Due to the large number of populations, it is not possible to carry out research in an overall way, therefore a number of populations are needed that are able to represent the entire existing population. So, the sample in this research was determined using the Slovin formula so that 56 respondents were obtained.
Partial Least Square (PLS) and hypothesis testing with statistical techniques are employed in this study's data analysis, which is supported by SmartPLS 3.0 software. Partial Least Square (PLS) is an analytical method that is thought to be strong, because it can be implemented for all data scales, no various assumptions are needed and the sample size is not required to be large.

**RESEARCH RESULT**

It is possible to observe, by looking at the picture of the outer model that is located above, the magnitude of the factor loading value associated with each benchmark, which is located directly above the arrow that connects the variables (constructs), and it is also possible to observe the magnitude of the path coefficients, which are located directly above the arrow line that connects the exogenous variables and the endogenous variables. On the other hand, the quantity of R-Square that can be detected in the endogenous variable circle (Employee Performance) is something that can be observed.

Based on the outer loading table above, the reflective benchmarks in the Human Capital, Structural Capital, and Relational Capital dimensions of the Intellectual Capital variable (X1), and the Organizational Culture variable (X2) and Employee Performance (Y) prove the factor loading value (original sample) above 0.50 and or significant (T-Statistic value above $Z_{\alpha} = 0.05$ (5%) = 1.96), therefore the estimation results of all reflective benchmarks in this research are given a statement that they meet convergent validity or good validity.
Average Variance Extracted (AVE)

Table 1. Average Variance Extracted (AVE)

<table>
<thead>
<tr>
<th></th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGANIZATIONAL CULTURE (X2)</td>
<td>0.902766</td>
</tr>
<tr>
<td>HUMAN CAPITAL</td>
<td>0.827132</td>
</tr>
<tr>
<td>INTELLECTUAL CAPITAL (X1)</td>
<td>0.763410</td>
</tr>
<tr>
<td>EMPLOYEE PERFORMANCE (Y)</td>
<td>0.786277</td>
</tr>
<tr>
<td>RELATIONAL CAPITAL</td>
<td>0.817006</td>
</tr>
<tr>
<td>STRUCTURAL CAPITAL</td>
<td>0.907333</td>
</tr>
</tbody>
</table>

Source: Primary data processed, 2023

The results of the AVE test for constructs or variables of Human Capital, Structural Capital, and Relational Capital, Intellectual Capital (X1), Organizational Culture (X2), Employee Performance (Y) prove the Average Variance Extracted (AVE) value above the cut-off of 0.5, as a result, it is able to be given a statement in a comprehensive way the constructs (dimensions) and variables in this research have good validity.

Composite Reliability

Table 2. Composite Reliability

<table>
<thead>
<tr>
<th></th>
<th>COMPOSITE RELIABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGANIZATIONAL CULTURE (X2)</td>
<td>0.973778</td>
</tr>
<tr>
<td>HUMAN CAPITAL</td>
<td>0.950340</td>
</tr>
<tr>
<td>INTELLECTUAL CAPITAL (X1)</td>
<td>0.972440</td>
</tr>
<tr>
<td>EMPLOYEE PERFORMANCE (Y)</td>
<td>0.936305</td>
</tr>
<tr>
<td>RELATIONAL CAPITAL</td>
<td>0.930488</td>
</tr>
<tr>
<td>STRUCTURAL CAPITAL</td>
<td>0.975100</td>
</tr>
</tbody>
</table>

Source: Data processed, 2023

The results of the composite reliability test in constructs or variables show that Human Capital, Structural Capital, and Relational Capital, Intellectual Capital (X1) in the amount of 0.972440, Organizational Culture (X2) in the amount of 0.973778, Employee Performance (Y) in the amount of 0.936305 prove the composite reliability value above the cut-off of 0.7, as a result, it is able to be given a statement in a comprehensive way the constructs (dimensions) and variables in this research have been reliable.
Latent Variabel Correlations

Table 3. Latent Variabel Correlations

<table>
<thead>
<tr>
<th></th>
<th>ORGANIZATIONAL CULTURE (X2)</th>
<th>INTELLECTUAL CAPITAL (X1)</th>
<th>EMPLOYEE PERFORMANCE (Y)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGANIZATIONAL CULTURE</td>
<td>1,000000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CULTURE (X2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INTELLECTUAL CAPITAL</td>
<td>0,851222</td>
<td>1,000000</td>
<td></td>
</tr>
<tr>
<td>CAPITAL (X1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMPLOYEE PERFORMANCE</td>
<td>0,871110</td>
<td>0,780230</td>
<td>1,000000</td>
</tr>
<tr>
<td>PERFORMANCE (Y)</td>
<td></td>
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</table>

Source: Primary data processed, 2023

The average correlation value between one variable and another can be seen to be sufficient in the above table of latent variable correlations. The correlation between the Organisational Culture variable (X2) and Employee Performance (Y) has the highest correlation value, which is 0.871110. The issue can also be stated if, among the variables included in the research model, there is a stronger correlation between the Organisational Culture variable (X2) and Employee Performance (Y) than between other variables. The issue can alternatively be interpreted if, in this study model, the organisational culture variable has a greater impact on high and low employee performance than the intellectual capital variable.

R-Square

Table 4. R-Square

<table>
<thead>
<tr>
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<th>R-SQUARE</th>
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<tbody>
<tr>
<td>ORGANIZATIONAL CULTURE</td>
<td></td>
</tr>
<tr>
<td>CULTURE (X2)</td>
<td></td>
</tr>
<tr>
<td>INTELLECTUAL CAPITAL</td>
<td></td>
</tr>
<tr>
<td>CAPITAL (X1)</td>
<td></td>
</tr>
<tr>
<td>EMPLOYEE PERFORMANCE</td>
<td>0,687175</td>
</tr>
<tr>
<td>PERFORMANCE (Y)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data processed, 2023

The R-square value for the Employee Performance variable (Y) is 0.687175, meaning that the effect of the variability of Employee Performance can be explained by the Intellectual Capital and Organizational Culture variables by 68.71%, while the remaining 31.29% can be explained through other variables that are not in this research.
Table 5. Path Coefficients (Mean, STDEV, T-Values, P-Values)

| Path Coefficients (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STERR|) | P Values |
|-----------------------|-----------------|-----------------------------|-----------------|----------|
| INTELLECTUAL CAPITAL (X1) -> EMPLOYEE PERFORMANCE (Y) | 0,326027 | 0,326221 | 0,110824 | 2,941851 | 0,004 |
| ORGANIZATIONAL CULTURE (X2) -> EMPLOYEE PERFORMANCE (Y) | 0,533588 | 0,535614 | 0,107602 | 4,958901 | 0,000 |

Source: Primary data processed, 2023

Hypothesis 1: It is suspected that Intellectual Capital has a positive effect on employee performance in the creative industry of Wedding Organizer Surabaya City can be accepted, through path coefficients of 0.326027, and a T-Statistic value of 2.941851> 1.96 (from the table value Zα = 0.5) or a P-Value of 0.004 <0.05, as a result it can be said to be Significant (positive).

Hypothesis 2: It is suspected that organizational culture has a positive effect on employee performance in the creative industry Wedding Organizer Surabaya City can be accepted, through path coefficients of 0.533588, and a T-Statistic value of 4.958901> 1.96 (from the table value Zα = 0.5) or P-Value 0.000 <0.05, as a result it can be said to be Significant (positive).

DISCUSSION
The Influence of Intellectual Capital Has a Significant Effect on Employee Performance

The intellectual capital variable significantly affects employee performance, according to the research findings. This situation demonstrates that employee performance will improve in direct proportion to the quality of the wedding planner's intellectual capital. The findings of this study concur with earlier research by Suhaimah et al. (2021), which found that intellectual ability had a favourable and significant impact on worker performance.

Of the three components of intellectual capital, the one with the largest percentage is structural capital, followed by human capital, and finally relational capital. According to Bontis, structural capital is the entire potential of a company or industry to carry out daily processes and corporate structures that aid staff in their efforts to produce results in the form of the highest level of intellectual performance and business performance, such as industrial operating systems, manufacturing processes, organisational culture, management philosophies, and all types of corporate intellectual property rights (Dosi, 2019).

The Influence of Organizational Culture Has a Significant Effect on Employee Performance

According to the research's findings, factors affecting organisational culture have a big impact on how well employees perform. This situation
demonstrates that staff performance will rise in direct proportion to how well Surabaya City wedding planners have implemented their organisational culture. The findings of this study are consistent with earlier research by Rosvita et al. (2017), which found that organisational culture has a large and beneficial impact on employee performance.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the analysis and discussion of the results of the analysis of each research variable with its correlation, it can be concluded as follows. Intellectual capital is able to contribute to employee performance. The second research result, organizational culture variables also contribute to employee performance. Based on the research results, it can be interpreted that, the better the intellectual capital and organizational culture variables are, the more they are able to have a good influence on the performance of Surabaya City wedding organizer employees.

Based on the largest indicator of each variable, it is hoped that the wedding organizer will always improve intellectual capital in wedding organizers, especially in the structural capital dimension, the company must improve the efficiency of the operational system to be better than before. To improve employee performance according to the human capital dimension, companies are expected to conduct selection and then further conduct training on the ability to work in the field of wedding organizers. For the relational capital dimension, the company is expected to build a wider distribution network. Then, it is hoped that the company will maintain an organizational culture that can provide a deep philosophy. And also the company is expected to always monitor the achievement of work targets from employees and also provide targets to employees in order to trigger employees to complete their work properly.

ADVANCED RESEARCH

Future researchers are expected to be able to conduct continuous research, add variables that might affect many things in this research, and expand the scope of the research area.
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