THE INFLUENCE OF QUALITY OF WORK-LIFE AND COMPENSATION ON EMPLOYEE PERFORMANCE THROUGH ORGANIZATIONAL CULTURE (STUDY OF AGRICULTURAL EXTENSION IN PASURUAN REGENCY)

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ABSTRACT

Purpose of the Study: This study aims to analyse and prove the influence of quality of work-life and compensation on employee performance through organizational culture.

Methodology: This research uses quantitative research with the type of research based on the time of observation, namely cross-national study because data collection is done with one observation at the same time. Meanwhile, according to the type of use of the research, including explanatory research because it is to explain the effect of the tested variables and testing the research hypotheses that have been previously determined. The population in this study were all field agricultural extension workers with civil servant status in Pasuruan Regency, totalling 80 people. The sampling technique in this study is total sampling, which is a sampling technique where the number of samples is the same as the population. In measuring the research instrument, an interval scale was used based on the Likert scale, namely, the scores used were 1–5 which were assigned variations according to each question category. Path analysis was used as a research model and analysed with the help of the SPSS Version 20 program.

Main Findings: Quality of Work Life in employees has contributed well to the employee's Organizational Culture. Compensation has contributed well to the Organizational Culture. Quality of Work Life of employees has contributed well to employee performance. Compensation has contributed well to employee performance. Organizational culture has contributed well to employee performance. Quality of Work Life followed by Organizational Culture has made a good contribution to Employee Performance. Compensation given which is followed by Organizational Culture has contributed well to employee performance.

Applications of this Study: This research provides benefits to the development of management science and becomes material for lecturing activities at universities.

Novelty/Originality of this Study: This research makes new interpretations from several previous studies and takes existing techniques to apply them to new objects.

Keywords: Quality of Work Life, Compensation, Organizational Culture, Performance

INTRODUCTION

In general, Pasuruan Regency has various topographical forms in the form of mountains, hills, lowlands, and coastal areas. The height class of Pasuruan Regency is divided into 4 (four) zones, namely: (A) areas with an altitude of 0–300 masl; (B) areas with an altitude of 300–800 masl; (C) areas with an altitude of 800–1500 masl and (D) areas with an altitude of >1500 masl.

Based on the condition of the area above, Pasuruan Regency Agriculture is an agricultural sub-sector in a broad sense that has potential from lowlands to highlands/mountains. Where the existing potential can be developed several commodities of food crops, horticulture, and plantations which will later become regional superior commodities. Rice and rice production are strategic commodities because they involve the basic needs of the population that are of concern to the government. In 2019, rice production in Pasuruan Regency reached 269,463 tons. The data were obtained based on the results of a survey of the Sampling Area.
Framework (KSA) in Pasuruan Regency. When compared to 2018 the figure has decreased. This is due to a change in the methodology in calculating the harvest area. The high rice production in April and August is supported by a suitable climate for rice growth, adequate rainfall, and controlled pests, especially tungro pests, WBC and stem borer. Meanwhile, the lowest production is produced in January. Corn production in 2019 has increased by 50,287 tons, the production of other secondary crops (cassava, sweet potato, peanuts, and soybeans) in 2019 has decreased compared to 2018.

![Graph showing production of rice and secondary crops in Pasuruan Regency 2018-2019](image)

Source: Regional statistics of pasuruan regency 2020

**FIGURE 1**
PRODUCTION OF RICE AND SECONDARY CROPS PASURUAN REGENCY 2018–2019 (TON)

Apart from food crops, Pasuruan Regency has the potential for horticulture such as vegetables and fruits as well as flowers such as orchids, tuberose, chrysanthemums, carrots, leeks, tomatoes, peppers and oyster mushrooms for export. The fruits produced from Pasuruan Regency are durian, mango, srikaya, salak, and banana.

![Graph showing horticultural crop production in Pasuruan Regency 2018-2019](image)

Source: Regional statistics of pasuruan regency 2020

**FIGURE 2**
HORTICULTURAL CROP PRODUCTION, PASURUAN REGENCY 2018–2019 (TON)

Meanwhile, the contribution of the Agriculture, Forestry, and Fisheries category to the PDRB of Pasuruan Regency in 2019 based on the current price reached 9.72 trillion rupiahs or 6.66 percent. The sub-category of Agriculture, Animal Husbandry, Hunting, and Agricultural Services is the largest contributor in creating added value in the agricultural, forestry, and fisheries business fields, reaching 90.88 percent.
Based on the strategic plan of the Ministry of Agriculture, the strategic plan of the Pasuruan Regency Agriculture Office to provide a corridor for agricultural development prioritizes the problem of increasing the production and competitiveness of agricultural products through agricultural production, applying appropriate technology as well as developing agricultural agribusiness and empowering farmers through institutional guidance and strengthening. With this strategic plan, extension workers are still needed to assist the program. Therefore, the Ministry of Agriculture seeks to accelerate agricultural development, among others, through the Revitalization of Agricultural Instructors with the policy of 1 (one) Village 1 (one) extension to increase the income and welfare of farmers and their families by recruiting Daily Released Agricultural Extension Assistants (Department of Agriculture, 2009).

Starting in 2007–2009 the Ministry of Agriculture began recruiting Daily Relief Staff for Agricultural Extension Assistants to support programs in the agricultural sector as assistant extension agents. The main requirement as a Rural Agribusiness Development Assistance Extension Officer in Pasuruan Regency, who initially graduated with a minimum of Strata-1 (S1), now graduates of SMK-Agriculture/SPMA also become assistant extension agents because the number of civil servant extension agents is very small.

The current condition in Pasuruan Regency for civil servant extension agents is very small when compared to the programs in the strategic plan. The number of field agricultural extension officers with civil servant status in Pasuruan is only 80 people. Meanwhile, the number of civil servants who will retire will also increase so that the number of civil servant extension officers will decrease each year. Therefore, this research will discuss the effect of quality of work-life and compensation on employee performance through organizational culture (field agricultural extension study in Pasuruan Regency).

LITERATURE REVIEW

Quality of Work Life (QWL)

Quality of Work Life (QWL) is an organizational program to get a comfortable and pleasant work environment to improve employee performance (Kaharuddin, Ahmad, Mardiana, Rusni 2020), QWL is a behavioural science concept, discussions on topics are very useful at the organizational level (Ahmad, 2017; Hasjim, Arafah, Kaharuddin & Genisa, 2020). The functional aspect of QWL deals with issues related to the workplace, and associations of employees with organizations. Theoretically, QWL is simple, which involves allowing workers to make decisions about their work, the design of their workplace, and what they need to make the most effective products or services (Cascio, 2006; Arafah & Kaharuddin, 2019). The quality of work-life (QWL) is a method or program carried out by organizations to improve the work environment and make the environment more productive, and individual reactions to work as a
result of the application of methods and developments within the organization (Hermawati, 2016; Kaharuddin & Hasyim, 2020). So QWL relates to the workplace which has an impact on employee performance and can affect job satisfaction to be better and have a high commitment to the organization.

Compensation

Compensation is very important for employees because compensation for them reflects a measure of the value of the work that has been presented to the organization. Compensation is a source of income for the employees and their families (Widodo, 2017; Arafah, Thayyib, Kaharuddin & Sahib, 2020). With compensation, employees hope that the compensation they receive can meet their needs and be able to improve their welfare. According to Tonga (2018), providing appropriate compensation to employees as a company recognition of employee performance is the company's obligation to meet the needs of employees. According to Hasibuan (2000), compensation is all income in the form of money, direct or indirect goods received by employees as compensation for services provided to the company.

And then Juliningrum & Sudiro (2013), compensation is one of the employee's motivations that affect performance. Motivation needs to be known by every leader, everyone who works with the help of others. Motivation is the process of trying to influence someone to do something we want. So Compensation is not only an encouragement for employees to work but also as appreciation for the work results of the employees. The level of compensation for employees determines the scale of their life, while relative compensation indicates their status, dignity, and self-respect. Providing compensation following the work results of employees will have an impact on employee performance (Hasyim, Nursidah & Hasjim, 2019).

Organizational Culture

Organizational culture is the values and beliefs of employees in understanding their role in the organization and complying with organizational norms. Discussing cultural issues is essential for an organization because it will always relate to the life that exists in the organization. Organizational culture is a philosophy, ideology, values, assumptions, beliefs, hopes, attitudes, and norms that are shared and binding in a particular community (Kaharuddin, 2018). According to Fatimah, et al., (2015) states that organizational culture is an invisible social force that can move people in an organization to carry out work activities. Besides, it is also a system of shared values and beliefs taken from the habit patterns and basic philosophy of its establishment which then interacts into norms, where these norms are used as guidelines for how to think and act to achieve common goals (Ismail et al., 2020). Furthermore, Sutrisno (2013) reveals organizational culture as a set of system values (values), beliefs, assumptions, or norms that have long been in effect, agreed upon and followed by members of an organization as a code of conduct and solving organizational problems. So organizational culture is the habits that occur in the organizational hierarchy that represent the norms of behaviour followed by members of the organization (Kaharuddin, 2019).

Performance

Performance is a work result in quality and quantity achieved by an employee in carrying out his duties following the responsibilities assigned to him (Arafah & Bahar, 2015). According to Sutrisno (2013), concluding that performance is the result of work seen from the aspects of quality, quantity, working time, and cooperation to achieve the goals that have been set by the organization. In this regard, Antou (2013) asserts that employee performance is a tangible behaviour that is displayed by everyone as work performance produced by employees following their role in the company. Continued by Mangkuprawira & Hubeis (2007), performance is the result of a certain planned work process at the time and place of the
employee and the organization concerned. Then Mangkunegara (2006), performance is the result of work in quality and quantity achieved by an employee in carrying out the duties and responsibilities given.

**METHOD**

This research uses quantitative research with the type of research based on the time of observation, namely cross-national study because data collection is done with one observation at the same time. Meanwhile, according to the type of use of the research, including explanatory research because it is to explain the effect of the tested variables and testing the research hypotheses that have been previously determined. It is called exploratory because it explains the problem to be examined through the collected data (Andi & Arafah, 2017).

The population in this study were all field agricultural extension workers with civil servant status in Pasuruan Regency, totalling 80 people. The sampling technique in this study is total sampling, which is a sampling technique where the number of samples is the same as the population. The reason for taking total sampling was because the population was less than 100, so the entire population was used as the research sample. By using this method, it is hoped that the results will tend to be closer to the real value and can minimize the occurrence of errors/deviations from the population value.

The research instrument was a questionnaire to reveal the research variables. In measuring the instrument, an interval scale is used based on a Likert scale, namely, the scores used are 1–5 which are assigned variations according to each question category. Thus this score shows a certain amount by describing the object being observed so that each question has five choices.

<table>
<thead>
<tr>
<th>Table 2</th>
<th>VALUE OF THE QUESTIONNAIRE RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Value</td>
<td>Exposure</td>
</tr>
<tr>
<td>1.00–1.80</td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>1.81–2.60</td>
<td>Disagree</td>
</tr>
<tr>
<td>2.61–3.40</td>
<td>Slightly Disagree</td>
</tr>
<tr>
<td>3.41–4.20</td>
<td>Agree</td>
</tr>
<tr>
<td>4.21–5.00</td>
<td>Strongly Agree</td>
</tr>
</tbody>
</table>

Source: Arikunto (2002)

According to Sani & Maharani (2013), in quantitative research, data analysis is an activity after data from all respondents are collected. Activities in data analysis are to collect data based on variables and types of respondents, tabulate data based on variables from all respondents, present data for each variable from all respondents, present data for each variable studied, performs calculations to answer the problem formulation, and performs calculations to test the hypothesis that has been proposed by Sugiyono (2008). In this study, the analysis was used using path analysis. Path analysis is an analytical technique used to analyze the inherent causal relationship between variables arranged based on temporary order by using the path coefficient as the target value in determining the influence of the dependent variable (Kaharuddin & Rahmadana, 2020). And for testing instruments and hypotheses in this study using the help of the SPSS Version 20 program.
FIGURE 3
PATH ANALYSIS MODEL

Source: Rahaded (2017); Wijaya (2016); Hermawati & Mas (2016); Lalompooh, et al., (2019); Anthonia, et al., (2019); Rosvita, et al., (2017); Anra & Yamin (2017); Nahduuddin & Maftukhah (2015); Yamali (2018).
Description:
- Direct influence
- Indirect influence

RESULTS AND DISCUSSION

Result

Path analysis can be said to be an extension of linear regression analysis because it uses the same calculations as linear regression but uses standardized observation values. Therefore, the path coefficient is the beta coefficient of the linear regression model.

<table>
<thead>
<tr>
<th>Influence</th>
<th>Path Coefficient</th>
<th>t-arithmetic</th>
<th>p-value</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1→Z</td>
<td>0.613</td>
<td>6.179</td>
<td>0.000</td>
<td>67.00%</td>
</tr>
<tr>
<td>X2→Z</td>
<td>0.265</td>
<td>2.674</td>
<td>0.009</td>
<td>54.90%</td>
</tr>
<tr>
<td>X1→Y</td>
<td>0.368</td>
<td>3.322</td>
<td>0.001</td>
<td>67.70%</td>
</tr>
<tr>
<td>X2→Y</td>
<td>0.236</td>
<td>2.497</td>
<td>0.015</td>
<td>58.90%</td>
</tr>
<tr>
<td>Z→Y</td>
<td>0.332</td>
<td>3.189</td>
<td>0.002</td>
<td>65.30%</td>
</tr>
</tbody>
</table>

The Effect of Quality of Work Life and Compensation on Organizational Culture

The path equation that is formed is:

\[ Z = 0.613 \times X_1 + 0.265 \times X_2 \]

The path coefficient of Quality of Work Life on Organizational Culture is 0.613, which means that for each increase in the Quality of Work Life variable by 1 unit, the Organizational Culture will increase by 0.613 times. The contribution of the Quality of Work Life variable to
Organizational Culture is 67.0%, meaning that 67.0% of changes in Organizational Culture are caused by changes in Quality of Work Life.

The path coefficient of Compensation to Organizational Culture is 0.265, which means that for each increase in the Compensation variable by 1 unit, the Organizational Culture will increase by 0.265 times. The contribution of the Compensation variable to Organizational Culture is 54.9%, meaning that 54.9% of changes in Organizational Culture are caused by changes in compensation.

**Effect of Quality of Work Life, Compensation and Organizational Culture on Performance**

The path equation that is formed is:

\[ Y = 0.368 X_1 + 0.236 X_2 + 0.332 Z \]

The path coefficient of Quality of Work Life on Employee Performance is 0.368, meaning that every 1 unit increase in Quality of Work-Life means that employee performance will decrease by 0.368 times. The contribution of Quality of Work Life to Employee Performance is 67.7%, meaning that 67.7% change in Employee Performance caused by changes in Quality of Work Life.

The Coefficient of Compensation Pathways to Employee Performance is 0.236, which means that every 1 unit increase in Compensation, the Employee Performance will decrease by 0.236 times. The Compensation Contribution to Employee Performance is 58.9%, meaning that 58.9% of changes in Employee Performance are caused by changes in compensation.

The path coefficient of Organizational Culture on Employee Performance is 0.332, meaning that every increase in Organizational Culture is 1 unit, then the employee's performance will increase by 0.332 times. Contribution of Organizational Culture to Employee Performance is 65.3%, meaning that 65.3% of changes in Employee Performance are caused by changes in Organizational Culture.

**Total Coefficient of Determination**

The total coefficient of determination describes how big the path model is formed in explaining the data used in the study. The value of determination ranges from 0% to 100%, where the higher the coefficient of determination the better the model in explaining the data used.

\[ R^2 = 1 - [(1-0.698) \times (1-0.752)] = 0.926 \]

The total coefficient of determination obtained based on the calculation of the path model is 0.926 which indicates that the path used can explain 92.6% of the data used in the study.

**Hypothesis Testing Results**

1. **The hypothesis I proposed in this study is a direct relationship between Quality of Work Life (X1) which has a significant influence on Organizational Culture (Z). The results of the t-test show that there is a significant positive effect of Quality of Work Life on Organizational Culture.**
2. **Hypothesis II proposed in this study is a direct relationship between compensation (X2) which has a significant influence on Organizational Culture (Z). The t-test results show that there is a significant effect of compensation on organizational culture.**
3. **Hypothesis III proposed in this study is a direct relationship between Quality of Work Life (X1) which has a significant effect on Employee Performance (Y). The results of the t-test show that there is a significant effect of Quality of Work Life on Employee Performance.**
4. **Hypothesis IV proposed in this study is a direct relationship between compensation (X2) which has a significant effect on employee performance (Y). The t-test results show that there is a significant effect of compensation on organizational culture.**
5. Hypothesis V proposed in this study is a direct relationship between Organizational Culture (Z) which has a significant influence on Employee Performance (Y). The t-test results show that there is a significant influence of Organizational Culture on Employee Performance.

6. Hypothesis VI proposed in this study is an indirect relationship between Quality of Work Life (X1) which has a significant influence on performance (Y) through Organizational Culture (Z) as an intervening variable. The t-test results show that there is a significant indirect effect of Quality of Work Life on Employee Performance through Organizational Culture.

7. Hypothesis VII proposed in this study is an indirect relationship between compensation (X2) which has a significant effect on performance (Y) through Organizational Culture (Z) as an intervening variable. The t-test results show that there is a significant indirect effect of compensation on employee performance through organizational culture.

**DISCUSSION**

The performance of a field agricultural extension officer in this study can be seen from two points of view. First, that performance is a function of individual characteristics, these characteristics are important variables that can influence a person's behavior, including field agricultural extension staff. Thus, the character of extension personnel can also affect work productivity which in turn is reflected in performance. Second, that performance is the influence of the site, including the quality of work-life, compensation, and organizational culture. The performance of field agricultural instructors is influenced by internal and external factors of extension workers. The performance of field agricultural extension agents in this study is perceived as the quality and quantity achieved by field agricultural extension staff in carrying out the tasks and responsibilities assigned to them. Internal factors that are thought to affect the instructor's performance are compensation for field agricultural extension workers. Meanwhile, the external factors that are thought to affect the extension's performance are of work-life and organizational culture.

The results of the previous analysis state that all pathways concerning the influence of quality of work-life and compensation on employee performance through organizational culture are significant. All of these paths, both directly and indirectly, have a t-value greater than t-table, which means that there is significance in each of these paths.

An effective and efficient development extension program can be developed by professionals in the field of development extension. This is only possible if the extension program is accommodated by a clear system of extension institutions and its implementation is supported by competent personnel in the extension sector (Slamet, 2003; Hasyim, 2017). Observing the above, in extension activities, the role of an agricultural extension agent is needed to encourage changes in the behavior of target farmers as desired. In other words, the success of an extension is strongly influenced by the size of the role of extension personnel given through extension activities (Mosher, 1997; Arafah, Jamulia & Kaharuddin, 2020).

The existence of field agricultural extension officers occupies a very important position in driving agricultural development in Pasuruan Regency. Field agricultural extension workers can communicate messages of development, scientific and technological innovation to farmers. The success of the implementation of these tasks is determined by the extension agent and also the Pasuruan Regency Government. If the agricultural extension workers are active in carrying out their activities as well as the support of facilities and attention from the Pasuruan Regency Government, the field agricultural extension agents will also be enthusiastic in carrying out their duties so that the agricultural extension's performance will also be good.

Performance is a work performance or work result (output) both in quality and quantity achieved by a person in a time in carrying out his work duties following the responsibilities assigned to him (Bahar, 2013). Performance reflects how well the employee meets the requirements of a job. Performance is often misinterpreted as an effort that reflects the energy expended, performance is measured in terms of results (Simamora, 2004). Many factors can affect performance, including quality of work-life, compensation, and organizational culture (Lesmana, 2016; Makhun, Hasjim, Muslimat & Hasyim, 2019).
The extension is held based on democracy, benefits, equality, integration, balance, openness, cooperation, participation, partnership, sustainability, justice, equity, and accountability as stated in Article 2 of Law No. 16 of 2006 concerning SP3K. The main objective of agricultural extension is to change the behaviour of farmers so that they are expected to manage their farms productively, effectively, and efficiently. According to Padmanagara (2012) states that the purpose of the extension is to assist and facilitate farmers and their families to achieve a more efficient/productive farming level, a more satisfying standard of living for families and communities through planned activities to develop their understanding, abilities, and abilities to experience economic progress. The principle of agricultural extension is the effectiveness of agricultural extension methods and techniques so that it can change farmer behaviour, especially in the adoption of technological innovations.

CONCLUSIONS

Based on the results of hypothesis testing and discussion, this research can be concluded as follows:
1) Quality of Work Life in employees has contributed well to the Organizational Culture of field agricultural extension employees in Pasuruan Regency.
2) Compensation has made a good contribution to the Organizational Culture of field agricultural extension staff in Pasuruan Regency.
3) Quality of Work Life of employees has contributed well to the performance of field agricultural extension staff in Pasuruan Regency.
4) Compensation has contributed well to the performance of field agricultural extension staff in Pasuruan Regency.
5) Organizational culture has made a good contribution to the performance of field agricultural extension staff in Pasuruan Regency.
6) Quality of Work Life followed by Organizational Culture has contributed well to the performance of field agricultural extension staff in Pasuruan Regency.
7) The compensation given which was followed by an Organizational Culture had contributed well to the performance of field agricultural extension staff in Pasuruan Regency.

Limitation and Study Forward

We still need further research related to the effect of quality of work life and compensation on employee performance through organizational culture with case studies in other areas. Further research needs to be done because geographic differences in an area can result in different organizational cultures.

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