



# THE EFFECT OF MANAGEMENT INNOVATION AND CULTURAL INNOVATION ON JOB SATISFACTION AND EMPLOYEE PERFORMANCE

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## Abstract

*One of the factors that can provide a stimulus to employees is to provide management innovations and cultural innovations, with the hope that these innovations will make employees improve their performance on an ongoing basis. This study tried to analyze the things that affected job performance and job satisfaction. There were several factors assessed, namely management innovation and cultural innovation. Based on the above phenomenon, it can be understood how important innovation is in an organization. In this study, the author used quantitative research with quantitative approach that emphasized the analysis of data in the form of questionnaire results which were processed by statistical methods. The results of the study showed that there was a significant influence of management innovation on job satisfaction within the Regional Revenue Service in Makassar. The more management innovations applied, the higher the employee's job satisfaction. There was a significant influence of cultural innovation on job satisfaction within the Regional Revenue Service in Makassar. With the cultural innovation that occurs the higher the level of employee job satisfaction.*

**Key Words:** *Innovation, Management, Culture, Job Satisfaction, employee performance,*

## A. Introduction

From the research of Jackson et al (2015) with the title examining the impact of design for the environment and mediating effect of quality management innovation on firm performance explained that there is a positive and significant relationship between management innovation and company performance. This study only focuses on management innovation that has an effect on company performance. Meanwhile, the current author does not only focus on management innovation but also on cultural innovation that is associated with employee satisfaction and performance. Innovation plays an extremely important role for organizational excellence. Innovation is achieved when we often ask: what and how at a high level, which is followed by a series of processes ranging from collecting creative ideas, processing creative ideas into innovative information, assessing feasibility for implementation, and implementing innovation projects. All of these activities need to be managed effectively and efficiently through management innovation.

Organizations that are successful in innovation have employees who are ready to create new value. Every employee will feel empowered and given the opportunity to try new things and put their best ideas into action. This organization has a culture that supports the novelty of its employees. While on the other hand, employees don't have to face any barriers to innovation, they just do what they believe is right for the customer. The culture that exists within the company will determine whether it can foster or inhibit an innovation. Collaboration between superiors and subordinates must be harmonious so that innovation can continue to be produced. People work at their best when they are inspired and driven to push boundaries. But they can't do it when they feel unappreciated. Employees need to feel free to have innovative thinking and follow the ideas of interest. If management fosters a creative and open environment, an innovation will be born naturally.

Padilha & Gomes (2016) in their research entitled Innovation culture and performance in innovation of products and processes: a study in companies of textile industry explained that cultural innovation has a greater influence than product innovation in the innovation process so that it indirectly affects company performance. Where in this study the variables used were only cultural innovation, product innovation, and process innovation. In other words, by being an innovative person, it will also encourage

increased productivity where a productive person has the will to produce something more than usual. This will greatly impact both an organization and a company. By becoming a creative, innovative, and productive human resource, it will automatically bring the organization to the maximum achievement of the goals that have been set. Based on information obtained from the Human Resources Division, there were several indications of problems that occur within the organization. Some of these indications are that employees are required to have the skills to adapt to technology so that they are able to compete with the speed of increasingly advanced technology. The current phenomenon at the Makassar Regional Revenue Service is that innovation is considered a threat because employees have to learn again on how to adapt to new things, the uneven application of innovations in each division and awareness to issue new ideas as an alternative to completing work.

The Makassar Regional Revenue Service made efforts to improve the application of innovation both in terms of management and in organizational culture, in order to improve the quality of employee performance. One of the factors that can provide a stimulus to employees is to provide management innovations and cultural innovations, with the hope that these innovations will make employees improve their performance on an ongoing basis. This study tries to analyze the things that affect job performance and job satisfaction. There are several factors assessed, namely management innovation and cultural innovation. Based on the above phenomenon, it can be understood how important innovation is in an organization, therefore researchers are interested in researching "The Effect of Management Innovation and Cultural Innovation on job satisfaction and organizational performance in the Makassar Regional Revenue Service".

## **B. Questions**

1. Is there a significant effect of management innovation on job satisfaction within the Makassar Regional Revenue Service?
2. Is there a significant effect of cultural innovation on job satisfaction within the Makassar Regional Revenue Service?

## **C. Methods**

### **a. Research Type and Design**

In this study, the researcher used a quantitative approach that emphasized the analysis of data in the form of questionnaire results which were processed by statistical methods. Basically this quantitative approach is carried out in the context of testing the hypothesis and the conclusion of the result is that the probability of error in rejecting the null hypotheses.

### **b. Research Location and Time**

This research was conducted at the Makassar City Regional Revenue Service, which is located at JL. Urip Sumoharjo No. 8, Maccini, Kec. Panakkukang, Makassar City, South Sulawesi.

### **c. Data Sources and Types**

This is Quantitative type of research where the research data came from primary data sources and secondary data sources.

### **d. Populations and Samples**

#### **• Populations**

The populations of this study were all employees of the Makassar Regional Revenue Service as many as 138 people.

#### **• Samples**

Purposive sampling is a technique for determining samples that have certain criteria. In this study, the criteria for all civil servants who have worked more than 5 years at the Makassar City Regional Revenue Service were used. The point is to see the difference before the innovation and after the innovation is implemented. The number of samples used is 112 people.

### **e. Measurement of Research Variables and Indicators**

#### **• Independent Variable**

In this study, the independent variables or independent variables were management innovation and cultural innovation

#### **• Intervening Variable**

Intervening Variable in this research was job satisfaction.

#### **• Dependent Variable**

The dependent variable were employee performance.

Likert scale is used to measure attitudes, opinions and perceptions of employees about the influence of organizational culture, motivation, compensation on job satisfaction and employee performance in conducting research on the variables to be tested, each answer is given a score. The Likert scale uses five levels of answers that are scored, namely:

**Score 1** Given for the answer **strongly disagree**

**Score 2** Given for the answer **disagree**

**Score 3** Given for the answer **neutral**

**Score 4** Given for the answer **agree**

**Score 5** Given for the answer **strongly agree**

#### **f. Data Analysis Technique**

The analytical technique used in this study is the validity test, reliability test, descriptive analysis, and path analysis.

### **D. Discussion**

#### **a. The Effect of Management Innovation on Job Satisfaction in the Makassar Regional Revenue Service**

In this study, the results of the path analysis test showed that the P value of the Management Innovation variable, 0.000, was smaller than 0.05, which means that Management Innovation has a direct and positive effect of 0.460 (46%) on job satisfaction. Thus, it can be concluded that every increase in Management Innovation will have a direct effect on increasing job satisfaction as much as 0.460 (46%). The goal was to increase revenue from the restaurant tax sector starting in 2017. This activity was in the form of supervision of restaurant taxes so that they were not absent from their tax obligations. Recruitment was taken from external parties so that it does not increase the workload of current employees. Previously, before the innovation of the tax lascar was introduced, all employees in the Revenue Service participated as supervisors for absentee restaurants that were obliged to pay taxes. This makes the main work that should be completed is delayed because the supervisor has to be in the field visit. This is also one of the reasons for the application of the tax lascar innovation.

In addition, innovations that occur in the form of online PBB tax payments that began to be implemented in 2016. DISPENDA collaborates with PT Pos Indonesia in online platform and creating tax payment services. The goal is to facilitate the media for paying taxes for the community so that the income target in the property tax sector is met. With the existence of online PBB tax payments, it also decides the administration is too long. In addition, there are times when the PBB payment was constrained due to problems with the time and place of payment which can only be done at the Makassar Regional Revenue Service office, now people can make payments via online anywhere and anytime.

Based on the uni-variant analysis table the statement "With the innovation of online PBB tax payments, work can be completed in a shorter time" as many as 37 respondents who answered neutral, 50 respondents answered agree and 25 respondents answered strongly agree. This statement shows that there are 75 respondents (66.9%) who agree with this statement. It can be said that with the innovation of online tax payments, the work becomes easier so that employees are more satisfied with their work.

And also for the statement "I believe that technological changes (such as online payments) will improve the quality of my relationship with management" as many as 26 respondents who answered neutral, 62 respondents answered agree, and 24 respondents answered strongly agree. This statement shows that 86 respondents (76.8%) agree with this statement. It can be said that technological changes such as online payments will improve the quality of employee relations with management. By increasing the quality of relations among employees, it will provide a comfortable work environment so that employees feel satisfied with the working environment that they have.

Thus this research is in line with the research (Mustafa, 2018) where the results of his research showed that product innovation has a significant positive effect on the performance of MSME employees. The product innovation variable here showed part of management innovation, so it can be said that management innovation has a positive and significant influence on employee performance.

#### **b. The Effect of Cultural Innovation on Job Satisfaction in the Makassar Regional Revenue Service**

Path analysis test results showed that the P value of the Cultural Innovation variable, 0.004 is smaller than 0.05, which means that Cultural Innovation has a direct and positive effect of 0.232 (23.2%) on job satisfaction. Thus it can be concluded that any improvement in Cultural Innovation will have a direct effect on increasing job satisfaction as much as 0.232 (23.2%).

The existence of innovation based on technology makes culture also innovate. Employees must prepare themselves by providing services to taxpayers based on information technology in this 4.0 industrial era. Cultural innovations that occurred at the Makassar Regional Revenue Service were more focused on transparency; previously the culture applied in service was ethics and courtesy. In

addition, employees are expected to be able to think innovatively and be able to follow the implementation of existing innovations within the Makassar Regional Revenue Service. Based on the uni-variate analysis with the statement "I do not find it difficult to learn new things" as many as 19 respondents who chose neutral, as many as 56 respondents chose to agree and as many as 37 respondents chose strongly agree. This statement showed that from 112 respondents there are 93 respondents (83%) who agree with this statement. It can be said that the culture expected by the organization, namely being able to follow the innovation process, began to be adapted easily by the employees. And when employees find it easy to adapt new things, it will have an impact on the level of employee satisfaction with the work they have.

As seen from the characteristics of respondents based on age, table 5.1.1 showed that from 112 respondents there were 19 respondents aged between 26 years to 35 years, there were 41 respondents aged 36 to 45 years and there were 52 respondents aged more than 45 years. This data showed that the more mature age makes innovations easy to adapt by employees. With mature age shows more opened mind towards innovations that can help them at their work. By easily completing work, it encourages a sense of satisfaction with the work that they have.

Based on research (Ekawati & Wardono, 2014) entitled the influence of leadership style and innovative culture on job satisfaction, it showed that the cultural innovation has a positive and insignificant effect on employee job satisfaction. This result was contrary to this study because this research showed that the cultural innovation actually has a positive and significant effect on job satisfaction. And also from the research of (Padilha & Gomes, 2016) which focused on the textile industry, the results showed that cultural innovation had a greater influence than products. This study analyzed the influence between cultural innovation, product innovation and process innovation where the current researcher only focused on the effect of cultural innovation and management innovation on employee satisfaction and performance.

## E. Conclusion

1. There is a significant effect of management innovation on job satisfaction within Makassar Regional Revenue Service. The more management innovations applied, the higher the employee's job satisfaction.
2. There is a significant influence of cultural innovation on job satisfaction within Makassar Regional Revenue Service. With the cultural innovation that occurs, the higher the level of employee job satisfaction.

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