

# IMPACT OF ORGANIZATIONAL CULTURE AND JOB TRAINING ON EMPLOYEE PERFORMANCE IN THE INDONESIAN SHIPBUILDING INDUSTRY

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**Abstract.** This study aims to examine the role of organizational culture and training in enhancing employee performance at PT. PAL Indonesia, a state-owned enterprise in the shipbuilding industry. The company has faced performance challenges related to generational gaps and skill disparities amid the rapid transformation toward Industry 4.0. Using a quantitative approach, data were collected through questionnaires distributed to 56 employees in the warship production division, selected using a saturated sampling technique. The data were analyzed using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) method with SMARTPLS software. The results reveal that both organizational culture and training have a positive and significant effect on employee performance. A strong organizational culture, particularly one emphasizing attention to detail, collaboration, and adaptability, enhances employee commitment and work effectiveness. Moreover, relevant and goal-oriented training programs contribute to improved skills, motivation, and productivity. The study concludes that integrating a cohesive organizational culture with continuous and adaptive training programs can effectively bridge generational and competency gaps, fostering higher performance and organizational competitiveness in the global maritime industry. These findings highlight the strategic importance of human resource development in sustaining innovation and productivity in state-owned industrial enterprises.

**Keywords:** organizational culture; training; employee performance; human resource development

## I. INTRODUCTION

In the current era of globalization and digital transformation, organizations face increasingly intense competition that demands continuous innovation and the optimization of human resource quality [1]. Employee performance is a key determinant of an organization's ability to achieve its strategic objectives and maintain competitiveness in a dynamic business environment [2]. High employee performance not only contributes to the fulfillment of organizational goals but also strengthens company reputation and long-term sustainability [3]. The effectiveness of employee performance is influenced by both individual and organizational factors, among which organizational culture and training play critical roles [4]. Organizational culture defines the shared values, beliefs, and behavioral norms that shape employees' attitudes and actions within the workplace [5]. A strong and positive culture fosters engagement, collaboration, and commitment, which in turn enhance overall performance [6]. Conversely, weak or misaligned cultural values can lead to disengagement, conflict, and decreased productivity [7].

At PT. PAL Indonesia, a major state-owned enterprise (BUMN) engaged in shipbuilding and marine engineering, human resource performance has shown a downward trend

between 2021 and 2023, particularly among permanent employees rated “good” or “very good” in performance evaluations. This decline suggests potential challenges related to organizational culture adaptation and the effectiveness of employee development programs. Interviews with HR officials indicated that generational gaps between senior and millennial employees have caused communication barriers and reduced synergy, thereby affecting teamwork and productivity. These findings underscore the urgent need to strengthen organizational culture to create cohesion and performance consistency [8].

PT. PAL Indonesia adopts the AKHLAK values—Trustworthiness, Competence, Harmony, Loyalty, Adaptability, and Collaboration—as the core of its corporate culture, aligning with the national BUMN vision to promote integrity and professionalism. However, the inconsistent internalization of these values across generational cohorts has weakened their impact on employee performance [9]. This aligns with the argument of Schein (2020) that organizational culture must evolve continuously to remain relevant to workforce diversity and external challenges [10]. In addition to culture, employee training serves as another vital factor in improving competence and performance. Training enables employees to acquire new

skills, adapt to technological changes, and respond effectively to industrial advancements [11]. PT. PAL has increased the number of training programs from 23 in 2021 to 31 in 2023, yet the performance outcomes have not improved proportionally. This indicates that while training opportunities have expanded, their relevance, design, or implementation may not fully address employees' needs or bridge skill gaps [12].

Previous studies affirm that well-structured training programs significantly enhance employee motivation, job satisfaction, and work efficiency [13]. Effective training also strengthens organizational commitment by aligning employee competencies with strategic goals [14]. However, if training lacks clear objectives or practical application, it fails to produce measurable improvements in performance, resulting in wasted resources and diminished employee engagement [15]. Furthermore, the interplay between culture and training is critical. A supportive organizational culture enhances the effectiveness of training programs by fostering a learning-oriented environment, while consistent training reinforces cultural values and behavioral norms [16]. Studies in Indonesia's manufacturing and service sectors reveal that companies with cohesive cultures and comprehensive training systems demonstrate superior employee productivity and adaptability to Industry 4.0 transformations [17].

Based on these theoretical and empirical considerations, this study aims to examine the influence of organizational culture and training on employee performance at PT. PAL Indonesia. The research contributes to organizational development literature by demonstrating how cultural alignment and targeted training interventions can enhance performance in state-owned enterprises undergoing modernization. The findings are expected to provide practical insights for HR managers and policymakers to design integrated human resource strategies that strengthen organizational culture, reduce intergenerational gaps, and foster continuous performance improvement.

#### *Organizational Culture*

Organizational culture represents a system of shared values, beliefs, and assumptions that guide how employees think and behave within an organization [18]. It acts as an invisible force that shapes communication, motivation, and work patterns among members, providing a sense of identity and stability [19]. Schein (2020) explains that organizational culture operates on three levels: observable artifacts, espoused values, and underlying assumptions that influence behavior unconsciously [5]. A strong organizational culture is associated with high employee engagement, innovation, and loyalty [20]. It fosters collective responsibility and commitment toward achieving organizational goals. Conversely, weak or misaligned culture leads to conflict, resistance to change, and reduced job performance [21]. Daft (2021) notes that when culture aligns with strategy and leadership, it becomes a source of competitive advantage and performance excellence [6].

In the context of Indonesian state-owned enterprises, the implementation of the AKHLAK values (Trustworthiness, Competence, Harmony, Loyalty, Adaptability, and Collaboration) has become a cultural framework aimed at improving integrity and performance consistency across generational and structural levels [9]. Studies show that these

shared values contribute significantly to enhancing motivation, cooperation, and a sense of belonging among employees [22]. However, the challenge lies in ensuring consistent cultural internalization through leadership example, communication, and reinforcement mechanisms [23].

#### *Training and Employee Development*

Training is defined as a systematic process of developing employee competencies—knowledge, skills, and attitudes—required to perform organizational tasks effectively [24]. According to Noe (2021), effective training is based on needs analysis, clearly defined objectives, and evaluation mechanisms that measure both behavioral and performance outcomes [25]. Training serves not only as a means of improving technical competence but also as a strategic investment to strengthen organizational adaptability in dynamic environments [26]. Several studies have demonstrated that training has a direct and positive impact on employee performance. Ihsani and Rini (2023) found that structured and relevant training programs significantly improved task efficiency, communication, and teamwork among employees in service-based organizations [1]. Similarly, Safitri et al. (2023) identified that continuous on-the-job training enhances self-confidence and problem-solving skills, leading to higher individual productivity [4].

However, the success of training programs depends on several contextual factors, such as employee motivation, supervisor support, and organizational climate [27]. Without alignment between training content and organizational goals, the outcomes are often short-term or inconsistent. Therefore, companies like PT. PAL Indonesia must ensure that training design incorporates performance-based objectives, integrates cultural values (AKHLAK), and encourages reflective learning to sustain behavior change and performance improvement.

#### *Relationship Between Organizational Culture, Training, and Employee Performance*

Organizational culture and training are interdependent determinants of performance. A positive culture reinforces learning attitudes, while effective training strengthens cultural values by translating them into practical behaviors [18]. Hidayat and Priyono (2022) emphasize that when culture supports openness, collaboration, and adaptability, employees are more receptive to new skills and performance standards introduced through training [16]. Moreover, Santoso and Utami (2023) found that organizations integrating digital training with cultural adaptation achieve higher performance levels, especially in industrial transformation contexts [17]. This synergy highlights that employee performance improvement is not solely a function of technical capability but also of cultural alignment and psychological readiness. From a theoretical standpoint, this relationship can be explained through:

Human Capital Theory which posits that training enhances individual productivity and innovation by investing in knowledge and skill development [24]; and Social Exchange Theory which suggests that when organizations provide development opportunities and supportive culture, employees reciprocate with loyalty and improved performance [25]. Thus, organizational culture provides the behavioral framework, while training serves as the mechanism for capability enhancement. Their integration produces a sustained increase

in employee performance, particularly within complex, hierarchical organizations like PT. PAL Indonesia.

#### Conceptual Framework

Based on the reviewed literature, the study's conceptual model proposes that:

1. Organizational culture (independent variable  $X_1$ ) and training (independent variable  $X_2$ ) both have positive effects on employee performance (dependent variable  $Y$ ).
2. Culture shapes employee behavior, motivation, and alignment with corporate goals.
3. Training strengthens technical and interpersonal competencies that directly affect performance outcomes.

The interaction between these variables is expected to produce a synergistic impact: a strong culture enhances the transfer and retention of training outcomes, while effective training reinforces cultural values through behavioral consistency. The model assumes that the degree of alignment between organizational culture and training design determines the magnitude of improvement in employee performance at PT. PAL Indonesia.

## II. RESEARCH METHODS

This research employs a quantitative associative design to determine the extent to which organizational culture and training influence employee performance. The associative method is used to measure the causal relationship between independent and dependent variables based on numerical data analysis [28]. Quantitative approaches are appropriate for examining behavioral relationships because they allow for objectivity, measurement precision, and hypothesis testing through statistical analysis [29]. The study focuses on identifying whether the internalization of organizational culture and the effectiveness of employee training programs have a statistically significant effect on performance outcomes among employees of PT. PAL Indonesia. The research also aims to verify if these two variables operate independently or interact synergistically in enhancing performance.

The population of this study includes all employees of PT. PAL Indonesia, totaling 250 permanent employees working across multiple divisions such as engineering, production, quality control, and administration. The sample size was determined using the Slovin formula, which yields a representative sample of 152 respondents at a 5% margin of error. Sampling was conducted using a proportionate stratified random sampling technique to ensure that respondents from each division were adequately represented [30]. This method allows the researcher to generalize findings more accurately across organizational functions while maintaining proportionality among hierarchical levels and job categories.

## III. RESULTS AND DISCUSSION

### Average Variance Extracted (AVE)

Table 1. Average Variance Extracted (AVE)

	Average variance extracted (AVE)
Organizational Culture ( $X_1$ )	0.695
Training ( $X_2$ )	0.737
Employee Performance ( $Y$ )	0.684

The measurement model includes the Average Variance Extracted (AVE) value, which reflects the proportion of variance in the indicators explained by the latent variable. The AVE values obtained for Organizational Culture ( $X_1$ ) were 0.695, Training ( $X_2$ ) was 0.737, and Employee Performance ( $Y$ ) was 0.684. As all values exceed 0.5, the variables demonstrate strong validity.

### Composite Reliability

Table 2. Composite Reliability

	Composite reliability (rho c)
Organizational Culture ( $X_1$ )	0.901
Training ( $X_2$ )	0.918
Employee Performance ( $Y$ )	0.915

The results of the Composite Reliability test showed that the variables of Organizational Culture ( $X_1$ ) were 0.901, Training ( $X_2$ ) was 0.918, and Employee Performance ( $Y$ ) was 0.915. The results of this measurement can be said to have good or consistent internal reliability, if the CR value is greater than or equal to 0.70 which means that these indicators consistently measure the same construct. The results of the three variables show a composite reliability value above 0.70 so it can be said that all variables in this study are reliable.

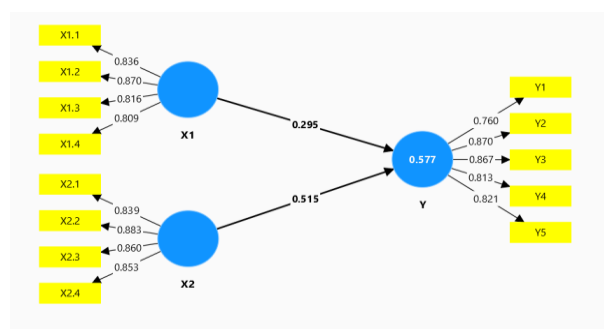


Figure 1. PLS Model Analysis

From the PLS output, the factor loading values for each indicator, indicated by the arrows connecting variables and indicators, are evident, along with the path coefficients between exogenous and endogenous variables. Additionally, the R-Square value for Employee Performance, located within the circle of the endogenous variable, is also presented.

### Inner Model (Structural Model Testing)

Table 3. R-SQUARE

	R-square
Employee Performance	0.577

R2 value = 0.577 This can be interpreted that the model is able to explain the phenomenon of Investment Interest which is influenced by independent variables, among others, Organizational Culture (X1) and Training (X2), with a variance of 57,7%. Meanwhile, the remaining 42,3% was explained by other variables outside this study (in addition to Organizational Culture and Training)

### Hypothesis Testing

Table 4. Path Coefficients (Mean, STDEV, P-Values)

	Original sample (O)	T statistics ( O/STDEV )	P values
Organizational Culture -> Employee Performance	0.295	2.161	0.015
Training -> Employee Performance	0.515	3.500	0.000

From the table above, it can be concluded that the hypothesis stating:

1. Hypothesis 1: It is suspected that Organizational Culture has a Positive Effect on Employee Performance can be accepted, with path coefficients of 0.295 and Tstatistics values of 2.161 > 1.96 (from the Za table value = 0.05) or P-values of 0.015 (less than 0.05), then Significant (positive).
2. Hypothesis 2: It is suspected that Training has a Positive Effect on Employee Performance can be accepted, with path coefficients of 0.515 and Tstatistics values of 3.5 > 1.96 (from the Za table value = 0.05) or P-values of 0.000 (less than 0.005), then Significant (positive).

The results of the research that has been conducted, with the results obtained are that organizational culture has a positive influence on employee performance at PT. PAL Indonesia. It can be interpreted that the stronger the organizational culture understood by employees, the better the employee performance. For organizational culture, the factor loading analysis highlights that attention to detail is the most significant indicator. Attention to detail refers to how accurately and carefully employees perform tasks within their competence, leading to enhanced employee performance [1].

These findings align with prior studies by Furi & Winarno [30] which established a positive correlation between organizational culture and employee performance, and Wicaksono et al. [31], which highlighted the significant relationship between a supportive organizational culture and improved performance. A culture that embraces diversity and flexibility fosters a more harmonious and productive work

environment, ultimately boosting employee performance. The study also found that job training positively influences employee performance at PT. PAL Indonesia. Effective training contributes to improved employee performance, indicating that well-designed training programs benefit both employees and the organization. The loading factor analysis for training shows that the most dominant indicator is the training objective. Companies must establish clear goals and targets for training programs to enhance employee performance and achieve organizational objectives [32]. These findings are consistent with previous research by Anggoro et al. [33] which found a positive correlation between training and employee performance, and by Girsang et al. [34] which demonstrated that well-structured training programs adhering to international standards enable employees to develop essential skills, supporting organizational strategies in global competition.

## IV. CONCLUSIONS

Based on the results of the test using PLS analysis to test The Influence of Organizational Culture and Training on Employee Performance at PT.PAL Indonesia it can be concluded as follows : first, Organizational Culture has an influence and contribution to employee performance at PT. PAL Indonesia. This shows that the gap between the older generation and the millennial generation in the company has a negative impact on employee performance. By paying attention to details, management can bridge the gap between generations such as focusing on small details in interactions and policies, thereby increasing synergy, productivity and the advantages of each generation can be utilized optimally. Second, Job Training has also been proven to support employee performance at PT. PAL. The gap in skills between employees and the needs of modern industry shows that training that is more relevant to the latest technological developments is needed. The better the training objectives are in line with the development of industry 4.0, the higher the employee's ability to meet work demands and increase productivity.

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