

CHAPTER I

INTRODUCTION

1.1 Background

An organization is established in order to accomplish a specific objective. Each organization is influenced by the actions and attitudes of the individuals within it in achieving its objectives. Because achieving organizational goals is only possible because of the efforts of the actors in each organization, the success in achieving these goals depends on the dependability and capacity of employees to run the work units in the organization(Bozeman and Gaughan 2011).

The organization's subsystems interact with one another, so if one of them is damaged, it will have an impact on the other subsystems. If the people who make up the system are required to manage it, the system will function properly as long as the members continue to enjoy themselves and fulfill their duties as required. An organization's health can be assessed in part by looking at its human resources (employees)(Moon et al. 2014).

In particular, for the organization's future, planned and sustainable HR development is a must. Under these environmental circumstances, management must devise novel strategies to maintain employees' high productivity levels and to maximize their potential for organizational contribution. Problems with human resources that appear to be only internal to an organization's walls actually have close ties to the general public as a public service evaluated on performance(Determinants of Job Satisfaction of Employees in Lideta 2021).

In order to create employees who, have discipline and high performance, human resource management is a way to increase human quality. By doing this, the organization's performance and results will also increase, which will also require a significant contribution from the leadership of the organization. It is important to consider the needs of the workforce when analyzing the variables that affect employee performance, including the development of a positive and cohesive organizational culture.

An organization with a strong reputation for having hard-working, disciplined employees is SALAAM SOMALI BANK (SSB). In addition to being the biggest bank in Somalia, Bank SSB was established in Mogadishu and provides both corporate and individual clients with integrated business services at the best possible price without sacrificing quality, convenience, or security. Bank SSB positions itself as a Universal Banking that offers a variety of top-notch products and services to its customers through its innovation to support the bank's dynamic growth. One of SSB's goals is to have professional human resources with a culture that is focused on performance. in the sense that attitudes toward values, the setting in which meaning is created, and way of life have an impact on organizational culture.

New members must learn or at least partially accept the organization's culture in order to be accepted as one of its members. Organizational culture is a traditional way of thinking and acting that is shared by all of the organization's members(Shah 2015).

The organizational culture and a person are inextricably linked, and members of the organization are typically influenced by a variety of available resources. Individual and group attitudes and behaviors within an organization are shaped by organizational culture, which serves as a controller and guide (Basher Rubel and Hung Kee 2015).

The influence of culture on workers in the workplace today seems to be growing. Through the provision of shared meaning, a strong culture ensures that all employees are moving in the same direction and strengthens organizational commitment and employee consistency. Robbins (2010:726) states the following.

All employees must follow the cultural value behaviors displayed by SSB employees, and it appears that this is true of all SSB employees because in one of the SSB branches in the HODAN district, a warm atmosphere has been implemented while working, namely always upholding the attitude of SSB people as follows:

Tabel 1 Behavioral Attitudes of SSB Personnel

NO	SSB PEOPLE'S BEHAVIOR ATTITUDE
1	Honest, Trustworthy and Obey the Rules
2	Always Maintain the Honor of Personal and Company Names
3	Reliable, Prudent, Disciplined and Responsible
4	Future Oriented
5	As a role model and a big soul
6	Be firm in following up on irregularities
7	Providing the Best Service while Paying Attention to the Company's Interests
8	Skilled, Friendly and Happy to Serve
9	Treating Jobs Openly, Fairly and Respectfully
10	Developing an Attitude of Cooperation in Creating Synergies for the Interests of the Company

An organization's growth and development are influenced not only by its organizational culture but also by the provision of favorable compensation from the employer. Employees are given two things by the company: direct financial payments in the form of wages, salaries, incentives, commissions, and bonuses; and indirect financial benefits such as insurance money and paid holidays provided by the business owner. As a result of employment relations, employees receive monetary rewards as well as tangible services and benefits, which are all considered to be part of their compensation. Employees receive compensation in exchange for their contribution to the company(Vuong et al. 2020).

Employee compensation, according to Dessler (2009: 82), consists of both direct payments (such as wages, salaries, incentives, commissions, and bonuses) and indirect payments. Direct payments include wages, salaries, incentives, commissions, and bonuses. (in the form of money-saving perks provided by the employer, like insurance and paid holidays). Non-monetary rewards come in the form of more difficult work, more flexible working hours, and more prestigious offices, among other things that are difficult to quantify(Barrasa Notario 2006).

This payment is intended as compensation or as a reward for the time, effort, and thought that has been invested in the company. According to Torang (2013: 73), compensation can be characterized as any form of acknowledgment given to employees in exchange for their contributions to the company.

One of the elements that affects a worker's job satisfaction is their compensation. Employees' perceptions of how well their work provides things that are deemed important have a bearing on how satisfied they are with their jobs, according to Luthans (2006: 243). The morale, discipline, and productivity at work all reflect this attitude. Work, leisure, and combinations of the two all contribute to a happy workplace. Employee performance will suffer and the company's operations will be disrupted if they are not satisfied with their jobs, which will have a negative effect on the business(Lovakov 2016).

A person will feel satisfied, in accordance with Nur (2013: 739), if there is no difference between what was desired and what actually occurred. In contrast, if there is a difference between what was desired and reality, a person will feel dissatisfaction.

Employee performance is expected to improve as a result of increased employee loyalty to the company, motivation at work, and happiness.

According to Maharjan (2012: 45), performance is an outcome attained because an individual is motivated by their work and content with the work they produce. According to Astuti (2014: 373), performance refers to a person's success at a job in relation to established and mutually agreed-upon work standards. Read Furnham et al. research by al. (2009: 57) demonstrates how an employee's performance can be impacted by factors like the number of years, years of service, and full-time employment(Acar 2013).

According to Ismail's research findings (2015: 62), a significant decline in performance was attributed to a massive expansion of credit distribution without standardized analysis of prospective debtors, subpar bank supervision, and a bank's inability to identify the possibility of non-performing loans. Based on PT's poor collectibility, the composition of loans is set. These statistics allow us to draw the conclusion that the number of customers who fall into the substandard and bad credit categories increases annually. Of course, this is directly related to the performance of employees who fail to take into account the factors that lead to bad and substandard customer credit.

Tabel 2 Distribution of SSB Hodan Branch Credit in 2016-2018

Year	Assets (Rp. Billion)	Growth (%)
2016	206,7	- 35
2017	153,2	-26%
2018	204.8	24%

These figures indicate that credit distribution data for 2016 totaled 206.7 billion, while credit distribution data for 2017 fell to 153.2 billion with a decrease percentage of 26%, and credit distribution data for 2018 increased once more, albeit slightly less than in 2016, coming in at 204 .8 billion or growth of 24%.In relation to the aforementioned phenomenon, lending data tends to decline because bank internal parties are less able to manage customer complaints. Of course, this cannot be separated from the performance of the bank's employees themselves(Alvesson and Sveningsson 2007).

According to Solarorange (2017: 76), job dissatisfaction is the catalyst for the emergence of issues within organizations and businesses, such as absenteeism, conflicts between managers and employees, high absenteeism, strikes, and employee turnover, all of which can, of course, result in low productivity. Dissatisfaction among employees lowers motivation, lowers workplace morale, and lowers both qualitative and quantitative work performance. High job satisfaction will benefit workers by fostering loyalty and work discipline as well as enhancing productivity. Additionally, there are a number of GAP studies that suggest organizational culture and compensation have an impact on employee performance as measured by job satisfaction, including those by Uygur and Kilic Gonca, Nystrom, Fey and Denison, and Wulan. a favorable and significant impact on worker performance. In contrast, Soedjono and Sudarsono's research suggests that organizational culture and compensation do not affect one another directly or indirectly (Kim et al. 2023).

Impact on employee performance that is both favorable and significant. The researcher is motivated to conduct additional in-depth research under the heading "The Influence of Organizational Culture and Compensation on Employee Performance through Job Satisfaction" after reviewing the background information provided above. SALAAM SOMALI BANK.

1.2 Problem Formulation

1. Does Salaam Somali Bank's organizational culture directly influence employee satisfaction?
2. Does Salaam Somali Bank's organizational culture have a direct impact on the productivity of its employees?
3. Does Salaam Somali Bank's compensation directly impacts workers' performance?
4. Does Salaam Somali Bank's organizational culture have an indirect impact on worker performance through job satisfaction?
5. Does Salaam Somali Bank's compensation has a direct impact on workers' job satisfaction and performance?
6. Does Salaam Somali Bank's employee performance directly correlates with job satisfaction?

1.3 Research Objectives

In this study, the independent variables organizational culture and compensation will be used to examine the relationship between employee performance as measured by job satisfaction.

1. To ascertain whether job satisfaction is directly and favorably impacted by organizational culture.
2. To learn that pay has a direct, beneficial impact on job satisfaction.
3. Determine whether the performance of employees is directly and favorably impacted by organizational culture.
4. To learn whether or not pay has a direct, beneficial impact on employee performance.

5. To determine whether job satisfaction and organizational culture have a positive, indirect impact on employee performance.
6. To ascertain whether compensation has a positive, indirect impact on employee performance through job satisfaction.

1.4 Purpose of Research

This research is expected to provide benefits and can be used by several parties, especially for:

1. Salaam Somali Bank Branch It is anticipated that the findings of the research will be helpful information for Saalam Somali Bank with regard to increasing employee performance through job satisfaction.
2. Theory It is hoped that the results of this research will help test or confirm the theory of the factors that affect employee performance, particularly with regard to organizational culture and compensation through job satisfaction.
3. Researcher This research can be expected to add knowledge and experience that is useful for researchers to use as a way of applying the knowledge that has been acquired during lectures, especially in the field of human resources with the case -real cases related to employee performance in organizations. This research can also be used as a reference source for additional research.
4. Researchers may analyze the financial statements of Salaam Somali Bank to assess its financial health. This includes examining income statements, balance sheets, and cash flow statements to understand the bank's profitability, liquidity, and solvency.

5. Assessing the risk management practices of the bank is crucial. Researchers may investigate how Salaam Somali Bank identifies, measures, monitors, and manages various types of risks, such as credit risk, operational risk, and market risk.
6. Understanding customer satisfaction and service quality is vital for a bank's success. Research may involve surveys, feedback analysis, and other methods to gauge customer experiences with Salaam Somali Bank.

1.5 Research Scope

The problem boundaries in this study are as follows because limiting the problem makes it more focused and specific on the research variables.

1. Salaam Somali is the study's subject.
2. Employees of Salaam Somali Bank served as the study's subjects.
3. Studying the relationship between employee performance and organizational culture, as well as compensation and job satisfaction, and other factors like job satisfaction.
4. As of my last knowledge update in January 2022, I don't have specific information on the current research scope of Salaam Somali Bank. The research scope of Salaam Somali Bank would be determined by the researchers, institutions, or entities conducting the study. To obtain the most accurate and up-to-date information on the research scope of Salaam Somali Bank, I recommend checking with the relevant research institutions, the bank itself, or the researchers involved in the study.

5. If the bank is involved in any specific research projects, these details may be available through official publications, research reports, or announcements made by the bank or the researchers conducting the study. Additionally, you may check academic journals, financial news sources, or the official website of Salaam Somali Bank for any updates or publications related to research on the bank.
6. For specific and detailed information, consider reaching out directly to Salaam Somali Bank or the research institutions involved in the study. They may provide you with insights into the research scope, objectives, and methodologies being employed in their research endeavors related to Salaam Somali Bank.

1.6 Writing Systematics

CHAPTER I INTRODUCTION

This chapter will explain the background of the problem, problem formulation, research objectives, research benefits, and thesis research systematics.

CHAPTER II LITERATURE REVIEW

This chapter will present a literature study on theories that will support issues such as human resource management behavior, the notion of organizational culture and its variables, compensation, job satisfaction and employee performance in an organization, previous research.

CHAPTER III RESEARCH METHOD

This chapter consists of types of research, research subjects and objects, research locations, research variables, types of data sources, data collection techniques, populations and samples, instrument testing techniques and data analysis techniques, hypotheses and frameworks.