



5<sup>th</sup> International CEO Communication, Economics, Organization & Social Sciences Congress

**The Relationship between Organizational Culture and Employee  
Commitment, Job Satisfaction, and Employee Retention Post-Assets  
Acquisition  
A case study of Indonesian Oil and Gas Company**

**Muhammad Satrio NURRAHMAN**  
Sekolah Tinggi Manajemen IPMI  
Satrio.nurrahman@ipmi.ac.id  
Orcid: 0000-0001-7606-194X

**Dr. Ir. Amelia Naim INDRAJAYA**  
Sekolah Tinggi Manajemen IPMI  
amelia.naim@ipmi.ac.id  
Orcid: 0000-0001-9021-902X

**ABSTRACT**

An Indonesian Company that has a subsidiary with the core business of the subsidiary company being exploration and production of Oil and Gas and providing products to many companies, which required hydrocarbon as fuel or raw materials. Since 2016, this company acquired three huge assets in total from two multinational companies, and it became challenging for the company to integrate the whole assets. Most organizations in recent mergers and acquisitions tend to fail in increasing organizational performance and enhancing their competitive advantage. Currently, organizational leaders and the integration task force are facing challenges to integrate the different cultures of acquired assets with the current company to maintain and enhance organizational performance with dimensions of employee commitment, job satisfaction, and employee retention. This paper is a conceptual paper developing a research framework based on the result of previous studies. This paper is expected to enhance understanding of the implications of merged culture from acquisitions toward employee commitment, job satisfaction, and employee retention. This paper's data collection is sourced from the employees of the company and the acquired assets. The company will have a framework as its consideration that will be used for integrating the organizational culture to enhance the organizational performance.

**Keywords:** Organizational Culture, Organizational Performance, Employee Commitment, Job Satisfaction, Employee Retention, Merger and Acquisition

## **INTRODUCTION**

One of Indonesian oil and gas company has been acquiring 3 assets to grow and enhance the business in the last 6 years. Various efforts have been done to integrate the culture and employee engagement between 3 different organization cultures.

### **1. BACKGROUND**

Refer to research that has been collected by Harvard Business Review, claims that around 70-90% of Mergers and Acquisitions failed until 2020 with one thing in common, people. It happened not because the important person is leaving the company, however, due to the organization don't get along or demotivation (Garrison, 2019). There's a hypothesis acclaimed by the researcher from Harvard Business Review, that so numerous acquisitions drop since executives inaccurately coordinate candidates to the strategic purpose, coming up short to recognize between deals that might progress current operations and those that may significantly change the company's development prospects (Christensen, Alton, Rising, & Waldeck, 2011). The research study is designed to focus on the Indonesian oil and gas company post assets acquisition on the relationship between organizational culture and employee commitment, job satisfaction, and employee retention towards organizational performance. It is combining various variable and integrate them into one conceptual model in this study.

### **2. ORGANIZATIONAL CULTURE**

Organizational culture alludes to a framework of shared meaning held by individuals that recognize one organization from other organizations. They accept that these shared implications are a set of key characteristics, that the organization values, and the substance of an organization's culture can be captured in seven essential characteristics (Collins and Porras, 2000:338). The seven characteristics are:

- Innovation and Risk-taking
- Attention to detail
- Outcome orientation
- People orientation
- Team orientation
- Aggressiveness
- Stability

The development and maintainability of most organizations depend on employee commitment and compelling authority practices. Compelling administration of culture amid a merger process might increment performance levels to realize organizational maintainability (Nadolska & Barkema, 2007) & (Sull, 2007) As organizations move into ever more differing and modern developments in high technology, pioneers, and representatives will likely confront issues of high-volume ventures and assembly target due dates (Bayer & Gann, 2006). Administrators moreover must be concerned with creating quality items, picking up client fulfillment (Dutta & Dutta, 2009), employee retention (Pickett, 2005), and high organizational performance (Liu & Chen, 2008), (Kirkbride, 2006) & (Gillespie, Denison, Haaland, Smerek, & Neale, 2008).

As statements above from previous research, the formulation of the hypothesis can be developed as:

*H1 : Organizational Culture has a significant relationship with employee commitment in Indonesian oil and gas company post assets acquisition*

*H2 : Organizational Culture has a significant relationship with job satisfaction in Indonesian oil and gas company post assets acquisition*

*H3 : Organizational Culture has a significant relationship with employee retention in Indonesian oil and gas company post assets acquisition*

### **3. ORGANIZATIONAL PERFORMANCE**

Organizational Performance is frequently defined within the setting of the amount, quality and commitment that representatives make to the accomplishment of organizational objectives. They are too seen as a generally result of work counting effectiveness and viability (Hsu, 2005).

### **4. EMPLOYEE COMMITMENT**

Employee commitment is basically employees' state of mind toward the organization. This definition of employee commitment is wide in the sense that employees' attitude envelops different components (Zheng, Sharan, & Wei, 2010).

Organizational performance may be a result of employee involvement and commitment (Argyris, 1964), (Likert, 1961) & (McGregor, 1960). Keeness has been clarified as the leading of the human state, the way better the people are committed to their assignments will lead to their superior performance results in a way better results (Comte-Sponville, 2001). Based on the statement from previous research, the formulation of the hypothesis can be developed as:

*H4 : Employee commitment has a significant relationship with organizational performance in Indonesian oil and gas company post assets acquisition*

### **5. JOB SATISFACTION**

Job satisfaction is one of the foremost incontestable and exceedingly esteemed concepts in Human Research Management. It is similarly imperative as a dependent variable and as an explicative figure of a heterogeneous bunch of states of mind and practices (Brief, 1998). Job satisfaction portrays the positive or negative state of mind of an individual with respect to his business and work environment (Weiss, 2002) & (Greenberg, 2008).

To confirm that organizations having workers who are profoundly satisfied and involved, and who are not profoundly focused without a doubt will achieve higher levels of performance than those organizations that have workers who are scarcely satisfied and involved, and who endure stress (Ouedraogo & Leclerc, 2013). Based on the statement from previous research, the formulation of the hypothesis can be developed as:

*H5 : Job satisfaction has a significant relationship with organizational performance in Indonesian oil and gas company post assets acquisition*

### **6. EMPLOYEE RETENTION**

Employee Retention is characterized as "the exertion by a boss to keep alluring laborers to meet trade objectives" (Frank, Finnegan, & Taylor, 2004). There are various factors that can affect employee retention from the perspective of Human Capital Management and able to be the key role in managing and controlling employee retention (Irshad & Afridi, 2007).

Human capital management hones that included markers such as worker efficiency and maintenance influenced both organizational operational and monetary performances (Paul &

Anantharaman, 2003). Based on the statement from previous research, the formulation of the hypothesis can be developed as:

*H6 : Employee retention has a significant relationship with organizational performance in Indonesian oil and gas company post assets acquisition*

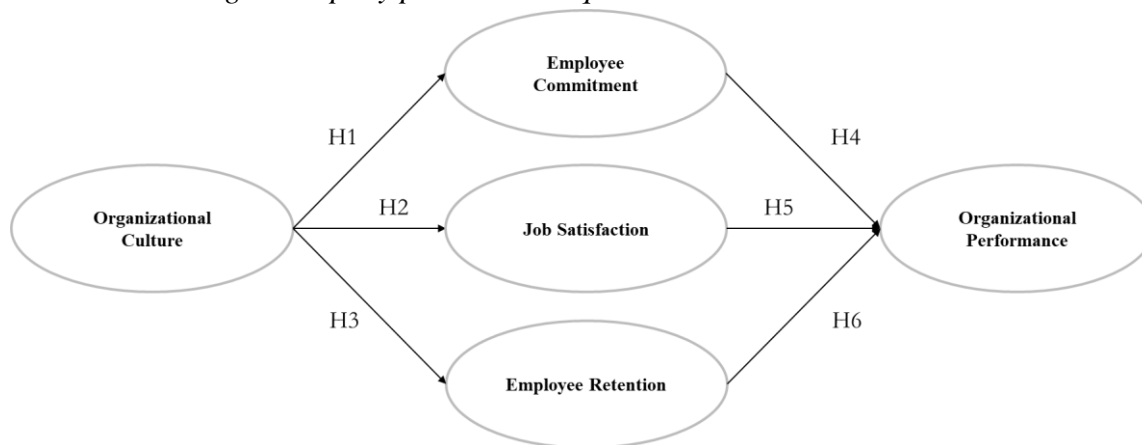


Figure 1. Framework from Author

## CONCLUSION

This research integrates various research models used by the previous researcher that connects relationships between organizational culture, employee commitment, job satisfaction, employee retention, and the organizational performance itself. The key issue of restriction from this study is that the model created only refers to previous research or literature analysis. As recommended, the model of this study is requiring quantitative studies or modeling to improve the study, validate and connect the relationship or development with the industry perspective.

## REFERENCES

- Argyris, C. (1964). *Integrating the individual and the organization*. New York: Wiley.
- Bayer, S., & Gann, D. (2006). Balancing Work: Bidding Strategies and Workload Dynamics in a Project-Based Professional Service Organization. *System Dynamics Review*.
- Brief, A. (1998). *Attitudes in and around organizations*. Thousand Oaks, CA: SAGE.
- Christensen, C. M., Alton, R., Rising, C., & Waldeck, A. (2011). *The Big Idea: The New M&A Playbook*. December 1, 2022 tarihinde <https://hbr.org/2011/03/the-big-idea-the-new-ma-playbook> adresinden alındı
- Comte-Sponville, A. (2001). *A Small Treatise of the Great Virtues (C. Temerson, Translator)*. New York: Metropolitan Books.
- Dordevic, B., Dukic, M. I., Lepojevic, V., & Milanovic, S. (2020). The Impact of Employees' Commitment on Organizational Performance. *Strategic Management*.
- Dost, M. K., & Shafi, N. (2011). Impact of Employee Commitment on Organizational Performance. *Arabian Journal of Business and Management Review*.
- Dutta, K., & Dutta, A. (2009). Customer Expectations and Perceptions Across the Banking Industry and the Resultant Financial Implications. *Journal of Services Research*.



## 5<sup>th</sup> International CEO Communication, Economics, Organization & Social Sciences Congress

- Frank, F. D., Finnegan, R. P., & Taylor, C. R. (2004). The race for Talent: Retaining and Engaging Workers in the 21st Century. *Human Resource Planning*.
- Garrison, D. (2019). *Most Mergers Fail Because People Aren't Boxes*. December 1, 2022 tarihinde <https://www.forbes.com/sites/forbescoachescouncil/2019/06/24/most-mergers-fail-because-people-arent-boxes/?sh=414617fe5277> adresinden alındı
- Gillespie, M. A., Denison, D. R., Haaland, S., Smerek, R., & Neale, W. S. (2008). Linking Organizational Culture and Customer Satisfaction: Business-unit Results from two Companies in Different Industries. *European Journal of Work and Organizational Psychology*.
- Greenberg, J. (2008). *Behavior in Organizations (Nineth Edition)*. Upper Saddle River, NJ: Pearson Prentice Hall.
- Hsu, P. (2005). The Research of the Influence of Cross-Cultural on the Job Performance: The case on Philipine & Thailand Labor in High-Tech Industry. (*Unpublished Master's Thesis, National Cheng Kung University, Taiwan*).
- Irefin, P., & Mechanic, M. A. (2014). Effect of Employee Commitment on Organizational Performance in Coca Cola Nigeria Limited Maiduguri, Borno State. *Journal of Humanities and Social Science*.
- Irshad, M., & Afridi, F. (2007). Factors Affecting Employees Retention: Evidence from Literature. *Abasyn Journal of Social Sciences*, 307-339.
- Kirkbride, P. (2006). Developing Transformational Leaders: The Full Range Leadership Model in Action. *Industrial and Commercial Training*.
- Kurdi, B. A., Alshurideh, M., & Afaishat, T. A. (2020). Employee Retention and Organizational Performance: Evidence from Banking Industry. *Management Science Letters*.
- Likert, R. L. (1961). *The Human Organization*. New York: McGraw-Hill.
- Liu, D., & Chen, S. (2008). The Role of Innovation Capability in Organizational Change: The Case of J&S Bank. *The Business Review, Cambridge*.
- McGregor, D. (1960). *The Human Side of Enterprise*. New York: McGraw-Hill.
- Nadolska, A., & Barkema, H. (2007). Learning to Internationalize: The Pace and Success of Foreign Acquisitions. *Journal of International Business Studies*.
- Naicker, N. (2008). Organizational Culture and Employee Commitment: A Case Study.
- Okoro, H. M. (2010). The Relationship Between Organizational Culture and Performance: Merger in the Nigerian Banking Industry.
- Ouedraogo, A., & Leclerc, A. (2013). Job Satisfaction and Organizational Performance: Evidence from Canadian Credit Union. *Journal of Organizational Culture, Communications and Conflict*.
- Paul, A. K., & Anantharaman, R. N. (2003). Impact of People Management Practices on Organizational Performance: Analysis of a Causal Model. *The International Journal of Human Resource Management*.
- Pickett, L. (2005). Optimizing Human Capital: Measuring What Really Matters. *Industrial and Commercial Training*.
- Sull, D. N. (2007). Closing the Gap between Strategy and Execution. *MIT Sloan Management Review*.
- Weiss, H. M. (2002). Deconstructing job satisfaction: separating evaluations, beliefs and affective experiences. *Human Resource Management Review* 12, no. 2: 173-94.



**5<sup>th</sup> International CEO Communication, Economics, Organization & Social Sciences Congress**

Zavyalova, E., & Kucherov, D. (2010). Relationship between Organizational Culture and Job Satisfaction in Russian Business Enterprises. *Human Resource Development International*.

Zheng, W., Sharan, K., & Wei, J. (2010). New Development of Organizational Commitment: A Critical Review (1960-2009). *African Journal of Business Management*, 12-20.