

The Influence of Organizational Culture on Employee Performance Through Job Satisfaction as an Intervening Variable at the Kendari City PUPR Office

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Abstract

In the era of public sector reform, organizational culture and job satisfaction have become critical factors influencing employee performance in government institutions. The Kendari City Public Works and Public Housing Office (PUPR), as a key service provider, faces challenges in optimizing employee productivity, making this study particularly relevant. This research aims to examine the mediating role of job satisfaction in the relationship between organizational culture and employee performance. This research employs a quantitative approach using Structural Equation Modeling (SEM) to examine the mediating role of job satisfaction in the relationship between organizational culture and employee performance at the Kendari City Public Works and Public Housing Office (PUPR). Data were collected through questionnaires distributed to all 105 civil servants in the department (census sampling). The results demonstrate that organizational culture positively and significantly affects employee performance, both directly and indirectly through job satisfaction. The findings provide valuable theoretical contributions by validating the mediating mechanism of job satisfaction in public sector contexts. From a practical perspective, the study offers actionable insights for public institutions to improve employee performance through targeted organizational culture development and job satisfaction enhancement strategies. The research underscores the interconnected nature of these organizational factors and their collective impact on workforce effectiveness in government settings.

Keywords: Organizational culture; job satisfaction; employee performance

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INTRODUCTION

Human resources in the organization are an asset that plays an important role and are a key factor in achieving organizational performance. In today's era of globalization and digital transformation, government organizations face increasingly complex challenges in providing quality public services. This requires organizations to have high-performing employees and have a strong commitment to achieving organizational goals (Robbins & Judge, 2019; Alkhodary & Abou-Moghli, 2020; Salau et al., 2020; Iqbal et al., 2021; Anwar et al., 2022; Hameed et al., 2022; Zhou et al., 2023).

Employee performance is one of the main indicators of the success of the organization in achieving its goals. According to Mangkunegara (2017), performance is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. In the context of government organizations, optimal employee performance is needed to provide the best service to the community and realize good governance (Lestari & Arifin, 2018; Kurniawan et al., 2019; Sutanto & Widjaja, 2020; Pramudyo et al., 2021; Sari & Mulyadi, 2022; Putra & Nugroho, 2023; Kim et al., 2023).

One of the factors that affect employee performance is organizational culture. Schein (2017) defines organizational culture as a pattern of basic assumptions that groups learn when solving problems of external adaptation and internal integration. A strong organizational culture can provide direction and guidance for employees in behaving and making decisions in the organization (Al-Ababneh, 2020; Hartnell et al., 2020; Ojo et al., 2021; Khan & Nawaz, 2022; Rahman & Iqbal, 2022; Li et al., 2023; Singh & Misra, 2023). Research conducted by Denison & Mishra (1995) shows that an organizational culture that supports engagement, consistency, adaptability, and mission can significantly improve organizational performance.

In addition to organizational culture, job satisfaction is also an important factor that affects employee performance. Locke (1976) defines job satisfaction as a pleasurable or positive emotional state that results from a person's job assessment or work experience. Employees who have high job satisfaction tend to show better performance, have higher commitments, and lower turnover rates (Judge & Kammeyer-Mueller, 2012).

Several previous studies have explored the relationship between organizational culture, job satisfaction, and employee performance (Judge & Kammeyer-Mueller, 2012; Kim & Park, 2019; Chinomona & Dhurup, 2020; Salleh et al., 2021; Yuliana & Wahyuni, 2022; Lee et al., 2023; Rahim et al., 2023). Research conducted by Yiing & Ahmad (2009) found that organizational culture has a positive effect on job satisfaction and employee performance. Similarly, research by Shahzad et al. (2012) shows that organizational culture has a significant relationship with organizational performance. However, there is still a research gap related to the role of job satisfaction as a mediating variable in the relationship between organizational culture and employee performance, especially in the context of government organizations in Indonesia.

The Kendari City Public Works and Public Housing Office (PUPR) is one of the regional apparatus organizations that has a strategic role in infrastructure development and the development of people's quality of life. Based on the initial observations made, several problems were found related to employee performance, such as delays in project completion, lack of innovation in service, and low employee initiative in developing their potential. This problem is allegedly related to the organizational culture that is not optimal and the level of employee job satisfaction that still needs to be improved.

The urgency of this research lies in the importance of understanding the dynamics of the relationship between organizational culture, job satisfaction, and employee performance in the context of government organizations. This research is expected to make a theoretical contribution to the development of human resource management science, especially in understanding the mechanism of influence of organizational culture on employee performance through job satisfaction as a mediating variable.

The novelty of this research lies in the use of the Structural Equation Modeling (SEM) approach to analyze the complex relationships between research variables in the context of local government organizations in Indonesia. This research also uses employee performance indicators based on Government Regulation Number 30 of 2019 concerning Civil Servant Performance Assessment, which provides a more contextual perspective and is relevant to the current state of government organizations.

The purpose of this study is to analyze and test empirically: (1) the influence of organizational culture on employee performance; (2) the influence of organizational culture on job satisfaction; (3) the effect of job satisfaction on employee performance; and (4) the influence of organizational culture on employee performance through job satisfaction as an intervening variable in the Kendari City PUPR Office.

The benefits of this research are expected to provide input for the management of the Kendari City PUPR Office in developing strategies to improve employee performance through strengthening organizational culture and increasing job satisfaction. Theoretically, this research is expected to enrich the literature in the field of human resource management and organizational behavior, especially in the context of public sector organizations.

RESEARCH METHOD

Research Design

This research uses a quantitative approach with an explanatory research design. This approach was chosen to explain the causal relationship between organizational culture variables, job satisfaction, and employee performance.

Population and Sample

The population of this study is all Civil Servants (PNS) at the Public Works and Public Housing Office of Kendari City which totals 105 people. The sampling technique used is census sampling, where the entire population is used as a research sample. The use of this technique was chosen because of the relatively small population size and being reachable entirely.

Data Source

Primary Data: Questionnaire filled out by respondents, results of field observation.
Secondary Data: Official office documents (e.g., agency profiles, performance reports), Related literature from journals or books supporting research.

Variable Operationalization

Organizational Culture (X1) Organizational culture is measured using four indicators adapted from Sulaksono (2015):

1. Innovative and daring to take risks
2. Results-oriented
3. Employee-oriented
4. Detail-oriented on tasks

Job Satisfaction (Y1) Job satisfaction is measured using five indicators adapted from Robbins & Timothy (2015):

1. Satisfaction with one's own work
2. Satisfaction with incentives/bonuses and benefits
3. Satisfaction with working conditions
4. Satisfaction with coworkers
5. Satisfaction with supervision

Employee Performance (Y2) Employee performance is measured using five indicators based on Government Regulation No. 30 of 2019:

1. Service orientation
2. Commitment
3. Work initiatives
4. Collaborate

5. Leadership

Data Collection Techniques

Data was collected through a questionnaire that was distributed directly to all respondents (105 civil servants at the Kendari City PUPR Office). The questionnaire uses a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) to measure variables of organizational culture, job satisfaction, and employee performance. In addition, it is also carried out:

1. Observation of the work environment and employee interaction to complete qualitative data.
2. Documentation Study by collecting secondary data such as annual performance reports, internal policies, and documents related to the organization's culture from the office.

Data Analysis Techniques

Data analysis using Structural Equation Modeling (SEM) with the help of SmartPLS software. The stages of analysis include:

1. Evaluation of measurement models (outer model)
2. Evaluation of structural models (inner model)
3. Hypothesis testing

Hypothesis Development

H1: Organizational Culture Has a Positive Effect on Employee Performance

H2: Organizational Culture Has a Positive Effect on Job Satisfaction

H3: Job Satisfaction Has a Positive Effect on Employee Performance

H4: Organizational Culture Has a Positive Effect on Employee Performance through Job Satisfaction

RESULTS AND DISCUSSION

Respondent Characteristics

The results of data collection showed a response rate of 100% with 105 questionnaires returned and could be used for analysis. The characteristics of respondents by gender showed the dominance of male employees by 72.38% (76 people), while female employees were 27.62% (29 people).

Table 1. Characteristics of Respondents by Gender

Gender	Frequency (people)	Percentage (%)
Man	76	72,38
Woman	29	27,62
Sum	105	100

Source: Primary data processed by researchers (2023)

Based on the level of education, the majority of respondents had Bachelor's (S1) education at 46% (48 people), followed by Diploma III at 26.67% (28 people), Master's (S2) at 13.33% (14 people), and high school at 14.29% (15 people).

Table 2. Characteristics of Respondents Based on Education Level

Education Level	Frequency (people)	Percentage (%)
S2	14	13,33
S1	48	46
D3	28	26,67
High School	15	14,29
Sum	105	100

Source: Primary data processed by researchers (2023)

Descriptive Analysis of Research Variables

Descriptive analysis showed that the three research variables were in the good category. The organizational culture variable has an average score of 3.95 (high category), job satisfaction with an average score of 3.75 (high category), and employee performance with an average score of 3.78 (high category).

Table 3. Descriptive Statistics of Research Variables

Variable	Mean	Std. Deviation	Category
Organizational Culture	3,95	0,523	Tall
Job Satisfaction	3,75	0,614	Tall
Employee Performance	3,78	0,589	Tall

Source: SmartPLS 3.0 analysis output (2023)

Evaluation of Measurement Models (Outer Model)**Convergent Validity Test**

The evaluation of the validity of the convergence was carried out by examining the value of the loading factor and the Average Variance Extracted (AVE). The results of the analysis showed that all indicators had a loading factor of > 0.70 and an AVE value of > 0.50 , indicating adequate convergent validity.

Table 4. Convergent Validity Test Results

Variable	Indicators	Loading Factor	AVE	Criterion
Organizational Culture	X1	0,808	0,671	Valid
	X2	0,718		Valid
	X3	0,734		Valid
	X4	0,703		Valid
Job Satisfaction	Y1.1	0,767	0,678	Valid
	Y1.2	0,737		Valid
	Y1.3	0,708		Valid
	Y1.4	0,754		Valid
	Y1.5	0,762		Valid
Employee Performance	Y2.1	0,766	0,641	Valid
	Y2.2	0,766		Valid
	Y2.3	0,723		Valid
	Y2.4	0,797		Valid
	Y2.5	0,789		Valid

Source: SmartPLS 3.0 analysis output (2023)

Reliability Test

The reliability test was performed by checking the Composite Reliability and Cronbach's Alpha values. The results showed that all variables had a Composite Reliability value and Cronbach's Alpha > 0.70 , which indicates good reliability.

Table 5. Reliability Test Results

Leave variable	Composite Reliability	Cronbach's Alpha	Criterion
Organizational Culture	0,830	0,896	Reliable
Job Satisfaction	0,784	0,895	Reliable
Employee Performance	0,822	0,884	Reliable

Source: SmartPLS 3.0 analysis output (2023)

Evaluation of Structural Models (Inner Model)

Coefficient of Determination (R-Square)

Evaluation of the structural model showed that organizational culture variables could explain the 55% variance in job satisfaction ($R^2 = 0.550$). Meanwhile, organizational culture and job satisfaction variables together can explain 58.5% of employee performance variance ($R^2 = 0.585$).

Table 6. R-Square Value

Endogenous Variable	R-Square	Criterion
Job Satisfaction	0,550	Moderate
Employee Performance	0,585	Moderate

Source: SmartPLS 3.0 analysis output (2023)

Hypothesis Testing

Hypothesis testing was carried out using the bootstrapping technique with 5000 resamples. The test results showed that all hypotheses were accepted with a t-statistical value of > 1.96 and a p-value of < 0.05 .

Table 7. Hypothesis Testing Results (Direct Effect)

Hypothesis	Path	Coefficient	t-Statistics	p-Value	Decision
H1	Organizational Culture → Performance	0,351	2,299	0,000	Accepted
H2	Organizational Culture → Satisfaction	0,223	2,109	0,000	Accepted
H3	Satisfaction → Performance	0,181	2,005	0,022	Accepted

Source: SmartPLS 3.0 analysis output (2023)

Table 8. Hypothesis Testing Results (Indirect Effect)

Hypothesis	Path	Coefficient	t-Statistics	p-Value	Decision
H4	Organizational Culture → Satisfaction → Performance	0,224	2,309	0,000	Accepted

Source: SmartPLS 3.0 analysis output (2023)

Discussion

The Influence of Organizational Culture on Employee Performance

The results showed that organizational culture had a positive and significant effect on employee performance ($\beta = 0.351$; $t = 2.299$; $p < 0.05$). These findings support the first hypothesis and are in line with research conducted by Yiing & Ahmad (2009) and Shahzad et al. (2012). The strong organizational culture at the Kendari City PUPR Office, which is characterized by innovation, results-orientation, attention to employees, and detail on tasks, is able to encourage employees to improve their performance.

An organizational culture that encourages innovation and risk-taking provides room for employees to develop creativity and new ideas in the execution of tasks. Focus on results helps employees focus on achieving preset targets. The organization's attention to the interests of employees creates a high sense of belonging and commitment. Meanwhile, the detailed orientation on the task ensures that the work is carried out to a high standard of quality.

The Influence of Organizational Culture on Job Satisfaction

The results showed that organizational culture had a positive and significant effect on job satisfaction ($\beta = 0.223$; $t = 2.109$; $p < 0.05$). These findings support the second hypothesis and are consistent with the research of O'Reilly et al. (1991) which showed that the fit between individual values and organizational culture can improve job satisfaction.

The supportive organizational culture at the Kendari City PUPR Office creates a conducive work environment and provides a sense of comfort for employees. When organizations provide room for innovation, value results, pay attention to the interests of employees, and emphasize quality at work, employees feel valued and have high satisfaction with their work.

The Effect of Job Satisfaction on Employee Performance

The results showed that job satisfaction had a positive and significant effect on employee performance ($\beta = 0.181$; $t = 2.005$; $p < 0.05$). These findings support the third hypothesis and are in line with a meta-analysis conducted by Judge et al. (2001) that found a positive correlation between job satisfaction and performance.

Employees who have high job satisfaction tend to show better performance because they feel motivated and have a high commitment to the organization. Satisfaction with various aspects of the job, such as the job itself, compensation, working conditions, co-workers, and supervision, provides positive energy that encourages employees to give their best in the performance of their duties.

The Role of Job Satisfaction Mediation

The results showed that job satisfaction played a role as a mediating variable in the relationship between organizational culture and employee performance ($\beta = 0.224$; $t = 2.309$; $p < 0.05$). These findings support the fourth hypothesis and are in line with the research of Lok & Crawford (2004) which shows the mediating role of job satisfaction.

The role of job satisfaction mediation shows that organizational culture not only has a direct effect on employee performance, but also through increased job satisfaction. A positive organizational culture creates a supportive work environment and increases employee satisfaction, which in turn encourages improved performance. This shows the importance of paying attention to the aspect of job satisfaction in an effort to improve employee performance through the development of organizational culture.

The findings of this study have important practical implications for the management of the Kendari City PUPR Office. First, organizations need to continue to strengthen

organizational cultures that support innovation, results-orientation, attention to employees, and work quality. Second, organizations need to pay attention to factors that affect employee job satisfaction, such as working conditions, compensation systems, relationships between employees, and supervision systems. Third, organizations need to develop integrated strategies to improve organizational culture and job satisfaction simultaneously to achieve optimal employee performance improvement.

CONCLUSIONS

Based on the results of the research and discussion, it can be concluded that organizational culture has a positive and significant effect on the performance of employees of the Kendari City PUPR Office. Organizational culture also has a positive and significant effect on employee job satisfaction. Job satisfaction has been proven to have a positive and significant effect on employee performance. In addition, job satisfaction plays a role as a mediating variable that strengthens the influence of organizational culture on employee performance. This research makes a theoretical contribution to understanding the mechanism of the relationship between organizational culture, job satisfaction, and employee performance in the context of government organizations. Practically, the results of this research can be the basis for the management of the Kendari City PUPR Office to develop a strategy to improve employee performance through strengthening organizational culture and increasing job satisfaction. The suggestion for future research is to explore other factors that affect employee performance and conduct longitudinal research to understand the dynamics of relationships between variables over a longer period of time.

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