



Does Working Culture Improve Employee Performance? The Mediation Role of Job Satisfaction

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Abstract: The role of work culture in improving employee performance is very important. In this case, every organization needs a good environment so that employees have satisfaction when doing their work. This research aims to look at the role of work culture on employee performance with job satisfaction as a mediator for MSME employees in the city of Bandung. This research used a descriptive verification approach, 118 employees were sampled and the technique used used a structural equation model with the help of Amos software version 21. Primary data from this research was obtained from a questionnaire. Meanwhile, secondary data was obtained through notes, publications, and literature. The research results show that organizational work culture has a positive and significant effect on job satisfaction and employee performance, and work culture has a positive effect on performance through job satisfaction. This research is proposed to determine aspects of work culture that are related to employee performance in MSMEs in the city of Bandung and also emphasize aspects of employee job satisfaction that have an impact on performance. It is hoped that the research results can expand the treasures of management literature, especially in the field of HR.

Keywords: Employee Job Satisfaction; Employee Performance; Organizational Work Culture

INTRODUCTION

Fast-growing businesses across sectors and increasing technological advances today require an organization to have an advantage to remain able to compete. (Matalamäki & Joensuu-Salo, 2022; Tuominen et al., 2023). This advantage would be achievable if the company had a competent human resource. (Huzaiifi et al., 2022; Sulaeman, 2020). According to Welikin (2021), The human being is an internal resource and the most important element in the company because it has a role as a planner, executor, controller, as well as the realization of the purpose of the company. As mentioned by Putri et al. (2022) The function of human resource management is a science and art that regulates the role of the workforce to be more effective and help the realization of the goals of the company. The degree of success of a company will depend heavily on the quality of the human being in the company. One of the efforts that can be made is through directed and planned development so that the company can compete (Luila & Haryadi, 2013; Zurnali & Sujanto, 2020)

According to Assoratgoon & Kantabutra (2023) Building a culture within an organization is one way of producing a good working environment that produces job satisfaction. According to Kaur Bagga et al. (2023), Organizational culture can be built by the people who are in the organization itself by reference to the vision and mission that has been established. According to Janićijević et al.(2018), Employee satisfaction and performance are elements that can lead to the success of the organization. Improving employee performance is a vital aspect of achieving the strategic goals of an organization. In a dynamic and competitive business era, the ability to manage and improve individual performance is the key to corporate success. In line with that, an in-depth understanding of the factors that influence employee performance becomes an

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essential requirement. According to Nurdiansyah et al. (2020), Employee performance refers to the extent to which an individual achieves their goals and makes a positive contribution to the goals of the organization. It involves an evaluation of the productivity, competence, initiative, and contribution of employees to the achievement of the company's goals.

The decline in employee performance as understood collectively indicates that an employee does not work optimally in carrying out his or her duties and functions. (Katidjan et al., 2022; Ronal & Hotlin, 2019; Wahyuni et al., 2023). An indication that the employee's performance is reduced due to an unsatisfied employee satisfaction rate, especially in the execution of the job itself, as well as the work presented, is not completed and the job does not have a completion target of the list of achievements, benefits, and bonuses granted are inadequate, or in other words, the expectations of employees cannot be realized by the leadership (Latief et al., 2023). For small and medium-sized companies, the role of employees is felt to be crucial to improving business performance. Competent employees are employees who can provide perspective in understanding the characteristics of their business, positioning them, and measuring the quality of resources (Johan et al., 2019). His ability must be able to acquire a variety of activities in the environment where he works. The empirical evidence obtained from the small and medium-sized enterprise management services in the city of Bandung shows that many entrepreneurs close their, because of poor performance due to high turnover of employees.

According to Lazzari et al. (2022) and Oh & Chhinzer (2021) If the turnover is more than 10% then the company is said to be bad, and this is seen from the facts in the field shows that the real fatigue of an employee who is lazy in carrying out the job given to the employee as an indication that the employment worker cares less about the job itself which causes employees to feel less aligned with the area of work occupied. employee less appreciates what he does, does not dare to accept the job challenge given by the manager, has no leadership care or appreciation of the job achieved, and lacks incentive for the employees in completing the given job (Skelton et al., 2020). An organizational culture that creates a positive and pleasant working atmosphere supports employees feeling satisfied with their work and participating in realizing their full potential. An organizational culture based on a high level of discipline and an adequate workforce can contribute to increased labor productivity. In this case, one can voluntarily obey and carry out duty without the addition of coercion. While job satisfaction can affect productivity, quality of work, efficiency, and the level of employee involvement in the organization. Officers who have a level of work satisfaction tend to show better performance, have lower absence rates, and tend to stay in the organization for longer periods.

Therefore, a more serious approach is needed to reduce such conditions, such as by applying the two-factor theory that job satisfaction can improve employee performance (Latief et al., 2023; Pratidhina et al., 2022). Previous research carried out by Kaur Bagga et al. (2023) mentions the influence of work culture on employee job satisfaction. When realizing that job satisfaction is a disclosure of a person's unpleasant or disappointing feelings about the work done. Work satisfaction must be given to employees to realize the work pleasure that is expected to improve their performance, especially in SMEs. The competitive situation of small and medium-sized enterprises faces several major problems such as lack of competence and employee satisfaction, so that in the end many employees leave the company (Nurdiansyah et al., 2020). Therefore, this study is proposed to fill the gaps in research in analyzing the impact of work culture, and job satisfaction on employee performance in the micro, small, and medium-sized enterprise industry sectors in the city of Bandung.

METHODS

The type of research used in this study is descriptive verification. Descriptive research is a type of conclusive research whose primary purpose is to describe something, such as an explanation of market characteristics or functions. (Uma Sekaran;2013). A verification study is a study that tests the truth of something (knowledge) in an existing field and is used to test hypotheses using statistical calculations. The research method used is the explanatory method of the survey. The population of this study is as many as 218 employees who work at the Beringharjo Market SMEs, for sampling research use the Slovin formula so that we can get samples of as many as 114 employees. Data analysis using SEM with Amos software version 21. The model in this research is presented in Figure 1.

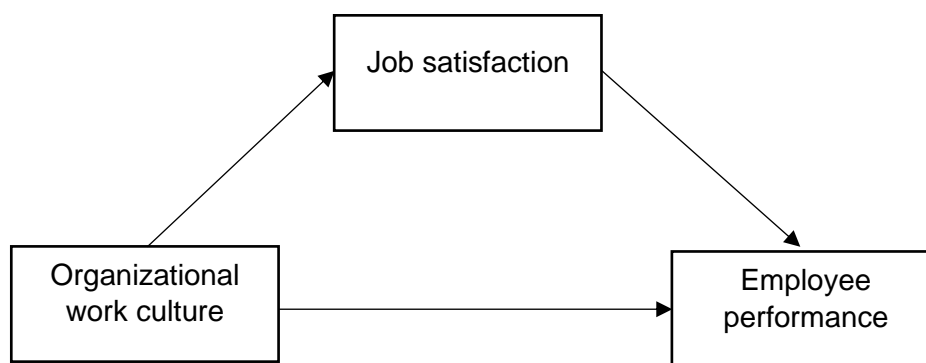


Figure 1. Conceptual framework
 Source: Data processed (2024)

RESULTS AND DISCUSSION

Respondent demographics

The characteristics of the respondents in this study can be seen in Table 1 below:

Table 1. Respondent demographics

Responder Profile		Total	Percentage
Gender	Male	101	90,7%
	Female	13	9,21%
Age	< 30 years	25	17,7%
	31 - 40 years	77	73,7%
	> 40 years	12	8,51%
Education	Elementary school	5	24,8%
	Junior high school	27	9,21%
	Senior high school	69	32,6%
	Diploma	6	4,25%
	Bachelor	7	29,1%

Source: Data processed (2024)



Based on respondent profile data, the majority of MSME employees in the city of Bandung are 101 men or 90.7%, while the most common age group is 31 - 40 years old, 77 people or 73.7%, and their highest education is high school. /SMK/MA as many as 69 people or 32.6%. This can be seen that the majority of employees can be said to have more than a high school education so employee competency still needs to be improved to be able to provide good performance.

Statistic analysis

The results of statistical data analysis require the existence of a classical assumption test consisting of a normality test, a linear test, an outlier test, and a multicollinearity test. To find out whether dependent variables and independent variables have a normal distribution relationship so that the data is valid for research. If the probability value is $>0,05$ then the conclusion is that the data is normally distributed, the test performed gets a result of 0.15. The value is $>0,05$ so that the normalised assumptions are met. The linearity test can be known from the sig value. Employee competence, satisfaction, and performance of $0,000 < 0,05$. Linear test proved because of sig value $< 0,05$ The outlier test obtained from the test results with the bus distance showed a p_2 value $> 0,05$. So that the data meets the outlier test assumption. The results of the multicollinearity test show that the determinant value of the sample covariance matrix > 0 then stated that the data does not occur in multicollinearity or singularity. Using the AMOS program, the results of the hypothesis test are obtained:

Table 2. Statistic analysis

			Estimate	S.E.	C.R.	P	Label
Satisfaction	←	Culture	.723	.103	7.203	***	Par_1
Performance	←	Satisfaction	.338	.076	4.704	***	Par_2
Performance	←	Culture	.457	.096	5.055	***	Par_3

Source: Data processed (2024)

Based on the test results in Table 2 show that the Employee Competence variable influenced employee performance through job satisfaction as an intervening variable seen from the value $C.R > 2.00$ and the value $P < 0.05$. The results of the test of direct influence, indirect influence, and total influence of each variable, can be seen in Table 3, which is as follows:

Table 3. Coefficient Value

	Standardized Direct Effects		Standardized Indirect Effects		Standardized Total Effects	
	X	Y	X	Y	X	Y
Y	.526	.000	0	0	.526	0
Z	.354	.362	.193	0	.547	.368

Source: Data processed (2024)

Coefficient of Determination

The next test is the Estimate coefficient of determination which can be seen in Table 4 below:



Table 4. Coefficient of Determination

	Estimate
Satisfaction	.273
Performance	.467

Source: Data processed (2024)

$$\begin{aligned}
 R^2 \text{ model} &= 1 - (1 - R^2_1) (1 - R^2_2) \\
 &= 1 - (1 - 0,273) (1 - 0,467) \\
 &= 1 - 0,387 \\
 &= 0,61 \text{ or } 61\%
 \end{aligned}$$

Based on the determination coefficient figure of 61%. The model accuracy calculation result of 61% explains that the model contribution to the contribution of the three variables studied is 0.61 (61%) and the remaining 39% is explained by other variables.

Mediation Test

The next test is the mediation test in this research as follows: the work culture variable influences the Job Satisfaction variable, the Job Satisfaction variable influences the Employee Performance variable, the work culture variable also influences Employee Performance, work culture also influences Employee Performance through the Job Satisfaction variable, then It can be concluded that the mediation in this research is partial mediating.

Table 5. Sobel Test Analysis

		Test Statistic	Std.Error	p-value
Sobel Test	X1-Z-Y	3.52817472	0.057964273	0.000091

Source: Data processed (2024)

The significance probability value of Competency is 0.000 ($p \leq 0.05$). This shows that the organizational work culture variable has a significant influence on the performance variable and satisfaction variable. This means that the mediation test via the sobel test is accepted.

Employee performance in the MSME context in the city of Bandung can be said to be quite good. This can be seen from several employees in the marketing department, referring to the fact that in the UKM itself over the last 3 years, there have been no complaints or complaints from customers regarding employee performance. Employee competency is very important for a company. Whether a company progresses or not is determined by the competence of the employees who work in it. Companies that have employees with good competencies and skills will certainly have a positive impact on the company's progress. The role of work culture in improving employee performance is very important. In this case, every organization needs a good environment so that employees have satisfaction when doing their work. The research results show that a good culture can increase job satisfaction.

The work atmosphere created in the organization is very supportive for employees to have good performance. This is proven by the large workspace, as well as the availability of tools that are quite complete to carry out the work of employees in the production sector, especially in carrying out production. Time efficiency is also created



by good team collaboration. Completion of product orders is often hampered due to delays in the material itself, but teamwork and good time management can help the work process be completed quickly and produce work. This research is also supported by research from Johan, (2019) Hira Aftab, and Waqas Idrees (2012) showing that job satisfaction has a positive influence on employee performance. In this study, the significance of the test is $0,000 < 0.05$. It can be understood that the job satisfaction variable can mediate the employee's work culture relationship to performance. The indirect impact of an employee's work culture variable on performance with satisfaction as an intervening variable can be seen in a standardized indirect effect of 0.193. The results of this study show that organizational culture, satisfaction, and performance can affect the organization. Based on the results of the mediation test or the intervening variable of the influence of the work culture on the small performance of 0.354 the result shows the fourth hypothesis is that the employee's work culture has a positive influence on employee performance through employee satisfaction.

Organizational culture encompasses the values, beliefs, and norms that are adhered to by companies. If these values are in line with employees, they tend to feel more motivated and connected to their work. In addition, factors such as facilities, working conditions, and support from colleagues and superiors can affect job satisfaction. Employees who feel comfortable and appreciated tend to be more satisfied with their work. A culture that supports self-development and challenges can boost employee motivation. Motivated employees tend to perform better. Employees who feel engaged in their work and have a sense of ownership of the results tend to deliver better performance.

CONCLUSION

Based on the results of research and discussion, it can be concluded that work culture has a positive and significant influence on employee performance in the context of UMKM city of Bandung. Besides, the work culture has also been found to have a positive influence on job satisfaction. Employee satisfaction has a positive impact on employee performance. The employee's work culture has a good impact on performance through the mediation of satisfaction. As for the questionnaire that has been distributed, it shows that the better the culture is built, the higher the job satisfaction perceived so that it can produce good performance, such as employees with high abilities then given the reward by the company will improve the performance of those employees. In aligning culture, job satisfaction, and employee performance, organizations need to design management strategies that understand and promote desired values and create a positive work environment. Training programs, employee development, and effective performance management strategies can also help improve these relationships.

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