

The Influence of Job Satisfaction and Organizational Culture on Performance and Organizational Commitment in Regionally-Owned Enterprises (BUMD) in Bogor City

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Abstract

This study aims to analyze the influence of Organizational Culture on Employee Performance and Organizational Commitment, with Job Satisfaction as an intervening variable in Bogor City's Regionally-Owned Enterprises (Perumda Pasar Pakuan Jaya and Perumda Air Minum Tirta Pakuan). The method used was quantitative, with a survey of 212 respondents using proportional stratified random sampling and path analysis using SmartPLS. The results indicate that Organizational Culture has a positive and significant effect on Job Satisfaction, Employee Performance, and Organizational Commitment. Job Satisfaction also has a positive and significant effect on Performance and Organizational Commitment, and is proven to partially mediate the relationship between Organizational Culture and both variables. These findings confirm that strengthening organizational culture can increase job satisfaction, which in turn improves employee performance and commitment, and provide practical implications for HR management in Regionally-Owned Enterprises (BUMD).

Keywords:

Organizational Culture, Job Satisfaction, Employee Performance, Organizational Commitment, Path Analysis



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INTRODUCTION

The development of regional autonomy through Law Number 23 of 2014 requires local governments, including Regionally-Owned Enterprises (BUMD), to improve organizational performance in a professional, efficient, and accountable manner. BUMDs play a strategic role as providers of public services and drivers of the regional economy, requiring them to balance service and profit orientation. However, as hybrid organizations, BUMDs face challenges in human resource (HR) management, particularly in improving employee performance and organizational commitment. The effectiveness of BUMD performance is largely determined by the quality of its human resources, particularly employee performance and commitment to the organization. In practice, various problems persist, such as low job satisfaction, weak organizational culture, and suboptimal human resource management, which impact organizational performance.

Employee performance is a key factor in organizational success because it directly contributes to the achievement of goals and the quality of public services. Previous research shows that organizational culture has a significant effect on performance ($\beta = 0.36$; $p < 0.01$) (Putri & Suharnomo, 2022), and job satisfaction also has a positive effect on performance ($\beta = 0.29$; $p < 0.01$) (Bakotić, 2021). Furthermore, organizational culture influences organizational commitment ($\beta = 0.43$; $p < 0.001$) (Nguyen & Nguyen, 2021), and job satisfaction mediates this relationship (indirect effect = 0.21; $p < 0.001$) (Rahman et al., 2023).

In the context of Bogor City's regionally-owned enterprises (BUMD), specifically Perumda Pasar Pakuan Jaya and Perumda Air Minum Tirta Pakuan, performance and organizational commitment issues remain. Preliminary survey results indicate challenges in

performance aspects such as work quality (23% and 16%), work quantity (30% and 25%), effectiveness (33% and 18%), and efficiency (39% and 15%). Furthermore, organizational commitment issues are also evident in the affective (15% and 13%), continuance (18% and 17%), and normative (18% and 18%). This situation indicates the need for strategies to improve performance and commitment through internal organizational factors. Empirically, previous research has shown that organizational culture significantly influences employee performance (Putri & Suharnomo, 2022), job satisfaction influences performance (Bakotić, 2021), organizational culture influences organizational commitment (Nguyen & Nguyen, 2021), and job satisfaction can mediate the relationship between organizational culture and commitment (Rahman et al., 2023). These findings indicate that performance and organizational commitment are influenced by interrelated psychological and organizational factors.

In Bogor City's regionally-owned enterprises (BUMD), particularly Perumda Pasar Pakuan Jaya and Perumda Air Minum Tirta Pakuan, performance issues persist, such as suboptimal work quality and quantity, suboptimal effectiveness and efficiency, and indications of low organizational commitment, both affective, continuance, and normative. This situation indicates a gap between organizational expectations and actual conditions on the ground.

Based on these phenomena, this study aims to analyze the influence of organizational culture and job satisfaction on employee performance and organizational commitment, and examine the role of job satisfaction as an intervening variable among employees of Bogor City's regionally-owned enterprises (BUMD).

The novelty of this research lies in the development of a causal model of the relationships between organizational culture, job satisfaction, employee performance, and organizational commitment in the context of a regionally-owned enterprise (BUMD) with both public service and business characteristics. Furthermore, this research contributes to the development of a more comprehensive empirical model based on intervening variables and generates strategic recommendations for improving organizational performance and commitment in the BUMD sector.

Literature Review

The study developed in this research is the theory put forward by Colquitt (2021) which explains the Integrative Model of Organizational Behavior, as shown in the following figure:

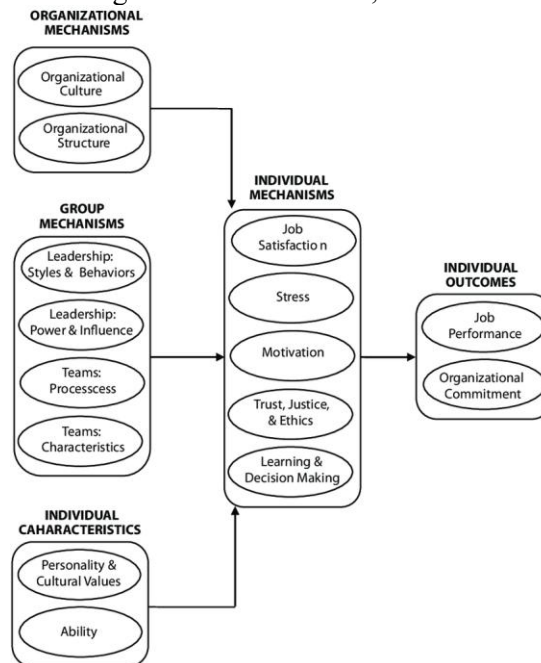


Figure 1. Integrative Model of Organizational Behavior (Colquitt, Lepine, and Wesson, 2021)

Source : Colquitt et al (2021)

Colquitt et al.'s theory explains that employee performance and organizational commitment are influenced by various interrelated mechanisms, at the individual, group, and organizational levels. Individual mechanisms include job satisfaction, motivation, stress, trust, fairness, ethics, learning, and decision-making. Organizational mechanisms include organizational culture and structure, while group mechanisms include leadership style, leader influence, processes, and group characteristics. Furthermore, individual factors such as personality, cultural values, and abilities also play a role.

In Colquitt et al.'s (2021) model, performance is positioned as the dependent variable, reflecting individual work outcomes as a result of psychological conditions and work experiences, particularly job satisfaction. Organizational commitment is also a dependent variable, reflecting an individual's emotional attachment and desire to remain in the organization, which are influenced by individual mechanisms.

Organizational culture in this model acts as an independent variable at the organizational level, shaping values, norms, and work behavior patterns. The influence of organizational culture on performance and commitment is not direct, but rather through job satisfaction, a mediating variable. Job satisfaction serves as a psychological mechanism that bridges the influence of organizational culture and individual factors on performance and organizational commitment.

Performance is a key concept in human resource management, reflecting the work results of individuals or groups in achieving organizational goals. Nelson and Campbell (2006:191–193), Hadari (2007:89), and Suntor (2009:193) emphasize that performance encompasses not only the achievement of work targets but also reflects the quality, quantity, timeliness, initiative, effectiveness, and individual ability to optimize organizational resources. Thus, performance can be understood as the accumulation of work results, both quantitatively and qualitatively, according to the demands of organizational tasks and responsibilities.

Organizational commitment is a crucial psychological factor determining an individual's attachment to an organization. Spector (2008:254–256), Greenberg and Baron (2008:234–236), and Sopiah (2008) state that organizational commitment is reflected in acceptance of organizational goals, a desire to remain with the organization, and a willingness to make an optimal contribution. This commitment consists of three main dimensions: affective commitment, which relates to emotional attachment; continuance commitment, which is based on considerations of costs and opportunities; and normative commitment, which is driven by moral values and a sense of obligation to the organization.

Organizational culture is a contextual factor that shapes individual work behavior within an organization. Kumar (2018) defines organizational culture as a system of values, attitudes, and behaviors that guide the interactions of organizational members through the dimensions of values, people, and communication. Meanwhile, Tayeh (2018:40–64) adds that organizational culture is a collection of shared values and norms, reflected in artifacts, espoused beliefs and values, and underlying assumptions. Both views emphasize that organizational culture serves as a system of shared meaning that influences patterns of interaction, coordination, and individual work behavior within the organization.

Various previous studies have confirmed the relationship between organizational culture, job satisfaction, performance, and organizational commitment in the context of the public sector and state-owned enterprises (BUMN/BUMD). Alharbi & Alyahya (2020) showed that organizational culture has a positive effect on job satisfaction ($\beta = 0.41$; $p < 0.001$), while Bakotić (2021) proved that job satisfaction has a significant effect on employee performance ($\beta = 0.29$; $p < 0.01$). Chordiya et al. (2020) also found that job satisfaction influences organizational commitment ($\beta = 0.47$; $p < 0.001$). Furthermore, Putri & Suharnomo (2022) and Nguyen & Nguyen (2021) proved that organizational culture has a direct effect on performance ($\beta = 0.36$; $p < 0.01$) and organizational commitment ($\beta = 0.43$; $p < 0.001$). Siengthai & Pila-Ngarm (2021) and Rahman et al. (2023) demonstrated that job satisfaction acts as a mediating variable between organizational culture and performance and organizational commitment. Furthermore, Zhang & Li (2024) confirmed that job satisfaction is also an important mediator in the relationship between individual factors and organizational commitment (indirect effect = 0.16; $p < 0.01$).

Overall, these findings confirm that job satisfaction acts as a key variable mediating the influence of organizational culture on performance and organizational commitment, thus supporting the proposed research framework.

METHOD

This study employed a quantitative approach with a survey method among permanent employees of Perumda Pasar Pakuan Jaya and Perumda Air Minum Tirta Pakuan in Bogor City. Data were collected through a five-point Likert-based questionnaire measuring organizational culture, job satisfaction, employee performance, and organizational commitment. Data were analyzed using path analysis to examine the direct and indirect effects, with job satisfaction as a mediating variable. The sample size was 212 respondents from a total population of 451 employees, determined using the Slovin formula with a 5% margin of error. The sampling technique used was proportional stratified random sampling, with respondents being permanent employees with at least one year of service.

RESULTS AND DISCUSSION

The following is data obtained based on research that has been conducted. The following is a recap of the descriptive analysis scores for all variables, as follows:

Table 1. Descriptive Analysis Score Recap for All Variables

No	Descriptive	Employee Performance (Z1)	Commitment to the Organization (Z2)	Organizational Culture (X)	Job Satisfaction (Y)
1.	Mean	233.3826	193.0783	185.0957	230.6261
2.	Score	23.772	16.789	16.095	20.054
3.	Variance	1046.344	201.108	190.508	284.499
4.	Standar Deviation	32.34723	14.18125	13.80247	16.86711
5.	Range	139.00	50.00	59.00	65.00
6.	Minimum	134.00	165.00	146.00	190.00
7.	Maximum	273.00	215.00	205.00	255.00
8.	Curtosis	0.554	-1.020	-0.766	-0.900
9.	Count	115	115	115	115

Next, a normality test was conducted using the Chi-Square method by comparing the observed frequency (f_o) and the expected frequency (f_h) based on the theoretical normal distribution. Based on the normality test, the test results were normally distributed. Then, a homogeneity test was carried out, with the result that all variables had the same variance or were homogeneous. The normality test aims to determine whether the Employee Performance variable data is normally distributed or not. Normal distribution is an important assumption in various statistical analyses, especially parametric tests such as linear regression and t-tests. If the Performance data is normally distributed, the results of the statistical analysis are more valid and can be interpreted more accurately. If the data is not normal, it is necessary to transform the data or use a non-parametric test that does not rely on the assumption of normality.

The results of the homogeneity test using the F test on all pairs of research variables show that all data have homogeneous variance. This is evidenced by the calculated F-value in each test, namely between Organizational Culture, Job Satisfaction, Employee Performance, and Commitment to the Organization, which are all smaller than the F-table of 2.65 at a significance level of 0.05. Thus, all tests (X-Z1, Y-Z1, X-Z2, Y-Z2, and X-Y) produce a consistent decision

that H0 is accepted, so it can be concluded that the research data is homogeneous and meets the assumptions for further analysis.

Based on the results of the linearity test using SPSS 29 on all relationships between the study variables, it can be concluded that all relationships meet the assumption of linearity. This is indicated by the significance values for the Linearity component, which are mostly below 0.05. Therefore, the relationship between Organizational Culture, Job Satisfaction, Employee Performance, and Organizational Commitment can be considered linear.

Specifically, the relationships between Organizational Culture and Employee Performance, Organizational Culture and Organizational Commitment, Job Satisfaction and Employee Performance, and Job Satisfaction and Organizational Commitment demonstrate a significant linear relationship. Despite varying Deviation from Linearity values, the overall model still shows a strong linear relationship based on significance tests for the principal components.

Therefore, all regression equations tested in this study are suitable for further analysis, particularly inferential analysis and path analysis, as the assumption of linearity between the variables has been consistently met.

Next, indicator analysis was conducted. Based on the results of the correlation analysis between the research variables, it can be concluded that the relationships between the variables are in the moderate to strong category. Specifically, Organizational Culture (X) has a strong relationship with Employee Performance (Z1) of 0.740 and with Organizational Commitment (Z2) of 0.753. Job Satisfaction (Y) also shows a strong relationship with Employee Performance (Z1) of 0.669 and with Organizational Commitment (Z2) of 0.722. All of these relationships are in the strong category, indicating a significant relationship between the main variables in the study.

Table 2. Results of Analysis of Variables X and Y on Variables Z1 and Z2

Independent Variable	Dependent variabel	
	Employee Performance (Z1)	Commitment to the Organization (Z2)
Organizational Culture (X)	0,740	0,753
Variance (Y)	0,669	0,722

Based on this, it can be seen that the Organizational Culture variable (X) with the Employee Performance variable (Z1) has a correlation coefficient value of 0.740, which means that the relationship between these variables is in the strong category. Then the Job Satisfaction variable (Y) with the Employee Performance variable (Z1) has a correlation coefficient value of 0.669, which means that the relationship between these variables is in the strong category. Furthermore, the Organizational Culture variable (X) with the Commitment to the Organization variable (Z2) has a correlation coefficient value of 0.735, which means that the relationship between these variables is in the strong category. The Job Satisfaction variable (Y) with the Commitment to the Organization variable (Z2) has a correlation coefficient value of 0.722, which means that the relationship between these variables is in the strong category.

Table 3. Results of Analysis of Variable X on Variable Y

Independent Variable	Intervening/mediation variables
	Intervening/mediation variables
Organizational Culture (X)	0,547

Meanwhile, the relationship between Organizational Culture (X) and Job Satisfaction (Y) is in the moderate category with a correlation value of 0.547. This indicates that Organizational Culture plays an important role in shaping Job Satisfaction, but its influence is not as strong as its direct relationship with the dependent variable.

The next stage is to carry out indicator analysis. Based on the results of the inter-variable indicator analysis, it was generally found that the relationship between Organizational Culture (X), Job Satisfaction (Y), Employee Performance (Z1), and Organizational Commitment (Z2) was dominated by strong to very strong ($r > 0.60$), particularly in the $X \rightarrow Z1$, $X \rightarrow Z2$, $Y \rightarrow Z1$, and $Y \rightarrow Z2$ relationships. At the indicator level, the strongest relationships were demonstrated by the Exposed Values and Basic Underlying Assumptions indicators for the efficiency and normative commitment aspects, and the Work Itself and Promotion Opportunities indicators for the performance and organizational commitment dimensions. This indicates that values, basic organizational assumptions, and employee intrinsic satisfaction are the most dominant factors in shaping organizational performance and commitment. Meanwhile, the relationship between Organizational Culture (X) and Job Satisfaction (Y) was in the moderate category ($r \approx 0.547$), indicating that the influence of organizational culture on job satisfaction is more moderate than its direct relationship to performance and commitment. However, all indicators still showed a consistent and substantively significant relationship pattern.

Methodologically, the results of the comparison between the correlation coefficients of variables and indicators indicate that the correlation value between variables is greater than or comparable to the correlation between indicators, thus concluding that all indicators are effective in representing the research variable constructs. Thus, the measurement model in this study has good construct validity and supports the conceptual linkages between variables in the research model. Overall, these results indicate that all variables have a positive and significant relationship, both directly and through intervening variables, thus supporting the feasibility of the proposed research model.

The measurement model (outer model) in this study was analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach with the assistance of SmartPLS software. The measurement model aims to examine the relationship between the latent construct and its constituent indicators. The construct model in this study can be seen in the following figure:

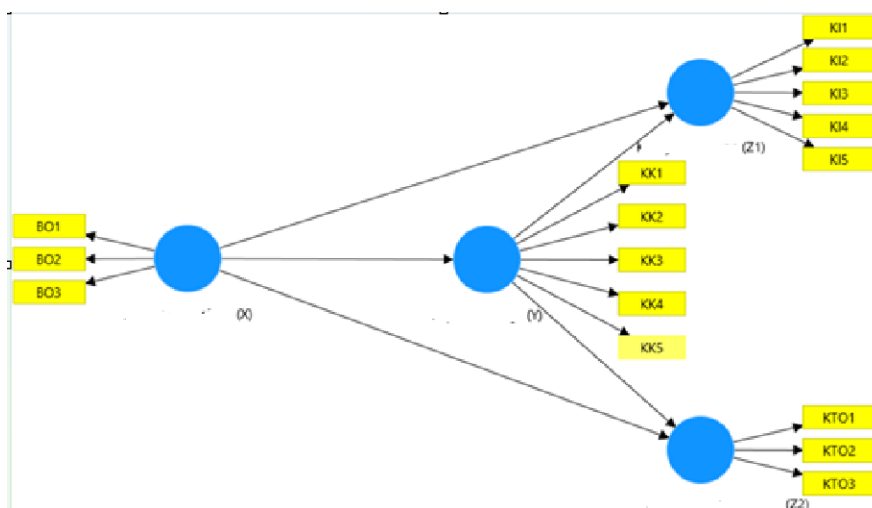


Figure 2. Outer Model

Based on Figure 4.2, the research model consists of four latent constructs: Organizational Culture (X) as the exogenous variable, and Job Satisfaction (Y), Employee Performance (Z1), and Organizational Commitment (Z2) as endogenous variables. Each construct is measured using reflective indicators: Organizational Culture (3 indicators), Job Satisfaction (5 indicators), Employee Performance (5 indicators), and Organizational Commitment (3 indicators).

The model shows that Organizational Culture directly influences Job Satisfaction, Employee Performance, and Organizational Commitment. Job Satisfaction also directly

influences Employee Performance and Organizational Commitment, and also acts as a mediating variable that bridges the influence of Organizational Culture on both variables. Evaluation of the measurement model was conducted through validity tests (convergent and discriminant validity) and reliability tests using Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE) to ensure the feasibility of the research constructs.

Based on Figure 4.2, the proposed research model comprises four latent constructs, namely Organizational Culture (X) as the exogenous variable, and Job Satisfaction (Y), Employee Performance (Z1), and Organizational Commitment (Z2) as endogenous variables. Each construct is operationalized through reflective indicators, with Organizational Culture measured by three indicators, Job Satisfaction by five indicators, Employee Performance by five indicators, and Organizational Commitment by three indicators.

The structural model indicates that Organizational Culture exerts a direct effect on Job Satisfaction, Employee Performance, and Organizational Commitment. In addition, Job Satisfaction has a direct influence on both Employee Performance and Organizational Commitment. Beyond its direct effects, Job Satisfaction also functions as a mediating variable that transmits the influence of Organizational Culture on Employee Performance and Organizational Commitment, thereby highlighting its central role within the proposed model. The evaluation of the measurement model is conducted through validity and reliability assessments. Validity testing includes convergent and discriminant validity, while reliability is examined using Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE), ensuring that all constructs meet the required psychometric standards and are suitable for further structural analysis.

Path analysis was used to test the magnitude of direct and indirect influences between variables in the research model consisting of Organizational Culture (X) as an independent variable, Job Satisfaction (Y) as a mediating variable, and Employee Performance (Z1) and Commitment to the Organization (Z2) as dependent variables. The results of the direct influence test showed that all relationships between variables were positive and significant. Organizational Culture influenced Employee Performance ($\beta = 0.532$; $p < 0.05$), Job Satisfaction ($\beta = 0.547$; $p < 0.05$), and Commitment to the Organization ($\beta = 0.512$; $p < 0.05$). In addition, Job Satisfaction also significantly influenced Employee Performance ($\beta = 0.379$; $p < 0.05$) and Commitment to the Organization ($\beta = 0.440$; $p < 0.05$). All path coefficients fall within the strong influence category, indicating that improvements in Organizational Culture and Job Satisfaction will lead to improvements in Employee Performance and Organizational Commitment.

The results of the indirect effect test indicate that Organizational Culture significantly influences Employee Performance through Job Satisfaction ($\beta = 0.207$; $p < 0.05$) and Organizational Commitment through Job Satisfaction ($\beta = 0.241$; $p < 0.05$). However, the indirect effect is smaller than the direct effect, indicating that Job Satisfaction acts as a partial mediator in the relationship between Organizational Culture and Employee Performance and Organizational Commitment.

Based on the hypothesis testing, all research hypotheses were accepted because the t-statistic value was greater than the t-table (1.652) and all p-values were < 0.05 . Therefore, it can be concluded that Organizational Culture plays a significant role in improving Job Satisfaction, Employee Performance, and Organizational Commitment, both directly and indirectly through Job Satisfaction as a mediating variable.

CONCLUSION

This research shows that organizational culture plays a significant role in improving job satisfaction, employee performance, and organizational commitment in Bogor City's regionally-owned enterprises (BUMD). Job satisfaction also contributes to improved employee performance and commitment. In addition to its direct effect, job satisfaction has been shown to function as a partial mediator, strengthening the relationship between organizational culture and employee performance and organizational commitment, although the direct effect remains dominant.

Overall, improved employee performance and commitment are primarily determined by strengthening organizational culture, supported by optimizing job satisfaction. This research model has been empirically validated and provides a strong foundation for developing strategies

to improve employee performance and loyalty within Bogor City's BUMD. The implication is that BUMD management needs to focus policies on strengthening a work culture that is oriented toward values, collaboration, and performance, as well as increasing job satisfaction through improvements in the reward system, work environment, and more effective human resource management. These efforts are crucial for driving performance improvements while strengthening employee commitment on an ongoing basis.

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