

The Dynamic Relationship between Organizational Culture and Employee Performance: A Mediated Approach through Job Satisfaction in Public Administration

Ni Putu Ayu Sintya Saraswati,¹ and Sapta Rini Widyawati²

^{1,2}*Universitas Mahasaraswati Denpasar, Indonesia*

Introduction: Organizational success relies fundamentally on employee performance, which is significantly driven by work culture and job satisfaction. While research generally links positive culture and satisfaction to higher productivity, findings remain mixed and rarely address local government contexts. This study bridges that gap by analyzing how these factors influence performance at the Batuan Village Office, a setting currently facing challenges such as poor staff interaction, insufficient incentives, and general dissatisfaction.

Methodology: This research employed a quantitative descriptive approach at the Batuan Village Office, Sukawati District, Gianyar Regency, Bali. The population comprised all 38 employees, using a saturated sampling technique. Data analysis utilized Partial Least Squares (PLS), selected for its suitability with small sample sizes and complex models involving mediation analysis. PLS enabled a detailed evaluation of both direct and indirect effects among the variables, strengthening the robustness of the findings.

Results: The results demonstrate that organizational culture has a positive and significant impact on employee performance. A strong culture fosters an environment conducive to higher productivity and job effectiveness. Furthermore, organizational culture positively influences job satisfaction, indicating that better cultural practices lead to improved employee morale. In turn, higher job satisfaction significantly enhances employee performance. Importantly, job satisfaction mediates the relationship between organizational culture and performance, suggesting that a positive culture indirectly boosts performance by first increasing employee satisfaction. These findings highlight the necessity of simultaneously fostering organizational culture and job satisfaction to achieve optimal employee outcomes.

Conclusion: This study concludes that organizational culture exerts both a direct and an indirect positive impact—via job satisfaction—on employee performance at the Batuan Village Office. Strengthening organizational culture while boosting job satisfaction is therefore critical for enhancing employee effectiveness and organizational success.

Practical Value: To maximize practical value, the Batuan Village Office must prioritize a strong organizational culture by consistently communicating its mission and values, while simultaneously enhancing job satisfaction through regular surveys, performance-based incentives, and a supportive work environment. Integrating these cultural and satisfaction-focused strategies will foster greater employee loyalty and productivity, ultimately leading to improved service delivery for the community.

Direction for Future Research: Future research could explore additional factors influencing employee performance, such as leadership styles, individual competencies, or organizational reward systems. Comparative studies in other village offices or public institutions are encouraged to verify the generalizability of these findings. Moreover, future research should investigate other mediators or moderators, such as work motivation or organizational commitment, to enrich the theoretical and practical understanding of the relationship between organizational culture, satisfaction, and performance.

Keywords: organization culture, job satisfaction, employee performance, Indonesia

CORRESPONDENCE: sintyasaraswati@unmas.ac.id

ORCID: <https://orcid.org/0000-0003-4097-9420>,¹ <https://orcid.org/0000-0002-8812-2509>²