

## The Role of Employee Engagement in Mediating Organizational Culture on Employee Performance

Nurul Qomari<sup>1</sup>, Tine Yuliantini<sup>2</sup>

<sup>1</sup>Bhayangkara University Surabaya, Indonesia

<sup>2</sup>Mercu Buana University, Indonesia

Email: [nurul.qomari@ubhara.ac.id](mailto:nurul.qomari@ubhara.ac.id), [tine.yuliantini@mercubuana.ac.id](mailto:tine.yuliantini@mercubuana.ac.id)

### ABSTRACT

The aim of this research is to explore the impact of organizational culture on employee engagement, the impact of organizational culture on employee performance, the impact of employee engagement on employee performance, and the impact of employee engagement on organizational culture. The study utilized a causal research design that aligns with its objectives. The research sample consisted of 115 employees. The data analysis technique employed is SEM PLS (Structural Equation Modelling with Partial Least Squares). The results of the analysis show the impact of organizational culture on employee engagement. Organizational culture also has an impact on employee performance. Employee engagement also affects employee performance. In addition, employee engagement serves as a link between organizational culture and worker performance. These results underscore the significance of corporate culture in improving employee involvement and productivity. A robust and optimistic organizational culture leads to higher employee engagement and better performance. Employee engagement plays a crucial role in linking organizational culture with employee performance. This means that a good organizational culture can directly improve employee performance, as well as through increased employee engagement. Therefore, organizations aiming to improve employee performance should focus on developing a supportive and empowering organizational culture while promoting higher levels of engagement among employees.

#### Article info

Article history:

Received 18 June 2024

Received in revised form 11 November 2024

Accepted 29 November 2024

Available online 30 November 2024

DOI:

**Keywords:** Organizational , Culture, Employee Engagement, Employee Performance.

**How to Cite:** Qomari .N. & Yuliantini.T (2024). The Role of Employee Engagement in Mediating Organizational Culture on Employee Performance. *Jurnal Ilmiah Manajemen dan Bisnis*, 10 (3). 327-336.

### INTRODUCTION

In the increasingly competitive world of the hotel business, the success of a hotel is very dependent on the performance of its employees. Performance is critical to the success of an organization because it determines how effective the organization will be. Performance also reflects the effectiveness of managers in managing the organization's human resources. When employees perform successfully, it contributes to the attainment of the company's objectives. Conversely, when employee performance is ineffective, namely when they cannot fulfill the demands of their duties as requested by the company, the organization will face challenges in achieving its goals. Employee performance is very important

for organizational leaders because it serves as a measure for the management of the work unit they supervise. Hence, performance is a key component of management tasks while managing an organization. Afandi (2021) states that performance is characterized by an individual or group's readiness to carry out or improve tasks within their duties, ultimately reaching the intended results.

Employees who have high engagement with the company tend to be more productive, loyal, and provide better service to customers. Employee engagement is influenced by many factors, one of which is the organizational culture adopted by the company. Employee engagement has become a crucial aspect of organizational success in today's competitive business environment. It refers to the emotional commitment an employee has towards their organization and its goals, resulting in higher levels of motivation, productivity, and job satisfaction. Organizational culture is a collection of values, beliefs, and norms shared by members of an organization, serving as guidelines for behavior (Schein, 2010). A strong organizational culture can provide identity to its members, facilitate collective commitment, increase the stability of social systems, and shape employee behavior to align with company goals (Robbins & Judge, 2019). Thus, organizational culture can be an important factor in creating a positive work environment and encouraging employee engagement. Research result Tabun (2021) found that organizational culture influences employee engagement.

Garden Palace Hotel Surabaya, as one of the four star hotels in Surabaya, certainly realizes the importance of building a strong organizational culture and increasing employee engagement to ensure optimal performance. However, to what extent the organizational culture at Garden Palace Hotel Surabaya influences employee engagement and how it impacts employee performance still needs further research. Studies conducted by Suchahyowati & Hendrawan (2020) and Puspa & Sagala (2018) show that employee engagement affects employee performance. This, however, runs counter to Joushan et al. (2015) findings, which found that employee involvement has no bearing on performance.

## **METHOD**

### ***Operational Definition of Variables***

Employee performance refers to the level of achievement of results or tasks in one's work. Indicators for measuring employee performance refer to opinions Mangkunegara (2019) which includes: quantity, quality and timeliness.

Organizational culture is a set of values, beliefs, norms and behavioral patterns that are adhered to and implemented by members of the organization. The organizational culture indicators used in this research are according to (Robbins, 2015) consisting of: innovation and risk taking, attention to accuracy, results orientation, people orientation, team orientation, aggressiveness, and steadiness.

Employee engagement is the level of enthusiasm, involvement, and commitment that employees have towards their work at the hotel. The indicators of employee engagement, as referred to by Schaufeli et al. (2006), include enthusiasm, dedication, and absorption.

**Population and Sample**

This survey included 115 Garden Palace Hotel Surabaya employees as its population. Since a census was performed as part of the sampling technique, 115 persons made up the samples for the study.

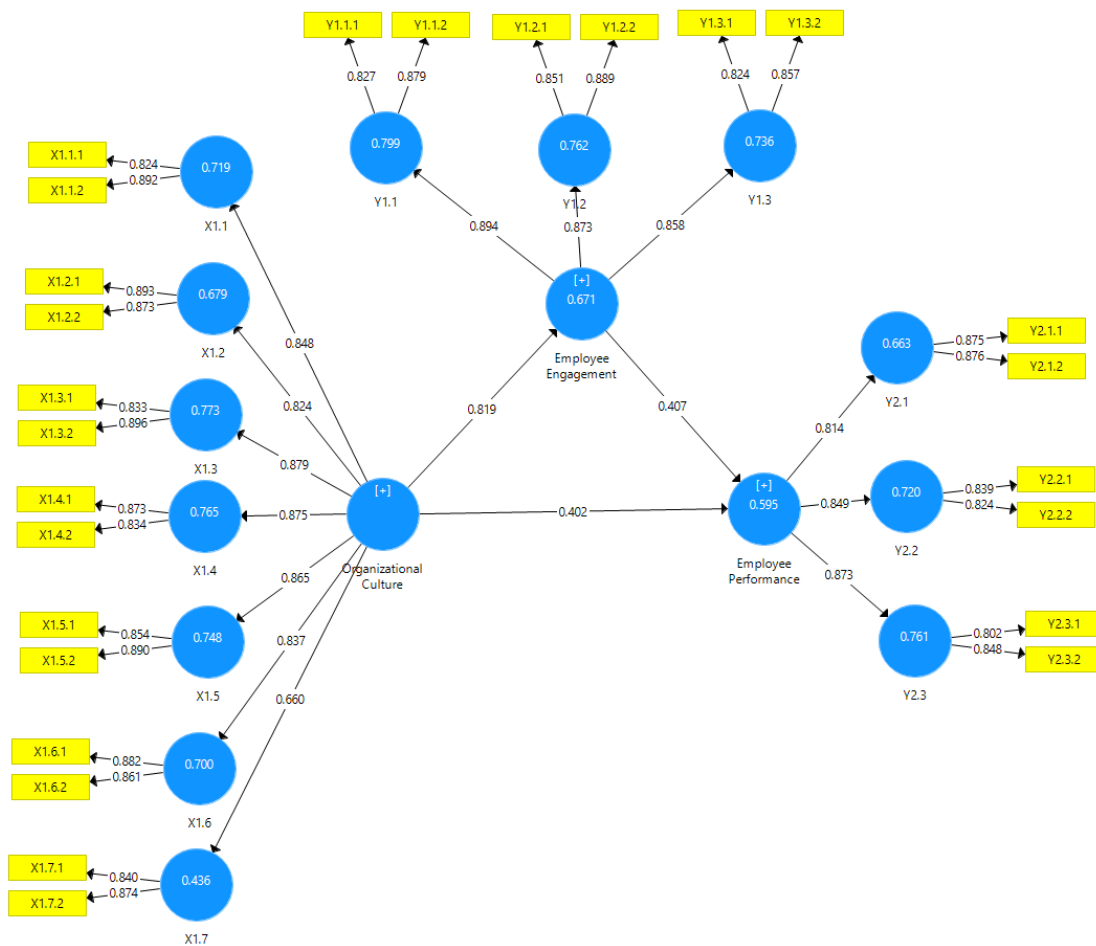
**Data analysis technique**

The method of examining data in this study involves both descriptive analysis and structural equation modeling through SEM PLS.

**RESULTS AND DISCUSSION**

**Results**

The methodology used in this study was Structural Equation Modelling with Partial Least Squares (SEM-PLS). The PLS programme used in this study is SmartPLS version 3.0, and Figure 1 shows the output of SEM-PLS.



**Figure 1.** PLS SEM results

This research utilizes cross-loading data to assess the accuracy of these indicators in revealing

latent variables. Valid indicators are defined as having a higher cross-loading value for a specific variable compared to other variables. The research data testing is shown in Table 1, which also includes the outcomes of discriminant validity computations using cross-loading values.

**Table 1.** Cross Loading Values

Variables and Indicators	Organizational culture	Employee Engagement	Employee Performance
<b>Organizational culture</b>			
ORC1.1.1	<b>0.824</b>	0.532	0.500
ORC1.1.2	<b>0.892</b>	0.620	0.574
ORC1.2.1	<b>0.893</b>	0.697	0.461
ORC1.2.2	<b>0.873</b>	0.551	0.463
ORC1.3.1	<b>0.833</b>	0.514	0.511
ORC1.3.2	<b>0.896</b>	0.652	0.502
ORC1.4.1	<b>0.873</b>	0.615	0.530
ORC1.4.2	<b>0.834</b>	0.585	0.535
ORC1.5.1	<b>0.854</b>	0.558	0.636
ORC1.5.2	<b>0.890</b>	0.610	0.547
ORC1.6.1	<b>0.882</b>	0.619	0.551
ORC1.6.2	<b>0.861</b>	0.604	0.501
ORC1.7.1	<b>0.840</b>	0.504	0.495
ORC1.7.2	<b>0.874</b>	0.549	0.619
<b>Employee Engagement</b>			
EE1.1.1	0.634	<b>0.827</b>	0.607
EE1.1.2	0.697	<b>0.879</b>	0.558
EE1.2.1	0.490	<b>0.851</b>	0.566
EE1.2.2	0.652	<b>0.889</b>	0.568
EE1.3.1	0.493	<b>0.824</b>	0.480
EE1.3.2	0.682	<b>0.857</b>	0.525
<b>Employee performance</b>			
EP2.1.1	0.488	0.486	<b>0.875</b>
EP2.1.2	0.346	0.417	<b>0.876</b>
EP2.2.1	0.595	0.505	<b>0.839</b>
EP2.2.2	0.477	0.456	<b>0.824</b>
EP2.3.1	0.454	0.524	<b>0.802</b>
EP2.3.2	0.741	0.727	<b>0.848</b>

Source: Data processed, 2024.

The validation is deemed excellent or adequate if the cross-loading value is lower for one construct and higher for another. All measures of employee engagement, organizational culture, and employee performance show a high degree of validity as explanatory factors, as shown by the cross-loading results shown in Table 1.

Testing is also done on the structural indicators' dependability, which make up the composite reliability. A composite dependency finding that is deemed satisfactory is indicated by a composite reliability value greater than 0.60. Furthermore, a Cronbach's alpha value greater than 0.70 indicates strong dependability. The findings of assessing Cronbach's alpha and the measurement model's composite reliability are shown in Table 2.

**Table 2.** Composite Reliability Results

<b>Construct</b>	<b>Composite Reliability</b>	<b>Cronbach's Alpha</b>
Employee Performance	0.861	0.806
Employee Engagement	0.883	0.840
Organizational culture	0.936	0.926

Source: Data processed, 2024.

Based on the reliability test findings, the overall measuring approach used in the study for employee performance, organizational culture, and employee engagement demonstrated a high level of reliability. This means that the measurements were consistent and reliable, and the results obtained from the study can be considered trustworthy and dependable.

**Hypothesis Testing Results**

The model determines causation mainly by conducting hypothesis testing to analyze how the independent variable impacts the dependent variable. Probability values and the results of the t-statistical test (p-value) are used to determine the conditions for hypothesis testing. The hypothesis is deemed acceptable (2,000) when the t-statistic value exceeds the t-table value or when the p-value is below 0.05 (significance level = 5%). T-statistics for PLS analysis can be acquired by utilizing the bootstrap technique.

**Table 3.** Hypothesis Testing Results

<b>Variable</b>	<b>Path Coefficient</b>	<b>T-Statistics</b>	<b>P-Value</b>	<b>Information</b>
Organizational culture → Employee Engagement	0.819	21,860	0,000	H1 is accepted
Organizational culture → Employee performance	0.402	3,261	0.001	H2 is accepted
Employee engagement → Employee performance	0.407	3,357	0.001	H3 is accepted
Organizational culture → Employee Engagement → Employee performance	0.333	3,149	0.002	H4 is accepted

Source: Processed data, 2024.

Table 3 provides an explanation for why all paths have a substantial impact because all hypotheses are accepted because the p-value is less than 0.05.

**Discussion**

**The Influence of Organizational Culture on Employee Engagement**

Organizational culture has a significant influence on employee engagement in a company. Organizational values that reflect positive things such as integrity, respect for employees, and collaboration can increase employees' sense of involvement. Employees will feel more connected to the organization and motivated to give their best effort. Furthermore, open, transparent, and two-way communication within the workplace can boost employee engagement. Workers who are given positive

feedback and feel that they are part of the decision-making process are typically more engaged. Because they feel that the company values their needs outside of work, employees who work for companies that value the balance between work and personal life are more likely to be engaged. The findings of this study corroborate Tabun (2021), as well as Anugra & Saragih (2018). The findings of this study contradict the results of Rais & Parmin (2020) that suggested organizational culture has no impact on employee engagement.

### **The Influence of Organizational Culture on Employee Performance**

Organizational culture influences employee performance. A strong and positive organizational culture can influence employee performance..An organizational culture that emphasizes values such as integrity, discipline and hard work can encourage employees to work more diligently and responsibly. When these values are well instilled, employees will feel motivated to provide their best performance. An organizational culture that supports collaboration and teamwork can improve employee performance. When employees can work together well and support each other, they can achieve organizational goals more effectively (Luthans, 2015). A strong organizational culture can create a positive and supportive work environment for hotel employees. When employees feel valued, included, and share the values of the organization, they tend to be more motivated, productive, and loyal. Additionally, a good organizational culture can help provide a consistent and quality experience to hotel guests. When values such as excellent service, friendliness, and attention to detail are embedded in an organization's culture, employees are more likely to apply them in their interactions with guests. This can increase guest satisfaction and build a good reputation for the hotel. Organizational culture can also create a competitive advantage for hotels in an increasingly competitive market. A unique and strong culture can differentiate a hotel from its competitors, attract talented employees, and build customer loyalty. This can drive business growth and the long-term success of the hotel.

Furthermore, an organizational culture that is aligned with the hotel's vision and mission can help facilitate the changes and adaptations required in this dynamic industry. When an organization's values are strongly embraced by employees, they are more open to the changes and innovations necessary to remain competitive and meet evolving customer needs. Therefore, it is important for hotel management to develop and maintain an organizational culture that is strong, positive, and aligned with their business goals. This will help create a supportive work environment, provide an exceptional guest experience, build competitive advantage, and facilitate organizational growth and adaptation in the ever-evolving hospitality industry. An organizational culture that is open to innovation and change can encourage employees to be creative and adaptive. Employees who feel supported to develop new ideas and take measured risks tend to be more motivated and productive (Naranjo-Valencia et al., 2016). When employees feel that the organization provides opportunities for growth and development, they will be more motivated to work hard and achieve their potential (Jiang & Men, 2017). An organizational culture that values work-life balance can improve employee performance. Employees who feel supported to

maintain their mental and physical health tend to be happier, more focused, and more productive in their work. The results of this research support Jufrizen & Rahmadhani (2020) and Rivai (2020).

### **The Influence of Employee Engagement on Employee Performance**

Employee engagement has a significant influence on employee performance in an organization. Employees who are emotionally and intellectually involved with their work tend to be more productive and have better performance (Harter et al., 2013). Employees feel motivated and committed to giving their best effort in completing their tasks. Employee engagement can improve the quality of work produced by employees. Engaged employees tend to care more about their work and strive to produce high quality (Bakker & Demerouti, 2008). Employee engagement or employee involvement has a crucial role in the hotel industry. Employees who are emotionally involved and connected to their work tend to be more motivated to provide the best service to guests. They will be more enthusiastic, friendly, and provide special attention that can improve guest experience and satisfaction while staying at the hotel. Employee engagement contributes to creating a positive culture in the hotel work environment. Engaged employees will be more enthusiastic, collaborative, and supportive of each other, creating a pleasant work atmosphere and increasing employee morale. This can ultimately improve the hotel's reputation through the excellent service provided by employees to guests, thereby encouraging guests to leave positive reviews and recommend the hotel to others. Therefore, it is very important for hotel management to develop strategies and programs that can increase employee engagement, such as training and career development, a positive work environment, providing rewards and incentives, as well as employee involvement in decision making.

Boosting employee engagement can lead to greater levels of creativity and innovation within the workforce. Employees who are committed to their work are generally more receptive to fresh ideas and more inclined to take calculated risks (Bakker & Xanthopoulou, 2009). Employees who are engaged typically display positive attitudes, increased enthusiasm, and a strong passion for their work. This could lead to a better work atmosphere and boost employee morale in general (Harter et al., 2013). The findings of this study provide backing to the claims made by Hali (2019) as well as Sucahyowati & Hendrawan (2020).

### **The Influence of Organizational Culture on Employee Performance Through Employee Engagement**

Employee engagement can be influenced by organizational culture, which in turn can have an indirect impact on employee performance. Employee participation is important in influencing how organizational culture affects employee performance. When employees are highly involved in their work, they are more inclined to adhere to the values and norms of the organizational culture. This alignment leads to improved job satisfaction, commitment, and overall performance. A positive, supportive and employee-oriented organizational culture can increase employee engagement. When

employees feel valued, involved in decision making, and supported to develop, they tend to be more emotionally and intellectually involved with their work. High employee engagement, in turn, can improve employee performance in several ways, such as engaged employees tend to be more productive, motivated, and committed to giving their best effort to work (Harter et al., 2013). Employees tend to produce better quality work because they care about their work and strive to produce the best results (Bakker & Demerouti, 2017). Engaged employees tend to be more creative, innovative, and open to change, which can encourage process improvements and new solutions (Bakker & Xanthopoulou, 2009). Thus, a positive organizational culture can create an environment that supports employee engagement, which in turn can improve employee performance through increasing quality, quantity and timeliness in completing work.

## CONCLUSION

Employee engagement is significantly impacted by organizational culture. Employee engagement can be raised by fostering a culture that appreciates and upholds positive values, candid communication, professional growth opportunities, and work-life balance. An organization's organizational culture has a big impact on how well its employees perform. Employees might be inspired to give their best work when they work in a setting that fosters positivity and support from their employer. Performance is positively impacted by employee engagement. Employees who are emotionally and intellectually involved tend to be more productive, produce better quality work, are more loyal, creative and innovative. Organizational culture can influence employee performance indirectly through employee engagement. A positive and supportive organizational culture can create an environment that increases employee involvement, which then encourages increased performance in terms of quality, quantity and timeliness.

## REFERENCES

- Afandi, P. (2021). *Manajemen Sumber Daya Manusia : Teori, Konsep, dan Indikator*. Pekanbaru: Zanafa Publishing.
- Anugra, A. T., & Saragih, H. R. (2018). Pengaruh Budaya Organisasi Terhadap Employee Engagement Di PT. Asuransi Jasa Indonesia Cabang Bandung Ritel. *Jurnal Manajemen Dan Bisnis (ALMANA)*, 2(3), 99–106.
- Bakker, A. B., & Demerouti, E. (2008). Towards a model of work engagement. *Career Development International*, 13(3), 209–223. <https://doi.org/10.1108/13620430810870476>
- Bakker, A. B., & Demerouti, E. (2017). Job demands–resources theory: Taking stock and looking forward. *Journal of Occupational Health Psychology*, 22(3), 273–285.
- Bakker, A. B., & Xanthopoulou, D. (2009). The crossover of daily work engagement: Test of an actor–partner interdependence model. *Journal of Applied Psychology*, 94(6), 1562–1571.
- Hali, M. A. (2019). Pengaruh Employee Engagement Terhadap Kinerja Karyawan melalui Komitmen



- Organisasi (Studi Pada Divisi Produksi PT. Indo Putra Harapan Sukses Makmur). *Jurnal Ilmu Manajemen*, 7(1), 228–234.
- Harter, J. K., Schmidt, F. L., Agrawal, S., Plowman, S. K., & Blue, A. (2013). *The relationship between engagement at work and organizational outcomes*. Washington: Gallup Poll Consulting University Press.
- Jiang, H., & Men, R. L. (2017). Creating an Engaged Workforce: The Impact of Authentic Leadership, Transparent Organizational Communication, and Work-Life Enrichment. *Communication Research*, 44(2), 225–243.
- Joushan, S. A., Syamsul, M., & Kartika, L. (2015). Pengaruh Budaya Organisasi dan Employee Engagement terhadap Kinerja Karyawan pada PT PLN (Persero) Area Bekasi. *Jurnal Aplikasi Manajemen*, 13(66), 697–703.
- Jufrizen, J., & Rahmadhani, K. N. (2020). Pengaruh Budaya Organisasi Terhadap Kinerja Pegawai Dengan Lingkungan Kerja Sebagai Variabel Moderasi. *JMD : Jurnal Riset Manajemen & Bisnis Dewantara*, 3(1), 66–79. <https://doi.org/10.26533/jmd.v3i1.561>
- Luthans, F. (2015). *Organizational Behavior* (7th Editio). New Jersey: Prentice Hall Inc.
- Mangkunegara, A. A. A. P. (2019). *Manajemen Sumber daya Manusia Perusahaan*. Bandung: PT Remaja Rosdakarya.
- Naranjo-Valencia, J. C., Jiménez-Jiménez, D., & Sanz-Valle, R. (2016). Studying the links between organizational culture, innovation, and performance in Spanish companies. *Revista Latinoamericana de Psicología*, 48(1), 30–41. <https://doi.org/10.1016/j.rlp.2015.09.009>
- Puspa, D. M., & Sagala, E. J. (2018). Pengaruh Employee Engagement dan Komitmen Karyawan Terhadap Kinerja Karyawan Bank Generasi Y (Studi pada Bank BRI Kabupaten Wonosobo). *Jurnal Manajemen*, 15(2), 181–194.
- Rais, I. S., & Parmin. (2020). Pengaruh Perceived Organizational Support dan Budaya Organisasi Terhadap Employee Engagement dengan Kepuasan Kerja Sebagai Variabel Intervening (Studi Pada Pegawai Non-PNS DISTAPANG Kabupaten Kebumen). *Jurnal Ilmiah Mahasiswa Manajemen*, 2(5), 813–833. <https://doi.org/10.32639/jimmba.v2i5.654>
- Rivai, A. (2020). Pengaruh Kepemimpinan Transformasional dan Budaya Organisasi Terhadap Kinerja Karyawan. *Maneggio: Jurnal Ilmiah Magister Manajemen*, 3(2), 213–223. <https://doi.org/10.55606/jupumi.v1i1.243>
- Robbins, S. P. (2015). *Organizational Behavior*. USA: Pearson International Edition, Prentice -Hall.
- Robbins, S. P., & Judge, T. A. (2019). *Organizational Behavior* (13 (ed.)). USA: Pearson International Edition, Prentice -Hall.
- Schaufeli, W. B., Bakker, A. B., & Salanova, M. (2006). The measurement of work engagement with a short questionnaire: A cross-national study. *Educational and Psychological Measurement*, 66(4), 701–716. <https://doi.org/10.1177/0013164405282471>
- Schein, E. H. (2010). *Organizational Culture and Leadership*. Jossey Bass, San Francisco.

Sucahyowati, H., & Hendrawan, A. (2020). Pengaruh Employee Engagement Terhadap Kinerja. *Jurnal Sains Teknologi Transportasi Maritim*, 2(2), 9–15.

Tabun, M. A. (2021). Pengaruh Budaya Organisasi Terhadap Employee Engagement Pada Karyawan Baak Universitas XYZ Di Jakarta. *Banking & Management Review*, 10(1), 1357–1368.  
<https://doi.org/10.52250/bmr.v10i1.300>