

The Influence of Organizational Culture on Employee Satisfaction and Loyalty at PT. Sarana Naju Lestari Banggai

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Abstract

This study aims to analyze the influence of organizational culture, work motivation, and job satisfaction on employee loyalty in an organization. The results showed that organizational culture has a positive and significant influence on job satisfaction ($O = 0.200$; T-Statistics = 1.377; P-Value = 0.004) and employee loyalty ($O = 0.351$; T-Statistics = 3.141; P-Value = 0.002). In addition, work motivation is also proven to have a positive and significant effect on job satisfaction ($O = 0.754$; T-Statistics = 5.218; P-Value = 0.000) and employee loyalty ($O = 0.355$; T-Statistics = 2.682; P-Value = 0.008). Job satisfaction has a positive influence on employee loyalty ($O = 0.284$; T-Statistics = 3.675; P-Value = 0.000). However, job satisfaction does not significantly moderate the relationship of work motivation to employee loyalty ($O = -0.084$; T-Statistics = 0.778; P-Value = 0.437) nor the relationship of organizational culture to employee loyalty ($O = 0.147$; T-Statistics = 1.337; P-Value = 0.182). These findings provide important managerial implications for organizations in increasing employee satisfaction and loyalty through strengthening organizational culture and strategies to increase work motivation. Thus, companies can increase employee engagement and retention in the long run.

Keywords : Organizational Culture, Work Motivation, Job Satisfaction, Employee Loyalty

Introduction

Human Resources (HR) are indeed important assets in an organization, which significantly impact employee performance and productivity. A key factor influencing these outcomes is organizational culture, which includes shared values, norms, and practices that shape the work environment. A strong organizational culture encourages employee engagement, leading to higher job satisfaction and motivation, which are essential for achieving business goals (Francis Asare Abetia, 2024). In addition, a positive work environment, characterized by collaboration and support, improves employee well-being and productivity (Shoahudin Fahmi, 2024). Effective Human Resource Management (HRM) practices, which are aligned with the organization's culture, are essential for recruiting, training, and developing employees, thus ensuring that the workforce is

engaged and productive (Faiz Fahmi Ramadhan,,2024). Ultimately, the interaction between organizational culture and HR practices creates a conducive environment that drives employee satisfaction and organizational success (Muhammad Ajye Saputra,,2024). A strong organizational culture fosters a sense of community and increases employee motivation, which is essential for building harmonious working relationships (Mimoza Sylejmani, 2024). When employees feel alignment between their personal values and the values of the organization, they experience higher job satisfaction (Timotius Duha, 2024). This job satisfaction is a significant driver of employee loyalty, as satisfied employees are more likely to remain committed to their organization (Hossain Shahriar, 2024). Conversely, a weak organizational culture can lead to job dissatisfaction, increased stress, and ultimately higher turnover rates (Belal Dahiam Saif Ghaleb, 2024). Therefore, organizations should prioritize cultivating a supportive culture that aligns with employee values to increase job satisfaction and loyalty, thereby reducing attrition and fostering a more engaged workforce (Wan Qin, 2024). In doing so, they can create a more resilient and productive environment that benefits both employees and the organization as a whole. Research shows that a positive organizational culture significantly increases job satisfaction, which in turn increases employee loyalty (Mimoza Sylejmani,,2024). However, variations in findings suggest that this relationship is not uniform and may be influenced by several factors, including industry sector and type of job (Ricky Wahyudi,,2024). For example, different industries have unique characteristics that shape employee experiences, thereby influencing their job satisfaction and loyalty (Yossi Hendriati,,2024). In addition, individual employee characteristics, such as their personal values and job roles, may further mediate the impact of organizational culture on job satisfaction and loyalty (Ita Soegiarto,,2024). Therefore, while a strong organizational culture is essential to fostering job satisfaction and loyalty, it is important to consider these contextual factors to fully understand the dynamics at play (Mimoza Sylejmani,,2024).

Literature Review

Organizational Culture

Organizational culture, defined as the shared values, norms, and beliefs that guide employee behavior, plays a vital role in fostering a harmonious and productive work environment (Mohammed Arshad Khan,,2024). A strong organizational culture increases employee commitment, which is critical to the success of an organization, as it leads to increased job satisfaction and loyalty (Nouf Afit Aldhafeeri,2024). This commitment, in turn, helps reduce turnover rates, which can be costly and detrimental to performance (Strahinja Bogdanović,2024). Additionally, a strong culture not only increases employee productivity and innovation but also aligns with organizational goals, thereby improving overall organizational performance (Alla Cherep,,2024). Ultimately, cultivating a strong organizational culture contributes to a workplace where employees feel valued and supported, further increasing satisfaction and productivity (Belal Dahiam Saif Ghaleb,2024). This link highlights the importance of organizational culture in achieving long-term success and stability in an organization.

Job Satisfaction

Job satisfaction is a multifaceted construct influenced by a variety of factors, including the work environment, company policies, and interpersonal relationships in the workplace (Divya RB ,2024). Herzberg's Two Factor Theory emphasizes the distinction between hygiene factors, such as pay and working conditions, and motivator factors, which include intrinsic elements such as recognition and responsibility (Jonathan Westover,2024). The latter is critical to fostering job satisfaction, as it directly impacts employees' emotional and cognitive engagement with their work (Maulia Farah Nur Azizah,,2024). A positive work environment not only enhances job satisfaction but also contributes to employees' overall well-being and productivity (Nuraini Kemala Sari,,2024). Therefore, organizations aiming to improve job satisfaction should focus on intrinsic motivators and create a supportive work environment, as these elements are essential to fostering a committed and engaged workforce (Gudivada Karuna Sri,2024).

Employee Loyalty

Employee loyalty is essentially formed by three components: affective, normative, and continuance commitment, as outlined by Meyer and Allen (1991). Affective commitment reflects an emotional attachment to the organization, fostering a sense of belonging and alignment with its values, which are critical to increasing job satisfaction and reducing turnover intentions (Rudi Rudi,,2024). Normative commitment, on the other hand, is driven by a sense of moral obligation to remain with the organization, often influenced by fair treatment and growth opportunities (Lin Shangze,,2024). Finally, continuance commitment arises from the perceived costs associated with leaving, such as loss of benefits or job security (B. Pramudita,,2023). High job satisfaction plays an important role in strengthening this commitment, as it is associated with increased loyalty and improved performance (Shoukun Chen,,2022). In addition, employee engagement, characterized by emotional and cognitive investment, significantly contributes to loyalty, making it important for organizations to foster an engaging work environment (Shoukun Chen,,2022).

Methods

This study uses a quantitative approach with a survey method. This method was chosen to measure the influence of organizational culture on employee satisfaction and loyalty. The population in this study were employees at PT. Sarana Naju Lestari Banggai who were studied. The sampling technique used the purposive sampling method, with the criteria of employees who had worked for at least one year. The number of samples was determined based on the Slovin formula to ensure sufficient representation. In this study, the number of samples taken was 100 respondents, Research Variables in Independent Variables (X1): Organizational Culture, Work Motivation (X2), Dependent Variable (Y): Job Satisfaction, Dependent Variable (Z): Employee Loyalty.

Results and Discussion

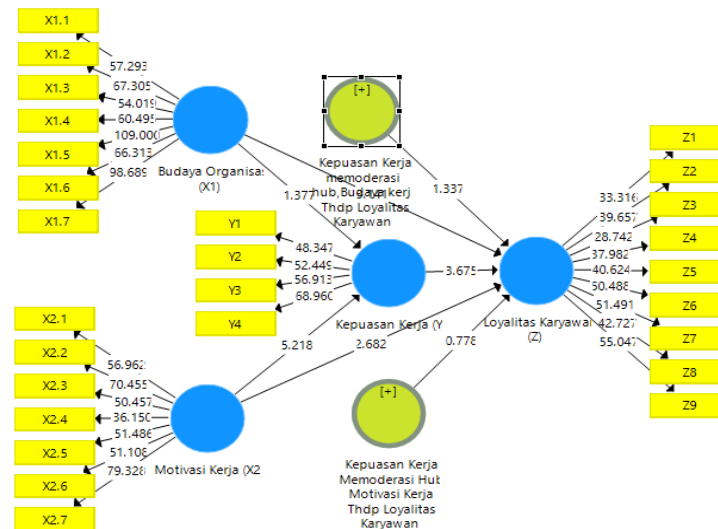


Figure 1. Research Model

1. Measurement Model Test

1.1 Composite Reliability & Validity

Table 1. Composite Reliability & Validity

	Cronbach's Alpha	rho_A	Composite Reliability
Organizational culture (X1)	0,967	0,967	0,973
Job satisfaction(Y)	0,931	0,931	0,951
Employee Loyalty(Z)	0,957	0,958	0,964
Work motivation(X2)	0,958	0,959	0,965

Source: SmartPLS 3 Data Processing Results

Interpretation

1. Organizational culture (X1)

Cronbach's Alpha = 0.967, rho_A = 0.967, Composite Reliability = 0.973, These values indicate that the Organizational culture construct has very high reliability. All values are above the recommended minimum limit (≥ 0.7), even more than 0.9, which indicates that the instrument used to measure Organizational culture is very consistent in measuring the intended concept.

2. Work motivation (X2)

Cronbach's Alpha = 0.958, rho_A = 0.959, Composite Reliability = 0.965, The Work motivation

construct also shows very high reliability. All values above 0.95 indicate that the scale used to measure Work motivation is very consistent.

3. Job satisfaction (Y)

Cronbach's Alpha = 0.931, rho_A = 0.931, Composite Reliability = 0.951 The Job satisfaction construct also has very high reliability. Values above 0.9 indicate that the items in the questionnaire used to measure Job satisfaction have very good internal consistency.

4. Employee Loyalty (Z)

Cronbach's Alpha = 0.957, rho_A = 0.958, Composite Reliability = 0.964, The Employee Loyalty construct has very good reliability, with all values exceeding 0.95. This indicates that the items used in the study have a very high level of reliability in measuring employee loyalty.

1.1. Convergent Validity

Table 2. AVE Value

	Average Variance Extracted (AVE)
Organizational culture (X1)	0,835
Job satisfaction(Y)	0,828
Employee Loyalty(Z)	0,747
Work motivation(X2)	0,799

Source: SmartPLS 3 Data Processing Results

Interpretation

1. Organizational culture (X1)

The AVE value of 0.835 indicates that Organizational culture has very good convergent validity, because more than 83.5% of the variance of its indicators is explained by latent variables. With a value far above the minimum limit of 0.5, the indicators in this variable are very good at measuring the concept of Organizational culture.

2. Job satisfaction(Y)

AVE 0.828 indicates that 82.8% of the variance of its indicators can be explained by the latent

variable Job Satisfaction. This shows that the indicators in the Job satisfaction construct have very strong convergent validity.

3. Employee Loyalty(Z)

With an AVE of 0.747, the Employee Loyalty variable still has good convergent validity, because 74.7% of the variance of its indicators is explained by latent variables. This value is still very high compared to the minimum limit of 0.5, so it can be concluded that this construct is convergently valid.

4. Work motivation (X2)

AVE 0.799 shows that 79.9% of the indicator variance can be explained by the Work Motivation construct. With this value, the indicators in the Work motivation variable have a very good contribution in explaining the concept.

1. Structural Model Test

1.1. Inner VIF

Table 3. Inner VIF

	Organizational culture (X1)	Job satisfaction(Y)	Employee Loyalty(Z)	Work motivation(X2)
Organizational culture (X1)		1,090	1,001	
Job satisfaction(Y)			1,962	
Employee Loyalty(Z)				
Work motivation(X2)		1,274	1,938	

Source: SmartPLS 3 Data Processing Results

Interpretation

There is no multicollinearity problem in the model, because all VIF values are below 3.3 The relationship between variables can be considered stable and valid, so it can be used for further analysis. Job satisfaction (VIF = 1.962) and Work motivation (VIF = 1.938) towards Employee Loyalty have a stronger relationship compared to other relationships, but are still within reasonable

limits. The model can be used without the need to remove or modify variables because there is no indication of significant multicollinearity..

1.1. Significance of Path Coefficient

Table 4. Direct Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Organizational culture (X1) -> Job satisfaction(Y)	0,200	0,202	0,145	1,377	0,004
Organizational culture (X1) -> Employee Loyalty(Z)	0,351	0,380	0,112	3,141	0,002
Job satisfaction(Y) -> Employee Loyalty(Z)	0,284	0,292	0,077	3,675	0,000
Work motivation(X2) - > Job satisfaction(Y)	0,754	0,752	0,145	5,218	0,000
Work motivation(X2) - > Employee Loyalty(Z)	0,355	0,318	0,132	2,682	0,008

Source: SmartPLS 3 Data Processing Results

Interpretation

1. Organizational culture (X1) Against Job satisfaction (Y)

Coefficient Value (O) = 0.200 P-Value = 0.004, Organizational culture has a positive and significant effect on Job Satisfaction. Thus, the better the Organizational culture, the higher the employee's Job satisfaction.

2. Organizational culture (X1) Against Employee Loyalty (Z)

Coefficient (O) = 0.351 P-Value = 0.002, Organizational culture has a significant positive effect on Employee Loyalty. This means that the stronger the Organizational culture, the higher the Employee Loyalty to the company.

3. Job satisfaction (Y) Against Employee Loyalty (Z)

Coefficient (O) = 0.284, P-Value = 0.000, Job satisfaction has a very significant positive effect on Employee Loyalty. Employees who are satisfied with their jobs tend to be more loyal to the organization.

4. Work motivation (X2) Towards Job satisfaction (Y)

Coefficient (O) = 0.754, P-Value = 0.000, Interpretation: Work motivation has a very significant and strong effect on Job Satisfaction. This means that the higher the employee's Work motivation, the higher their Job satisfaction.

5. Work motivation (X2) Towards Employee Loyalty (Z)

Coefficient (O) = 0.355, P-Value = 0.008, Work motivation has a positive and significant effect on Employee Loyalty. Motivated employees tend to have higher loyalty to the company.

Table 5. Indirect Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Job satisfactionMemoderasi Hub Work motivationThdp Employee Loyalty-> Employee Loyalty(Z)	-0,084	-0,068	0,108	0,778	0,437

Job					
satisfactionmemoderasi					
hub,Budaya kerja Thdp	0,147	0,133	0,110	1,337	0,182
Employee Loyalty->					
Employee Loyalty(Z)					

Source: SmartPLS 3 Data Processing Results

Interpretation

1. Job satisfactionModerates the Relationship between Work motivation and Employee Loyalty

Coefficient (O) = -0.084, P-Value = 0.437, T-Statistics = 0.778, Job satisfaction does not significantly moderate the relationship between Work motivation and Employee Loyalty. This means that even though Work motivation increases, the existence of Job satisfaction does not significantly strengthen or weaken its influence on employee loyalty.

2. Job satisfactionModerates the Relationship between Organizational culture → Employee Loyalty

Coefficient (O) = 0.147, P-Value = 0.182, T-Statistics = 1.337, Job satisfaction does not have a significant moderating effect on the relationship between Organizational culture and Employee Loyalty. This means that a strong Organizational culture does increase employee loyalty, but the role of Job satisfaction as a moderator in this relationship is not significant enough.

1. Model Fit & Goodness of Fit Test

Table 6. R Square

	R Square	R Square Adjusted
Job		
satisfaction(Y)	0,900	0,898
Employee		
Loyalty(Z)	0,938	0,936

Source: SmartPLS 3 Data Processing Results

Interpretation

1. Job satisfaction (Y)

RSquare value: 0.900, thus the variables Organizational culture and motivation are able to contribute 90% influence, while only 10% is contributed by other variables outside this study.

2. Employee Loyalty (Z)

RSquare value = 0.938 thus the variables of work culture, Motivation and Job satisfaction together are able to contribute 93.8% influence. The remaining 6.2% is contributed by other variables outside this study.

1. Hypothesis Testing

H1: Organizational culture has a positive effect on Job Satisfaction

Coefficient (O) = 0.200, T-Statistics = 1.377, P-Value = 0.004 (significant, <0.05)

Organizational culture has a significant influence on Job Satisfaction. Hypothesis Accepted

H2: Organizational culture has a positive effect on Employee Loyalty

Coefficient (O) = 0.351, T-Statistics = 3.141, P-Value = 0.002 (significant, <0.05)

Organizational culture has a positive and significant effect on Employee Loyalty. Hypothesis Accepted

H3: Job satisfaction has a positive effect on Employee Loyalty

Coefficient (O) = 0.284, T-Statistics = 3.675, P-Value = 0.000 (significant, <0.05) Job satisfaction has a significant effect on Employee Loyalty. Hypothesis Accepted

H4: Work motivation has a positive effect on Job Satisfaction

Coefficient (O) = 0.754, T-Statistics = 5.218, P-Value = 0.000 (significant, <0.05)

Work motivation has a significant effect on Job Satisfaction. Hypothesis Accepted

H5: Work motivation has a positive effect on Employee Loyalty

Coefficient (O) = 0.355, T-Statistics = 2.682, P-Value = 0.008 (significant, <0.05) 0.05)

Work motivation has a significant influence on Employee Loyalty. Hypothesis accepted

H6: Job satisfaction moderates the relationship between Work motivation and Employee Loyalty

Coefficient (O) = -0.084, T-Statistics = 0.778, P-Value = 0.437 (not significant, > 0.05), Job satisfaction does not significantly moderate the relationship between Work motivation and Employee Loyalty. Hypothesis rejected

H7: Job satisfaction moderates the relationship between Organizational culture and Employee Loyalty

Coefficient (O) = 0.147, T-Statistics = 1.337 P-, Value = 0.182 (not significant, > 0.05)

Job satisfaction does not significantly moderate the relationship between Organizational culture and Employee Loyalty. Hypothesis rejected.

Conclusion

1. Organizational culture has a positive and significant effect on Job satisfaction and Employee Loyalty. The better the Organizational culture that is implemented, the higher the satisfaction and Employee Loyalty to the organization.
2. Job satisfaction has a positive and significant effect on Employee Loyalty. Employees who are satisfied with their jobs tend to be more loyal to the organization and have a higher retention rate.
3. Work motivation has a positive and significant effect on Job satisfaction and Employee Loyalty. High motivation increases job satisfaction, which ultimately also increases Employee Loyalty to the company.
4. Job satisfaction does not significantly moderate the relationship between Work motivation and Employee Loyalty as well as between Organizational culture and Employee Loyalty. This shows that Job satisfaction plays a more mediating role than a moderating variable in this relationship.

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