Volume. 1, Number. 1 June 2024

Pages 413-424



Available online at: <a href="https://prosiding.arimbi.or.id/index.php/ICMEB">https://prosiding.arimbi.or.id/index.php/ICMEB</a>

# The Influence of Organizational Culture on Employee Satisfaction and Loyalty at PT. Sarana the Future of Banggai

# Susanto H. Pakaya<sup>1\*</sup>, Nanin Hendarti Lasadam<sup>2</sup>, Sri Desiyani Benda<sup>3</sup>, Sutrisno K Diawa<sup>4</sup>

1-4 Universitas Muhammadiyah Luwuk, Indonesia santo.pakaya17@gmail.com 1\*, nlasadam34@gmail.com 2, srybenda@gmail.com 3, sutrisno@unismuhluwuk.ac.id 4

Address: 3Q5Q+JX5, Jl. KH Ahmad Dahlan , New , Luwuk , Regency Banggai , Central Sulawesi 94712

Correspondence author: <u>santo.pakaya17@gmail.com</u>

Abstract: This study aims to analyze the influence of organizational culture, work motivation, and job satisfaction on employee loyalty in an organization. The results of the study indicate 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 influence 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 effect on employee loyalty (O = 0.284; T-Statistics = 3.675; P-Value = 0.000). However, job satisfaction does not significantly moderate the relationship between work motivation and employee loyalty (O = -0.084; T-Statistics = 0.778; P-Value = 0.437) or the relationship between organizational culture and employee loyalty (O = 0.147; T-Statistics = 1.337; P-Value = 0.182). These findings provide important managerial implications for organizations in improving employee satisfaction and loyalty through strengthening organizational culture and work motivation enhancement strategies. Thus, companies can improve employee engagement and retention in the long term.

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

# 1. BACKGROUND

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 encompasses shared values, norms, and practices that shape the work environment. A strong organizational culture fosters 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, enhances 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, thereby 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 job type ( Ricky Wahyudi , ,2024 ). For example, different industries have unique characteristics that shape employees' experiences, thereby influencing their job satisfaction and loyalty ( Yossi Hendriati , ,2024 ) . Additionally, 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 ).

#### 2. LITERATURE REVIEW

#### **Organizational culture**

Organizational culture, defined as the shared values, norms, and beliefs that guide employee behavior, plays a critical role in fostering a harmonious and productive work environment ( Mohammed Arshad Khan , ,2024 ) . A strong organizational culture enhances employee commitment, which is critical to organizational success, 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 enhancing 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 a significant role in strengthening this commitment, as it is associated with increased loyalty and improved performance (Shoukun Chen,,2022). In addition, employee engagement, which is characterized by emotional and cognitive investment, significantly contributes to

loyalty, making it important for organizations to foster an engaging work environment (Shoukun Chen, 2022).

# Research methodology

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 studied. The sampling technique used the purposive sampling method, with the criteria of employees who have worked for at least one year. The number of samples was determined based on the Slovin formula to ensure sufficient representation. in study This number of samples taken as many as 100 respondents, Research Variables in Independent Variables (X 1): Organizational Culture, Motivation Work (X2), Dependent Variable (Y): Job Satisfaction, Dependent Variable (Z): Employee Loyalty,

#### 3. RESULTS AND DISCUSSION

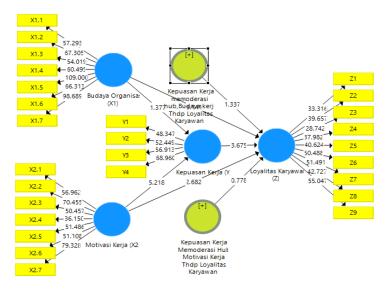


Figure 1. Research Model

#### **Measurement Model Test**

a. 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
<b>Employee Loyalty (Z)</b>	0.957	0.958	0.964

Source: Results SmartPLS 3 Data Processing

# 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 a very high reliability. All values are above the recommended minimum limit ( $\geq 0.7$ ), 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, 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, Employee Loyalty Construct has very good reliability, with all values exceeding 0.95. This shows that the items used in the study have a very high level of reliability in measuring employee loyalty.

# b. Convergent Validity

Table 2. AVE values

	Average Variance Extracted (AVE)	
Organizational Culture (X1)	0.835	
Job Satisfaction (Y)	0.828	
<b>Employee Loyalty (Z)</b>	0.747	
Work Motivation (X2)	0.799	

Source: Results SmartPLS 3 Data Processing

#### 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 the latent variables. With values 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 indicator variance can be explained by the Job Satisfaction latent variable. This shows that the indicators in the Job Satisfaction construct have very strong convergent validity.

## 3) Employee Loyalty (Z)

With AVE 0.747, the Employee Loyalty variable still has good convergent validity, because 74.7% of the variance of its indicators is explained by the 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.

#### **Structural Model Test**

#### a. 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	
<b>Employee Loyalty (Z)</b>		_		
Work Motivation (X2)		1,274	1,938	

Source: Results SmartPLS 3 Data Processing

#### 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) on Employee Loyalty have a stronger relationship compared to other relationships,

but still within reasonable limits. The model can be used without the need to eliminate or modify variables because there is no indication of significant multicollinearity.

## b. Significance of Path Coefficient

Table 4. Path Coefficient Direct

	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: Results SmartPLS 3 Data Processing

## Interpretation

1) Organizational Culture (X1) Towards Job Satisfaction (Y)

Value (O) =  $0.200\,$  P -Value = 0.004, Organizational Culture has a positive and significant effect on Job Satisfaction. With thus The better the organizational culture, the higher the employee job satisfaction.

2) Organizational Culture (X1) Towards Employee Loyalty (Z)

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

3) Job Satisfaction (Y) Towards Employee Loyalty (Z)

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

4) Work Motivation (X2) on Job Satisfaction (Y)

Coefficient (O) = 0.754, P-Value = 0.000, Interpretation: Work Motivation has a very significant and strong influence 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 influence on Employee Loyalty. Motivated employees tend to have higher loyalty to the company.

**Table 5.** Path Coefficient No Direct

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Job Satisfaction Moderates the Relationship of Work Motivation to Employee Loyalty -> Employee Loyalty (Z)	-0.084	-0.068	0.108	0.778	0.437
Job Satisfaction moderates the relationship between Work Culture and Employee Loyalty -> Employee Loyalty (Z)	0.147	0.133	0.110	1,337	0.182

Source: Results SmartPLS 3 Data Processing

#### Interpretation

- 1) Job Satisfaction Moderates the Relationship between Work Motivation and to 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 Satisfaction Moderates 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.

#### **Test Model Fit & Goodness**

Table 6. R Square

	R Square	R Square Adjusted	
<b>Job Satisfaction (Y)</b>	0.900	0.898	
Employee Loyalty (Z)	0.938	0.936	

Source: Results SmartPLS 3 Data Processing

## Interpretation

## 1) Job Satisfaction (Y)

R Square value: 0.900, with thus cultural variables organization And motivation capable give donation influence 90%, while Only 10% is donated by other variables outside the research this this.

# 2) Employee Loyalty (Z)

Mark R Square = 0.938 with thus then the cultural variable work , Motivation And Satisfaction Work in a way together capable give donation influence by 93.8% . the remainder 6.2% of it is contributed by other variables outside study This .

## **Test Hypothesis**

- $H^1$ : Organizational Culture has a positive influence 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
- $H^2$ : Organizational Culture has a positive influence 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
- $H^3$ : 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 influence on Employee Loyalty. Hypothesis is Accepted
- $H^4$ : 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 influence on Job Satisfaction. Hypothesis is Accepted
- H<sup>5</sup>: Work Motivation Has a Positive Influence on Employee Loyalty

 $\label{eq:coefficient} \begin{subarray}{l} Coefficient (O) = 0.355 \ , T-Statistics = 2.682 \ , P-Value = 0.008 \ (significant, <0.05) \end{subarray}$  Work Motivation has a significant influence on Employee Loyalty. Hypothesis accepted

H <sup>6</sup>: 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

H<sup>7</sup>: Job Satisfaction moderates the relationship between Organizational Culture and Employee Loyalty

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

Job Satisfaction does not significantly moderate the relationship between Organizational Culture and Employee Loyalty . Hypothesis Rejected

#### 4. CONCLUSION

- a. Organizational Culture has a positive and significant effect on Job Satisfaction and Employee Loyalty. The better the organizational culture implemented, the higher the employee satisfaction and loyalty to the organization.
- b. Job Satisfaction has a positive and significant influence on Employee Loyalty. Employees who are satisfied with their jobs tend to be more loyal to the organization and have higher retention rates.
- c. 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.
- d. Job Satisfaction does not significantly moderate the relationship between Work Motivation and Employee Loyalty and between Organizational Culture and Employee Loyalty. This indicates that job satisfaction plays more of a mediating variable than a moderating variable in this relationship.

#### **BIBLIOGRAPHY**

Aldhafeeri, N. A. (2024). Organizational culture: A concept analysis. *Nursing Science Quarterly*, 37(4), 365–372. https://doi.org/10.1177/08943184241269891

- Azizah, M. F. N., & Otok, B. W. (2024). The influence of work environment, management support, organizational culture, and employee engagement on employee performance through employee satisfaction. *Indonesian Journal of Social Technology*. https://doi.org/10.59141/jist.v5i9.1197
- Bogdanović, S. (2024). Organizational culture the path to a successful corporation. *The Editor*, 10(2), 115–147. https://doi.org/10.59864/oditor42402sb
- Chen, S., Xu, K., & Yao, X. (2022). Empirical study of employee loyalty and satisfaction in the mining industry using structural equation modeling. *Dental Science Reports*, *12*(1). https://doi.org/10.1038/s41598-022-05182-2
- Cherep, A., Veremieienko, O., & Makazan, E. (2024). Corporate culture and its influence on the development of the enterprise. https://doi.org/10.36887/2415-8453-2024-3-3
- Duha, T., & Dakhi, Y. (2024). Organizational culture on employee job satisfaction mediated by motivation. *Nusantara Journal of Business Management Applications*. https://doi.org/10.29407/nusamba.v9i2.19065
- Fahmi, S., & Rahayu, S. (2024). Influence of organizational culture, work competence, and career development on employee productivity of PT. Global Work Zone in Sukoharjo. *Accounting and Management Journal*. https://doi.org/10.33086/amj.v8i1.5611
- Ghaleb, S., & Dahiam, B. (2024). The importance of organizational culture for business success. *Journal of Multidisciplinary Research and Technology Innovation*, 2(03), 727–735. https://doi.org/10.59653/jimat.v2i03.1098
- Hendriati, Y., Sufa, S. A., Telaumbanua, E., & Uhai, S. (2024). Analysis of the impact of organizational culture, employee training, and internal communication on employee retention: A case study in the manufacturing industry in Indonesia. *International Journal of Business, Law, and Education*. https://doi.org/10.56442/ijble.v5i1.454
- Hossain, S., Makhdum, L. N., & Hossen, B. E. (2024). Organizational culture and its influence on employee job satisfaction. *International Journal of Engineering Applied Science and Technology*, 9(4), 52–61. https://doi.org/10.33564/ijeast.2024.v09i04.005
- Karuna Sri, S. G., Srikanth, T. K., & Deepthi, S. T. (2024). An overview on employee well-being and job satisfaction: Strategies for organizational success. *Indian Scientific Journal of Research in Engineering and Management*, 8(7), 1–11. https://doi.org/10.55041/ijsrem36267
- Lin, S. (2024). A study of the impact of employee loyalty on organizational performance based on improving organizational commitment. *The EUrASEANs: Journal on Global Socio-Economic Dynamics*, *3*(46), 372–387. https://doi.org/10.35678/2539-5645.3(46).2024.372-387
- Pramudita, B., Suyono, J., & Ratnasahara Elisabeth, D. (2023). The influence of career development, job satisfaction, and organizational culture on employee loyalty. *Journal of Economics*, 22(2), 81–92. https://doi.org/10.29138/je.v22i2.190

- Qin, W. (2024). Analysis of the impact of corporate culture construction on employee belongingness. *Journal of Humanities, Arts and Social Sciences*, 8(7), 1695–1699. https://doi.org/10.26855/jhass.2024.07.027
- R. B., D., & Bhavikatti, V. I. (2024). A study on employee job satisfaction. *International Journal for Multidisciplinary Research*, 6(5). https://doi.org/10.36948/ijfmr.2024.v06i05.29635
- Ramadhan, F. F., & Prasetya, B. P. (2024). The influence of organizational culture and communication on employee performance at Bakpia Pathok 25 Yogyakarta. *Sammajiva*, 2(2), 177–182. https://doi.org/10.47861/sammajiva.v2i2.1089
- Rudi, R., Qamari, I. N., & Udin, U. (2024). What factors influence employee loyalty? A metaanalysis using VOSviewer. *Multidisciplinary Reviews*. https://doi.org/10.31893/multirev.2024193
- Saputra, M. A., & Sopiah, S. (2024). Organizational culture on employee performance: Literature review. *Journal of Economics and Business (JEBS)*, 4(2), 210–212. https://doi.org/10.47233/jebs.v4i2.1658
- Sari, N. K., & Gaol, D. L. (2024). The effect of motivation and work environment on employee job satisfaction (Case study at PT. Latexindo). https://doi.org/10.61306/ijsl.v2i1.94
- Soegiarto, I., Sihite, M., & Usmany, P. (2024). The influence of training and development programs, job autonomy, and organizational culture on employee job satisfaction and performance. *International Journal of Business, Law, and Education*. https://doi.org/10.56442/ijble.v5i2.596
- Sylejmani, M., & Meško, M. (2024). The role of organizational culture in employee retention in Kosovar businesses. *Journal of Organizational Psychology*. https://doi.org/10.33423/jop.v24i3.7328
- The important role of human resource management practices, worker motivation, leadership, work commitment, and employee performance. (2024). *Journal of Management Dynamics*, 15(2), 372–392. https://doi.org/10.15294/jdm.v15i2.10449
- Wahyudi, R. (2024). The influence of organizational culture and work environment on employee loyalty with job satisfaction as an intervening variable at RS 'Aisyiyah Kudus. https://doi.org/10.24176/jsmb.v3i2.11265
- Westover, J. (2024). The influence of workload and work environment on employee job satisfaction. *12*(1). https://doi.org/10.70175/hclreview.2020.12.1.6