



Mediating Role of Job Satisfaction in The Influence of Organizational Culture and Incentive and Rewards on Employee Performance

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Accepted: 17/06/2023

Published: 01/10/2023

Receive: 17/05/2023
Abstract

This study aims to examine the effect of organizational culture and incentives and rewards on employee performance mediated by job satisfaction. The data used in this study is primary data. A total of 104 employees were used in the study using the saturation sampling technique. Research data were analyzed by descriptive analysis and hypothesis testing using the Structural Equation Model (SEM) with AMOS 22 software. The results showed that organizational culture variables had no effect on job satisfaction, incentive and rewards variables had a positive effect on job satisfaction, organizational culture variables had a positive effect on employees performance, incentive and rewards variables have no effect on job performance, job satisfaction is able to mediate organizational culture and incentives and rewards which have a positive impact on employee performance.

Keywords: *organizational culture, incentive and rewards, job satisfaction, employee performance*

Introduction

Managing Human Resources (HR) in the current era of globalization is important. This relates to human resources being the principal in achieving company goals. Human resources play a role as planners, executors and determinants of the company's ability to compete. According to Imbron and Pamungkas (2021), HR has the capacity and potential needed to carry out the company's vision and mission. To achieve the goal, the company plays a role in making human resources a supporting factor that needs to be managed properly.

Globalization also encourages companies to prepare and develop human resources so that they are able to adapt to changes and have high competitiveness. Rusman (2022) stated that in order for companies to survive in the era of globalization, a strategy is needed to

improve the quality of HR performance. It is known that there are several factors that can affect employee performance improvement, such as compensation, organizational culture, motivation, leadership and work environment (Rizki, 2016).

Performance is an achievement achieved by someone in carrying out their duties. Employees with good performance will be able to optimize their abilities to achieve company goals (Simbolon, 2022). According to Fatahuddin and Tanuwijaya (2022), employee performance is defined as the result of employee work that is in accordance with their responsibilities, where each company will encourage employees to improve their performance.

Organizational culture can play a role in achieving company goals through employee performance. Organizational culture is a system consisting of values, beliefs, assumptions and norms that apply,

agreed upon and shared by employees as a way of solving problems in the company (Sutrisno, 2018). He also stated that a strong organizational culture can support company goals. Otherwise, if it is weak it will affect to the company's achievement.

Previous research explained that organizational culture has a significant effect on employee performance (Prasada, 2020). Because organizational culture is considered to have a function in social life in combining employee's perceptions and control their behavior (Al-Mkhadmeh *et al.* 2022).

In addition, considering the important role of HR in achieving the company's goals. It is hoped that giving incentives and rewards will be able to encourage employee performance. Saputri *et al.* (2021) conclude that incentives are the provision of financial compensation in the form of money provided by the company. Meanwhile, rewards are a form of appreciation, gifts or

can be concluded that to achieve optimal performance, companies need to build employee motivation by giving incentives and rewards.

Employee performance can be influenced by job satisfaction. Job satisfaction is the attitude of employees in their work. The way that companies can do to improve employee performance are to maintain job satisfaction (Prabawati and Lukman, 2023). This statement is supported by research (Soomro and Shah, 2019), where the role of job satisfaction has a significant effect on employee performance.

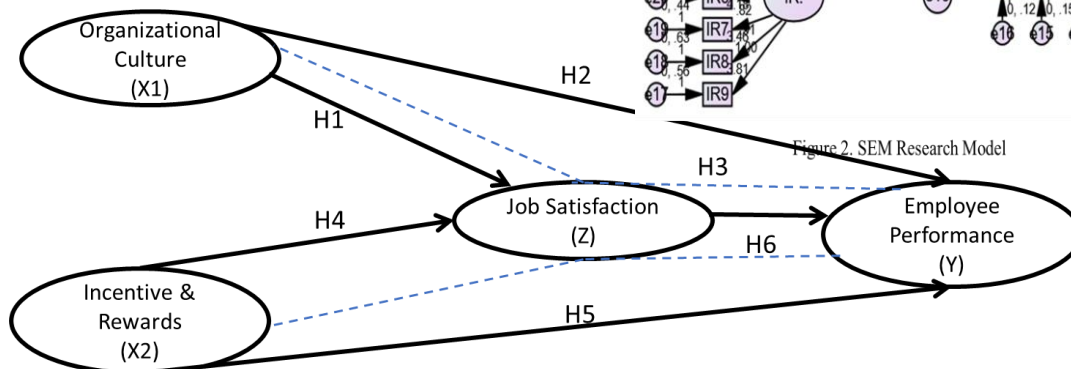


Figure 1. Conceptual Framework

compensation given by the company to employees with the aim of increasing enthusiasm for achieving their performance (Sumarjati and Siswani, 2023).

Ivan and Rizal (2022) explain that giving incentives has a positive and significant effect on employee performance. In this study, the results obtained that the most dominant variable influencing employee performance is incentives. This statement is also supported by (Alkandi *et al.* 2023), in their research stated that incentives and rewards have a significant relationship with employee performance through the job satisfaction as a mediation variable. So it

The implementation of organizational culture is the focus for the management of the Badan Penyelenggara Jaminan Sosial (BPJS) Kesehatan. Management considers that organizational culture is the expected characteristics and direction of the behavior of all employees. Thus, BPJS Kesehatan employees can understand, interpret and carry out the vision, mission and goals managed by the organization. The architecture of organizational culture is a framework for the structure of organizational culture in building a work culture to support employee performance.

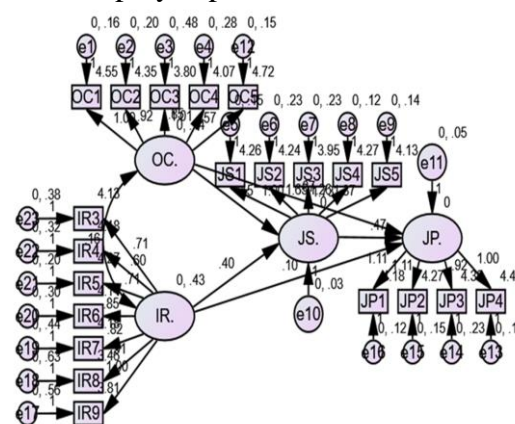


Figure 2. SEM Research Model

Furthermore, seeing the heavy work demands, compensation policies for employees are deemed necessary to be assessed the relationship between the giving of incentive and rewards to employee performance. Based on the description of the phenomenon above, further research is needed to determine its impact. This research was conducted at BPJS Kesehatan. The focus in this study is to analyze the influence of Organizational Culture, Incentive and Rewards to Employee Performance through Job Satisfaction as a Mediating Variable in BPJS Kesehatan.

Method

Data Collection

This type of research is quantitative and hypothesis testing. The data collection method was carried out in a cross-sectional manner, in which information was collected at one time using the sample required by the researcher. The population in this study were 104 employees at BPJS Kesehatan using a saturation sampling technique. Research data was collected by distributing questionnaires through the google form. There are three types of variables used, including employee performance as the dependent variable, organizational culture and incentive and rewards as independent variables and the mediating variable is job satisfaction.

Measurement and Scale

Organizational culture adapted from Al-Mkhadmeh *et al.* (2022) is measured using five statement items. incentive and rewards, job satisfaction and employee performance adapted from Alkandi *et al.* (2023) measured using 7, 5 and 4 statement items.

All interval scale variables were measured using a five-point Likert scale, with the following indicators: 1 strongly disagree (STS), 2 disagree (TS), 3 Neither agree or disagree (AS), 4 agree (S) and 5 strongly agree (SS).

Data Analysis

This study uses Structural Equation Model (SEM) analysis with AMOS. Respondent data obtained was analyzed first to test the validity, reliability and hypothesis testing.

Interpret Results

The purpose of testing the hypothesis is to find out whether the hypothesis being tested is accepted or rejected. This is by comparing the p-value of 0.05. The basis for decision making is divided into two, namely:

1. $p\text{-value} < 0.05$, then H_0 is rejected, meaning that there is a significant influence. Hypotesis is supported.
2. $p\text{-value} \geq 0,05$, then H_0 is accepted, meaning there is no a significant influence. Hypotesis is not supported.

Result and Discussion

The conclusion of the characteristics of the respondents in this study is presented in Table 1. Table 1 shows that the respondents were dominated by female employees as many as 66 respondents or 63.5%. Age of employees is dominated by 30-34 years old or 38.5% with bachelor degree/Diploma IV education level of 87

The first hypothesis analyzes the effect of organizational culture on job satisfaction. The results of the study verify that there is no effect of organizational culture on job satisfaction. These results are opposite to Wulandari's research (2022) which states that organizational culture has a significant impact on job satisfaction. However, the results of this study are in line

Table. 1 Hypotesis Testing

Hypotesis	Estimate	f	%
Gender	Male	38	36,5
	Female	66	63,5
	Total	104	100
Age	20-24 years old	11	10,6
	25-29 years old	33	31,7
	30-34 years old	40	38,5
	35-39 years old	7	6,7
	40-44 years old	8	7,7
	45-49 years old	4	3,8
	>50 years old	1	1
	Total	104	100
Educational Background	Diploma (I/II/III)	9	8,6
	S1/Diploma IV	87	83,7
	Magister (S2)	8	7,7
	Total	104	100
Period of Employment	1-4 years	40	38,5
	5-9 years	45	43,3
	10-15 years	15	14,4
	>15 years	4	3,8
	Total	104	100
Position	Manager	1	1
	Assistant Manager	13	12,5
	Staff	54	51,9
	PTT	36	34,6
	Total	104	100

Source : SPSS 22

respondents or 83.7%. Most of the employees have a working period of 5-9 years, as many as 45 respondents or 43.3% and the position are dominated by staff of 54 respondents or 51.9%. Based on Table 2, the results of hypothesis testing were obtained, where there were two hypotheses rejected, namely H1 p-value $0.107 > 0.05$ and H5 with p-value $0.2333 > 0.05$.

with research by Sarumpaet and Tajib (2023) which shows that there is no positive

Table. 2 Hypotesis Testing

Hypotesis	Estimate	p-value	Decision
H1 : Organizational culture positively affects the job satisfaction	0.145	0.107	Not supported
H2 : Organizational culture positively affects the employee performance	0.370	0.010	Supported
H3 : Organizational culture positively affects the employee performance mediated by job satisfaction	0.981	0.000	Supported
H4 : Incentive and rewards positively affects the job satisfaction	0.396	0.000	Supported
H5 : Incentive and rewards positively affects the employee performance	0.100	0.233	Not Supported
H6 : Incentive and rewards positively affects the employee performance mediated by job satisfaction	0.567	0.006	Supported

Source : AMOS (2023)

effect between organizational culture on job satisfaction. This means that the implementation of organizational culture in BPJS Kesehatan does not affect employee job satisfaction. This can happen because job satisfaction is not only influenced by the implementation of organizational culture, although in this study most employees agree that the organization has made efforts to build a technology culture.

The second hypothesis examines how organizational culture influences employee performance. The results showed that there was a positive influence between organizational culture on employee performance. This result is in line with the research of Al-Mkhadmeh *et al.* (2022) on 219 hospitality industry workers in Jordan. In their research, concluded that organizational culture has a significant impact on employee performance. This can illustrate that employee assessment of organizational efforts in building a technology culture and being responsive to change can help improve employee performance.

The third hypothesis examines how job satisfaction influences mediating organizational culture on employee performance. The results of the study prove that job satisfaction mediates the positive

effect of organizational culture on employee performance. This illustrates that employees at BPJS Kesehatan assess the realization of an organizational culture built by the organization that will foster job satisfaction. In addition, employees will also feel that the organization cares and provides opportunities to develop capabilities that are used to increase productivity and work processes effectively. This step will be directly proportional to employees to improve performance and success in achieving organizational goals. In Fatahuddin and Tanuwijaya's research (2022) on 300 employees at PT Bank Mandiri SME & Micro Risk Group unit explained that by creating the same understanding by employees of the principles of organizational culture, it can increase job satisfaction which also has an impact on increasing employee performance.

The fourth hypothesis examines the effect of incentives and rewards on job satisfaction. The results of the study found that there is a positive influence between incentives and rewards on job satisfaction. This indicates that BPJS Kesehatan is right in implementing a system of providing compensation both financially and non-financially to employees. This is supported

by research results, in which employees consider that the compensation provided, especially financially, is sufficient to meet their daily needs. So it can be concluded that the implementation of the incentive and rewards system provided by the organization is able to play a role in increasing job satisfaction.

The fifth hypothesis examines the effect of incentive and rewards on employee performance. The research results show that there is no significant effect between incentives and rewards on employee performance. These results are not in line with research by Sumarjati and Siswani (2023), where it is stated that incentives and rewards have a significant effect on employee performance. Based on observations in the field, the presence or absence of incentives and rewards does not have a major effect on performance. This can happen because the organization has defined business processes. Thus, in general, employees will assume that if their work has been carried out in accordance with business processes, the organization will provide an assessment of their performance, which will then become the basis for management in providing incentives and rewards.

The sixth hypothesis examines how the influence of job satisfaction mediates incentives and rewards on employee performance. The results of the study show that there is an influence between incentive and rewards on employee performance when mediated by job satisfaction. This means that job satisfaction is the right variable in mediating the influence between incentive and rewards on employee performance. In this study, it was also explained that the application of an appropriate incentive and reward system was given to employees and would be followed by an increase in job satisfaction (H4). When employees are satisfied with their work and have the freedom to do their work independently, they will try to maximize performance. Thus, employee effectiveness and productivity will be increasingly visible when the level of job satisfaction increases

and is supported by the implementation of an incentive and reward system (Alkandi, 2023).

Conclusion

Based on the results of this study it can be concluded that:

1. There is no positive effect between organizational culture on job satisfaction.
2. There is a positive influence between organizational culture on employee performance.
3. There is a positive influence between organizational culture on employee performance mediated by job satisfaction.
4. There is a positive influence between incentive and rewards on job satisfaction.
5. There is no positive effect between incentive and rewards on employee performance.
6. There is a positive influence between incentive and rewards on employee performance mediated by job satisfaction.

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