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TESTING THE MEDIATION ROLE OF JOB SATISFACTION: THE INFLUENCE OF ORGANIZATIONAL CULTURE AND COMMUNICATION ON EMPLOYEE ENGAGEMENT IN MANUFACTURING COMPANIES

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Abstract:

This study seeks to elucidate the influence of organizational culture and communication on employee engagement, mediated by job satisfaction among employees of a manufacturing company. This research employs a quantitative methodology. The population comprises all employees of manufacturing firms in Central Java. The sampling method employed is purposive sampling including a total of 150 respondents. The data gathering instrument employs the Likert Scale. The data analysis employed SEM-PLS and was executed using SmartPLS software version 4.1.0.3. This research used the convergent validity test, composite reliability test, Cronbach's alpha test, average variance extracted test, r-squared test, and path coefficient analysis as its testing techniques. Data analysis results utilizing statistical tests demonstrate that corporate culture and communication significantly influence employee engagement, with job satisfaction serving as a mediating factor.

Keywords: job satisfaction, organizational culture, communication, employee engagement, manufacturing company

1. Introduction

The intensifying rivalry in the commercial realm necessitates that organizations adapt to potential developments. It is hoped that the company will have human resources to contribute to the company. The human resources department plays a crucial role in attaining organizational objectives. Consequently, effective management of human resources is essential for optimal performance and the achievement of organizational objectives. Employee engagement needs attention in Asian countries, which emphasize the importance of awareness of the productive workforce at this time (Sarstedt et al., 2021). The current situation is that many employees still do not want to play a further role with the company, and low employee engagement is still an important consideration for organizations worldwide. Asia exhibits the highest degree of employee engagement worldwide, with three nations securing the top three ranks in employee engagement metrics (Teo, 2020).

Companies must be able to invite employees, especially new employees, to adjust to organizational culture. Organizational culture is a system of shared meanings among members that distinguishes the organization from others, thereby motivating employee involvement. With employee involvement, employees will be willing and happy to work together, both with leaders and fellow co-workers.

A research result conducted by Dale Carnegie Indonesia (DCI) in 2016 showed that millennial employees, or what is often called Generation Y (born in 1986-2000), were fully engaged with the companies where they worked (Anwar, 2017). This is also in accordance with data from BPS in 2016, which shows that Generation Y occupies second place in the composition of the workforce in Indonesia at 62.5 million people with a percentage of 39.02% (Anwar, 2017). Another result is that only 25% of the millennial workforce is fully engaged. Other, more surprising data released by Dale Carnegie Indonesia's Director of National Marketing, Joshua Siregar, research findings indicated that 9% of millennial employees exhibited disengagement from the organization, while a larger proportion, 66%, shown partial engagement.

Referring to the research results of Prasetyaningrum (2023) demonstrate that employee involvement significantly impacts organizational culture and employee performance. Putri et al. (2021) discovered that company culture factors significantly influence employee engagement. Prawinda and Yulianti's (2022) the findings indicate that employer branding significantly and positively affects employee engagement at PT. Bank X Surabaya, demonstrating that person-organization fit and organizational trust are crucial in cultivating employee engagement. Meanwhile, Ali et al. (2022) discovered that employee engagement substantially influences employee performance. This research addresses a gap identified in prior studies and strives to analyze the effects of employee involvement and communication on corporate culture. This research aims to offer an overview for manufacturing companies in Central Java and all stakeholders to enhance awareness of organizational culture concerning employee engagement and communication for their millennial workforce.

This research uses a conceptual model

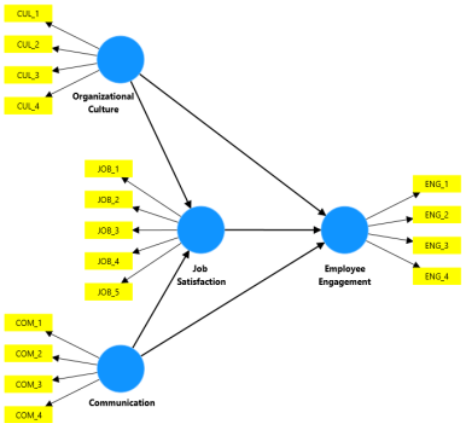


Figure 1. Conceptual Framework

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The hypothesis of this investigation is as follows:

- H1: Organizational culture exerts a favourable and substantial influence on employee engagement.
- H2: Organizational culture exerts a favourable and substantial influence on job satisfaction.
- H3: Communication exerts a favourable and substantial influence on employee engagement.
- H4: Communication exerts a favourable and substantial influence on job satisfaction.
- H5: Job satisfaction exerts a favourable and considerable influence on employee engagement.

2. Research Method

The study employs quantitative methodologies from primary data sources. The population in this study comprises all employees of manufacturing firms in the Central Java province. The sampling method employs purposive sampling. The questionnaire was administered offline to 150 participants, employing a Likert scale ranging from 1 to 5 for answer evaluation. The data analysis in this study employed the Structural Equation Model (SEM) - Partial Least Squares (PLS) methodology utilizing Smart-PLS software version 4.1.0.3. SEM-PLS analysis comprises a measurement model, also known as the outer model, and a structural model, referred to as the inner model (Ghozali & Kusumadewi, 2023).

3. Results and Discussion

3.1. Respondent Characteristics

Table 1. Distribution of Respondent Attributes

Information	Frequency	Percentage
Gender		
Male	48	32 %
Female	102	68 %
Age		
18 - 20 Years	54	36 %
21 - 25 Years	66	44 %
> 25 Years	30	20 %
Length of Working		
1 - 5 Tahun	72	48 %
> 5 Tahun	78	52 %

The data presented in Table 1 describes the distribution of respondents' characteristics with a total number of respondents of 150 manufacturing company employees. The male respondents numbered 48 individuals (32%), while the female respondents totaled 102 individuals (68%). Furthermore, respondents aged 18-20 years amounted to 54 (36%), respondents aged 21-25 years were the most dominant with 66 people (44%), then respondents aged over 25 years amounted to 30 people (20%). Respondents based on a work period of 1-5 years numbered 72 people (48%), then respondents with a work period of more than 5 years were declared the most dominant, numbering 78 (52%).

3.2. Convergent Validity Testing

In the convergent validity assessment, the test findings are deemed valid if the correlation coefficient for each indication meets or surpasses 0.7 (Ghozali, 2014). At this testing phase, all items are deemed genuine and can be observed in the subsequent model measurement assessment:

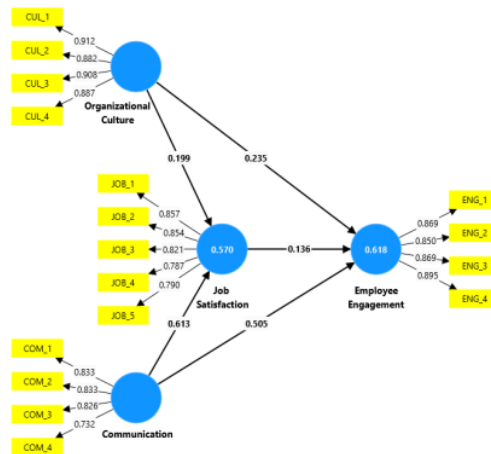


Figure 2. Measurement Model Test Results

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3.3. Composite Reliability Testing, Cronbach's Alpha and AVE

Composite Reliability testing is needed to see consistency between variables so that the value that has been determined makes the variable pass the reliability test, namely exceeding 0.70 (Ghozali, 2014). Meanwhile, Cronbach's Alpha testing is part of the test used to strengthen reliability testing. The Cronbach's Alpha test is considered acceptable if the value exceeds 0.70 (Ghozali, 2014). Construct validity assessment pertains to the Average Variance Extracted (AVE) value; an AVE value exceeding 0.5 for each construct indicates satisfactory validity (Marliana, 2020).

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Table 2. Cronbach's Alpha & Composite Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Communication	0,820	0,882	0,651
Employee Engagement	0,894	0,926	0,758
Job Satisfaction	0,880	0,913	0,676
Organizational Culture	0,919	0,943	0,805

3.4. R-square Testing

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According to Ghozali (2014), the R-square test results are said to strongly influence if the value is more than 0.6. Additional standard parameters pertain to the R-Square value criteria, specifically indicating a value of 0.67 as strong, 0.33 as moderate, and 0.19 as weak (Musyaffi et al. 2022). The data in Table 3 indicates that the R-Square value falls within the moderate range. The R-squared value for the Employee Engagement (Y) variable is 0.542, indicating a significant impact of the Organizational Culture (X1) and Communication (X2) variables on Employee Engagement. It may be determined that the variables Organizational Culture (X1) and Communication (X2) account for 54.2% of the Employee Engagement variable, with the remainder impacted by unobserved variables. The R-square value for the Job Saturation (Z) variable is 0.468, indicating

that it accounts for 46.8% of the variance in Employee Engagement, while other variables account for the remaining 53.2%.

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Table 3. R-Square Test Results

Variable	R-square	R-square adjusted	Category
Job Satisfaction (Z)	0,468	0,461	Moderate
Employee Engagement (Y)	0,542	0,532	Moderate

3.5. Discussion

Organizational culture on employee engagement

Hypothesis 1, which posits a positive and significant impact of corporate culture variables on employee engagement, is deemed acceptable. The findings indicate an original sample (OS) value of 0.275 and a P-value of 0.002, less than 0.05. Numerous individuals continue to perceive company culture as either ethereal or quantifiable, complicating the maintenance of the time and resources invested in its development. Employee involvement is a fundamental component in establishing a robust business culture (Febrian & Solihin, 2024). The findings of this study are corroborated by the research conducted by Mado et al., (2022). Meanwhile, research by Asri & Fangestu (2022) shows different results where the relationship between organizational culture variables through motivation variables has no significant effect on employee engagement.

Organizational culture on job satisfaction

Hypothesis 2 examines the positive and considerable impact of company culture on work satisfaction and is deemed acceptable. The findings indicate an original sample (OS) value of 0.241 and a P-value of 0.010, which is less than 0.05. Prior research yielded analogous findings, indicating that the organizational culture variable exerted a favorable and significant influence on the job satisfaction of PT personnel. PLN Kalabahi Rayon, Alor Regency (Awang et al., 2022). Employee work satisfaction is intricately linked to perceptions of equity and the adequacy of compensation relative to their performance outcomes for the organization. Employees with elevated work passion and job satisfaction might enhance consumer service. In this instance, organizations must cultivate a robust corporate culture to enhance employee performance.

Communication on employee engagement

Hypothesis 3, which examines the positive and significant impact of the communication variable on employee engagement, is deemed acceptable. The results indicate an original sample (OS) value of 0.239 and a P-value of 0.010, which is less than 0.05. Communication has a crucial part in social contact and significantly impacts the workplace; when effective, it enhances employee productivity in fulfilling their responsibilities. (Darmawan et al., 2020). This aligns with numerous prior studies indicating that communication substantially affects employee engagement. Research by Madona et al. (2022) indicates that the communication variable significantly affects employee engagement at the Ponorogo branch of the Anteraja expedition.

Communication on job satisfaction

Hypothesis 4 examines the positive and significant impact of the communication variable on job satisfaction and is deemed acceptable. The findings indicate an original sample (OS) value of 0.493 and a P-value of 0.000 less than 0.05. Establishing effective organisational communication can enhance job happiness, indicating that proficient communication influences employee contentment. (Sugiono & Tobing, 2021). The findings of this study align with the outcomes of earlier investigations conducted by Asri & Susanti (2020), which stated that the communication variable had a significant effect on teacher job satisfaction at SMK Negeri 3 Padang.

Job satisfaction on employee engagement

Hypothesis 5, which examines the positive and significant impact of organizational culture variables on employee engagement variables, is deemed acceptable. The findings are evidenced by the original sample (OS) value of 0.328 and a P-value of 0.000, which is less than 0.05. The findings presented derive from the scholarly investigation undertaken by Madona et al., (2022); The organizational culture exerts a notable and substantial impact on the employee engagement levels among the staff at the Ponorogo branch of the Anteraja expedition. This study further corroborates earlier investigations carried out by Anugra and Saragih (2018), It was articulated that the culture within an organization has a profound impact on the various factors associated with employee engagement.

4 Conclusion

The results of research findings based on hypothesis testing showed that organizational culture and communication variables positively and significantly influenced employee engagement. Additional data indicate that work satisfaction, as a moderating element, greatly influences employee engagement. The predominant association is evidenced by the communication variable and the work satisfaction variable, indicated by the original sample value of 0.493, demonstrating that the communication variable is the most critical component in fostering employee engagement. Moreover, the t-statistical test findings indicate that the communication variable exerts the greatest influence, with a value of 5.818. This research indicates that organizational culture and communication characteristics, mediated by job satisfaction, enhance employee engagement in manufacturing enterprises in Central Java.

5. Acknowledgment

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