Does Job Satisfaction Mediate the Effect of Organizational Change and Organizational Culture on Employee Performance of the Public Works and Spatial Planning Agency?

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Abstract: This study explores the mediated effect of job satisfaction on the influences of organizational change and organizational culture on staff performance of the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia. All 209 staff of the agency were selected as the sample of study using census technique. To gather the data, the study distributed structured questionnaires to the respondents. Adopting the structural equation modeling (SEM) approach, the study found that job satisfaction significantly mediated the influences of organizational change and organizational culture on staff performance. These findings implied that any effort to enhance staff performance, it should be focused on the improvement of job satisfaction.

Keywords: Job satisfaction; Organizational change; Culture; Public agency; Staff Performance

I. Introduction

The performance is an activity of a group of people intended to carry out the tasks of an organization which is their responsibility. A good performance of employee could be increased by utilizing human resources professionally, which in turn leads towards a better organizational performance. Thus, to enhance the organizational performance, an organization must pay attention to several factors influencing employee performance. These factors include job satisfaction, organizational change and organizational culture.

Job satisfaction is an activity that is viewed from the emotional angle between feeling happy or unhappy according to the employee in carrying out his/her works. Job satisfaction of an employee can be seen from on time of work completion and output quality produced according to the plan. For an employee who oversees a job satisfaction will be seen when the work done is completed on time so that they deserve an additional salary and promotion to a better level. Supervision from fellow colleagues in assessing job performance is extremely important to the staff career development, as part of individual goals’ achievement.

Organizational change one of important factors for the organization need to be focused. Organizational change could be used as a basic example in regulating a staff's behavior so that the pattern of beliefs and basic values of an organization can be understood and imbued and can be easily practiced by organizations and their members. Organizational change is an integrating knowledge of organizational behavior about how people react to factors that cause pressure to produce results become more effectively. The organizational changes could be managed by regulating the goal setting. To achieve a new organizational change, an agency must review its planning and implementation strategies and the use of a modern system.

Previous studies found that organizational changes and organizational culture have an effect on job satisfaction and employee performance (Fauzi et al., 2016; Saputra, 2015; Simbolon and Anisah, 2017). In a more detail, using structural equation modeling (SEM), Simbolon and Anisah (2012) found that the performance of university lecturers could be enhanced by enhancing organizational change and job satisfaction, while to form a strong organizational culture it could be realized by improving job satisfaction for every lecturer.

However, none of the above-reviewed studies have investigated indirect effects of organizational change and organizational culture on staff performance, mediated by the job satisfaction. They only investigated direct effects of organizational change and organizational culture on job satisfaction and staff performance, respectively. Thus, this study is motivated to fill up this existing empirical gap by empirically explores the mediated effect of job satisfaction on the influences of organizational change and organizational culture on staff performance of the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia.

The findings of this study is hoped to add knowledge and new insights to the importance of organizational change and organizational culture in improving job satisfaction and subsequently its staff performance.

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performance. It also expected to strengthen the theory and enrich empirical findings related to the improvement of employee performance and job satisfaction on the basis of managing the organizational change and organizational culture.

The rest of this paper is structured as follows: Section 2 reviews selected relevant previous studies. Section 3 provides the empirical framework and data, followed by discussion of the main findings and their implication in Section 4. Finally, Section 5 concludes the paper.

II. Selected Literature Review

2.1. Definition of Variables

Rizgina et al. (2017) define employee performance as a matter that leads to the level of achievement of tasks completion in a specified time. Performance can be interpreted as how an employee does a task that is given and desired by a leader, so that the effort can be described as an energy force that has been spent to get measurable and optimal results. Meanwhile, job satisfaction is an expectation to accomplish successfully a given task in accordance with the desires of the employee itself from every situation (Mahdani and Adam, 2017). Organizational change is defined by Robbins and Judge (2017) as a combining knowledge of organizational behavior regarding how people react to factors that cause more effective results than organizational changes that are only managed objectively through goal setting. To ensure the survival, an organization must make a change, because every environmental change must be assessed in terms of its effectiveness depending on the extent to which an organization can adjust and survive a change. Finally, organizational culture is defined by (Facezzi et al., 2018) as a culture that prioritizes cohesiveness in its work, always giving rewards rather than punishments, full of strength and individual development.

2.2. Interrelationships among Variables

Organizational change is as one of factors influencing job satisfaction. Simbolon and Anisah (2017) found that organizational change has a positive effect on job satisfaction. This implies that to improve employee satisfaction, human resource should professionally manage the organizational change. Better organizational change will increase employee job satisfaction.

In addition to organizational change, the perceptions of members in the organization are influenced by organizational culture. If employees feel that the culture in the organization is conducive and pleasant to work then employees will feel satisfied. Ahmed and Mahmood (2015) found that organizational culture influences employee job satisfaction. All business entities, both public and private institutions must induce a better organizational culture and encourage work morale and higher employee retention. To receive a greater response, the organization must focus on a mutually agreed upon and pleasant environment.

Furthermore, Poluakan (2016) examined the effect of organizational change and employee Performance at PT. Sinar Galesong Prima Manado, Indonesia and showed that organizational change and development have a positive and significant effect on employee performance. Organizational change is a process of expanding an organization in a positive direction, thus all organizations should manage well the changes for the better organization in the future.

Omoregbe and Umemezua (2017) showed that organizational culture supports leadership style, training, work processes, and commitment and subsequently it has a positive impact on employee performance. In general, there is a strong view in the literature that organizational culture fosters employee performance improvement. Against this background, there is no doubt that the type of culture that exists in an organization has a large impact on its performance. Therefore, organizations need to build and preserve a strong culture in organizations that support high performance. Furthermore, Fadlallah (2015) showed that job satisfaction affects employee performance. All staff members working with better working conditions, wages and promotions, and employment relations would produce higher performances.

Based on the above review of literature and the proposed research model, the study proposes the following hypotheses:

1. There is a significant effect of organizational change on the job satisfaction of the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia.
2. There is a significant influence of organizational culture on job satisfaction of the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia.
3. There is a significant effect of organizational change on the staff performance of the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia.
4. There is a significant influence of organizational culture on the performance of the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia.
5. There is a significant effect of job satisfaction on the performance of the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia.
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6. There is a significant mediated effect of job satisfaction on the influence of organizational change on staff performance of the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia.

7. There is a significant mediated effect of job satisfaction on the influence of organizational culture on staff performance of the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia.

Thus, to examine these hypotheses, the study developed the following proposed empirical model, showing the role of job satisfaction to mediate the effects of organizational change and organizational culture on the staff performance.

III. Empirical Framework

This study investigates the mediated effect of job satisfaction on the influence of organizational change and organizational on staff performance of the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia. All 209 staff of the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia were selected as sample of the study. In other words, the study using the census technique as the number of staff (population) is small.

<table>
<thead>
<tr>
<th>No.</th>
<th>Definition</th>
<th>Indicator</th>
</tr>
</thead>
</table>
| 1   | Staff Performance (Endogenous variable) - performance appraisal carried out based on performance planning at the individual level by taking into account the targets, achievements, results and benefits achieved and the behavior of officers that includes integrity, cooperation, communication, results orientation, public service, self-development and others (Ministry of Administrative and Bureaucratic Reforms Regulation No. 38 of 2017). | ✓ Integrity  
✓ Cooperation  
✓ Communication  
✓ Output orientation  
✓ Public services, and  
✓ Staff development |
| 2   | Job Satisfaction (Mediating variable) - a general attitude towards one’s work as a difference between the rewards received by officers and the number of rewards that are believed to be accepted, including employment, salary, promotion opportunities, supervision and co-workers (Robbins and Judge, 2016). | ✓ Job itself  
✓ Salary  
✓ Promotion opportunity  
✓ Supervision, and  
✓ Co-workers |
| 3   | Organizational Change (Exogenous variable) - all changes made aim at achieving the setting goals by adapting to changes in the environment and staff behavior to improve organizational performance through proper strategies and systems, technology, physical arrangement, and human resources (Robbins and Judge, 2017). | ✓ Strategy and system  
✓ Technology  
✓ Physical arrangement, and  
✓ Human resource |
| 4   | Organizational culture (Endogenous variable) - a culture that prioritizes cohesiveness in its work, emphasizing on giving more bonuses rather than sanctions, full of strength and individual development through innovation and risk taking, attention to detail, orientation on results, human, and teamwork, aggressiveness, and stability (Robbins and Judge, 2017). | ✓ Innovation and risk taking  
✓ Attention to details  
✓ Orientation on results  
✓ Orientation to humans  
✓ Orientation to teamwork  
✓ Aggressiveness, and  
✓ Stability |

To gather the data, the questionnaires are distributed to the respondents. To measure the variables, 22 indicators as shown in Table 1 are used and ranged with the Likert scale 1 to 5. To analyze the data, the structural equation modeling (SEM) is used and analyzed using AMOS statistical software. SEM is an appropriate model of estimation since it enables to test a series of complex relationships (Ferdinand, 2012: 181; Hair et al., 2012).

The estimated SEM equations tested in this study are as follows:

\[
\text{Job satisfaction} = \gamma_{11} \text{Organizational change} + \gamma_{12} \text{Organizational culture} + \zeta_1 \tag{1}
\]

\[
\text{Staff performance} = \gamma_{21} \text{Organizational change} + \gamma_{22} \text{Organizational culture} + \gamma_{23} \text{Job satisfaction} + \zeta_2 \tag{2}
\]
where $\gamma_i$ are the estimated loading factors for each variables and $\zeta_j$ are the structured error terms.

Prior to the SEM analysis, the instrument tests comprising validity and reliability will be conducted first. To ensure the appropriateness of the model to examine the direct and indirect relationships, the goodness of fit indices will also be conducted.

IV. Findings and Discussion

4.1. Respondents’ characteristics

Of the 209 staff investigated in this study, there were 127 (60.8%) male staff and 82 (39.2%) female staff, thus the male staff was the most dominant staff in the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia. In term of age, 46 employees were with age lesser than 36 years old were 22.0%, ages ranging from 36-40 years were 46.4%, aged between 41-45 years were 21.5%, and age of over 45 years were 21 10.1%. This indicated that staffs with a level of age 36-40 were the majority.

In the view of marital status, the majority of employees were married (97.1%), and 2.9% was unmarried. Finally, in term of educational level, staff with senior secondary education were 15 staffs (7.2%), 98 people (46.9%) with diploma degree, 83 people (39.7%) with bachelor degree, and the remaining 13 people (6.2%) with Master degree. This indicated that staff with diploma degree was found as the majority staff at the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia.

4.2. Instrument tests and goodness of fit indices

To ensure the accuracy and consistency of the indicators in measuring the investigated variables, the study tested the validity and reliability of the indicators. The study found that all 22 indicators were valid and reliable. This showed that all indicators could be used to measure the variables and could be used for further analysis.

Next, to ensure the appropriateness of the estimated model, the study conducted the goodness of fit where their findings are reported in Table 2.

<table>
<thead>
<tr>
<th>GoF index</th>
<th>Cut-off value</th>
<th>Finding</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$ - Chi Square</td>
<td>Low value</td>
<td>5.371</td>
<td>Better fit</td>
</tr>
<tr>
<td>CMIN</td>
<td>CMIN/DF &lt; 2</td>
<td>1.894</td>
<td>Better fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>&lt; 0.08</td>
<td>0.005</td>
<td>Better fit</td>
</tr>
<tr>
<td>GFI</td>
<td>≥ 0.90</td>
<td>0.945</td>
<td>Better fit</td>
</tr>
<tr>
<td>AGFI</td>
<td>≥ 0.90</td>
<td>0.956</td>
<td>Better fit</td>
</tr>
<tr>
<td>TLI</td>
<td>≥ 0.90</td>
<td>0.974</td>
<td>Better fit</td>
</tr>
<tr>
<td>CFI</td>
<td>≥ 0.90</td>
<td>0.901</td>
<td>Better fit</td>
</tr>
</tbody>
</table>

As observed from Table 2, all 7 goodness of fit indices comprising $\chi^2$-Chi Square Statistics, Root Mean Square Error of Approximation (RMSEA), Goodness of Fit Index (GFI), Augmented Goodness of Fit Index (AGFI), Tucker-Lewis Index (TLI), and Comparative Fit Index (CFI) showed a better fit model as it shown by their indices which were above the cut-off value, showing that the overall estimated SEM models were the proper models to be estimated to provide the answer for the objectives of the study.

4.3. Direct effects of organizational change and organization culture on job satisfaction and staff performance

Having identified the better fit of the estimated SEM, the study continued to test the hypotheses of direct effects of organizational change and organization culture on job satisfaction and staff performance. Table 3 reported findings from the estimated SEM.

As observed from Table 3, the effect of organizational change on job satisfaction was found to be significant at the 1% level. This indicated that an increase in organizational change by 1 unit at the Likert scale, the job satisfaction would increased by 0.29 unit at the Likert scale. This implied that the better organizational change will have a positive and significant influence on increasing job satisfaction. Our finding is similar with those of Simbolon and Anisah (2017) who found that organizational change has a significant effect on employee job satisfaction.

As for the effect of organizational culture on job satisfaction, the study documented their relationship to be positively significant at the 5%. The finding showed that an increase in organizational culture by 1 unit, the job satisfaction would improve by 0.15 unit at the Likert scale. This finding implied that the higher the level of organizational culture would further increase the job satisfaction, a finding similar to those of Ahmed and Mahmood (2015); Wani et al. (2018), Marlina et al. (2018), and Hanafi et al. (2018b) who found that organizational culture influences job satisfaction of employees working at the Banglalion Communication Limited, Bangladesh.
Table 3. Standardized Regression Weight

<table>
<thead>
<tr>
<th>Interactions among variables</th>
<th>Estimated coefficient</th>
<th>Critical value</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job satisfaction ← Organizational change</td>
<td>0.29***</td>
<td>2.655</td>
<td>0.008</td>
</tr>
<tr>
<td>Job satisfaction ← Organizational culture</td>
<td>0.15**</td>
<td>2.187</td>
<td>0.029</td>
</tr>
<tr>
<td>Staff Performance ← Job satisfaction</td>
<td>0.47***</td>
<td>5.090</td>
<td>0.000</td>
</tr>
<tr>
<td>Staff Performance ← Organizational change</td>
<td>0.08</td>
<td>1.084</td>
<td>0.279</td>
</tr>
<tr>
<td>Staff Performance ← Organizational culture</td>
<td>0.06</td>
<td>1.374</td>
<td>0.170</td>
</tr>
</tbody>
</table>

Note: *** and ** indicate significance at the 1% and 5% levels, respectively.

Next, the study also found a positive influence of job satisfaction on employee performance at the 1% level of significance. The magnitude of the effect of job satisfaction on employee performance was 0.47, indicating that an increase in job satisfaction by 1 unit led to an increase in the staff performance by 0.47 unit at the Likert scale. Staff with higher level of job satisfaction would work harder and resulted in their performance improvements. This finding is supported by the previous study by Fadlallah (2015) who found that job satisfaction has an effect on the performance of the university staff in Saudi Arabia.

Unlike the other direct effect, the organizational changes and organizational culture were found to have no significant effect on the employee performance. This indicated that the office could not manage the organizational change and organizational culture for the better staff performance. The resistance of staff towards changes and it was a long term process and took longer term period for the staff to do adjustment to the changes are believed among the reasons of being insignificant of organizational change and organizational culture staff performance at the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia. These finding is in harmony with the studies by Isa and Ugheoke (2016) and Poluakan (2016) who found that there was insignificant influence of organizational change and development on employee performance. However, our findings contradicted majority of previous empirical results (Fauzi et al., 2016; Wanza and Nkuraru, 2016; Omoregbe and Unemezia, 2017; and Kurniawan et al., 2012; Sativa et al., 2018; Fachreza et al., 2018; and Hanafi et al., 2018a).

4.4. Indirect effect of organizational change and organizational culture on staff performance through job satisfaction.

Fig. 2 shown the tests of mediated effect of job satisfaction on the influences of organizational change on staff performance based on the framework of Baron and Kenny (1986). As shown by Figure 2, the value of estimated path coefficient between organizational change and job satisfaction obtained was 2.655, while the job satisfaction’s estimated path coefficient on employee performance was 5.090. The estimated path coefficient between organizational changes and employee performance was 1.084. Since the organizational change has no influence on employee performance, while the effect of organizational change on job satisfaction was significant at the 1% level and the effect of job satisfaction on employee performance was also significant at the 5% level, thus it can be concluded that the job satisfaction variable acted as a full mediating effect of the organizational change on employee performance. These findings implied that the only way to enhance the staff performance is by giving the focus on improving job satisfaction on the bases of good management of organizational change.

Furthermore, Fig. 3 showed the tests of mediated effect of job satisfaction on the influences of organizational culture on staff performance. As shown by Figure 2, the value of estimated path coefficient between organizational culture and job satisfaction was 2.187, while the job satisfaction estimated path coefficient for employee performance is 5.090, and the estimated path coefficient between organizational culture and employee performance was obtained a value of 1.374. Since the relationship between organizational culture and employee performance was insignificant, the influence of organizational culture on job satisfaction was
significant at the 5% level, and the effect of job satisfaction on employee performance was also significant at the 1% level, thus there was a mediated effect of organizational culture on employee performance through the job satisfaction. In this case, the job satisfaction is acted as the full mediator. This findings implied that the only way to enhance the staff performance is by giving the focus on improving job satisfaction on the bases of a well-managed organizational culture.

Fig 3. Mediated effects of job satisfaction on the influence of organizational culture on staff performance

V. Conclusion

This study explores the mediated effect of job satisfaction on the influences of organizational change and culture on staff performance of the Public Works and Spatial Planning Agency, Pidie District, Aceh province, Indonesia. All 209 staff of the agency was selected as the sample of study using census technique. To gather the data, the study distributed structured questionnaires to the respondents. Adopting the structural equation modeling (SEM) approach, the study found that job satisfaction significantly mediated the influences of organizational change and culture on staff performance. These findings implied that any effort to enhance staff performance, it should be focused on the improvement of job satisfaction.

Further studies on these issues would provide better and comprehensive empirical findings by considering more variables into the model of estimation. These factors could cover both internal and external factors affecting job satisfaction as well as staff performances. Additionally, covering more public organization into the analysis would also enrich the existing empirical evidences on influences of organizational change and culture on the influences staff performance at the public organization, mediated by job satisfaction. Finally, comparing the private and public organization would also enhance the existing empirical findings on the subject matter.

References


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