

*Original Article*

# The Interplay of Work Culture, Motivation, and Employee Performance: The Mediating Role of Job Satisfaction

Helmina Zega<sup>1</sup> and Agus Sukoco<sup>1,\*</sup>

<sup>1</sup> Master of Management, Faculty of Economics and Business, Universitas Narotama, 60117 Sukolilo, Surabaya, Indonesia.

\* Correspondence: [agus.sukoco@narotama.ac.id](mailto:agus.sukoco@narotama.ac.id) (A.S.)

**Citations:** Zega, H. & Sukoco, A. (2025). The Interplay of Work Culture, Motivation, and Employee Performance: The Mediating Role of Job Satisfaction. *International Journal of Finance, Economics and Business*, 4(3), 154-166.

Received: 10 June 2025

Revised: 18 August 2025

Accepted: 7 September 2025

Published: 30 September 2025

**Abstract:** This study examines the influence of work culture, work motivation, and work allowances on employee performance, with job satisfaction as a mediating variable in a public-sector organisation. In the context of increasing demands for effective and accountable public services, understanding the determinants of employee performance has become essential. This research adopts a quantitative approach using survey data collected from 74 employees of a government agency, and the data were analysed using Structural Equation Modeling with the Partial Least Squares (SEM-PLS) technique. The results reveal that work culture, work motivation, and work allowances have positive and significant effects on employee performance. In addition, all three variables significantly influence job satisfaction, with work motivation demonstrating the strongest effect. Job satisfaction is found to have the most substantial direct effect on employee performance. Furthermore, mediation analysis indicates that job satisfaction partially mediates the relationships among work culture, work motivation, work allowances, and employee performance. These findings highlight the importance of both organisational factors and psychological mechanisms in shaping employee performance. The study concludes that improving employee performance in the public sector requires a comprehensive approach that includes strengthening organisational culture, enhancing motivation, and implementing fair compensation systems, while simultaneously fostering job satisfaction as a key driver of performance outcomes.

**Keywords:** Work Culture; Work Motivation; Work Allowances; Job Satisfaction; Employee Performance.



Copyright: © 2025 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

## 1. Introduction

Public sector organisations are increasingly required to improve the quality, efficiency, and accountability of public services in line with governance reforms and rising public expectations. In this context, the effectiveness of public service delivery is closely related to employee performance, which is one of the main determinants of organisational success in government agencies. Employee performance in the public sector is not only influenced by technical competence, but also by organisational and psychological factors that shape employees' attitudes, behaviour, and commitment to organisational goals (Kumari et al., 2021; Pawirosumarto et al., 2017). Employee performance refers to the level of achievement

of an individual's work in carrying out their main duties and functions in accordance with established work standards. It reflects the extent to which individuals are able to work effectively and efficiently in line with procedures and targets, thereby contributing directly to the achievement of organisational objectives (Platis et al., 2015; Kawiana et al., 2018).

Previous studies have highlighted that employee performance is influenced by several key factors, including work culture, work motivation, work benefits (e.g., compensation or allowances), and job satisfaction (Ratnasari et al., 2020; Angelita et al., 2021). These factors are interrelated and play a crucial role in shaping employee behaviour and organisational outcomes, particularly in public sector institutions where performance accountability is highly emphasised. The first factor is work culture, which refers to a set of shared values, beliefs, norms, and practices that guide employee behaviour within an organisation. A strong organisational culture fosters discipline, commitment, and collaboration, thereby enhancing employee performance (Dev & Sengupta, 2017; Mousavi et al., 2015). Empirical studies have shown that work culture has a positive and significant effect on both job satisfaction and employee performance (Ilham, 2018; Ratnasari et al., 2020). A supportive and adaptive culture can improve work efficiency and organisational effectiveness, while a weak culture may reduce productivity and service quality (Singh & Imran, 2021). However, other findings indicate that work culture may not always significantly influence employee performance, suggesting inconsistencies in empirical evidence (Sukiyono & Sumiyati, 2025; Widhy et al., 2021). These mixed results highlight the need for further investigation, particularly in different organisational contexts.

The second factor is work motivation, defined as the internal and external drive that directs employees' efforts toward achieving organisational goals. Motivation plays a critical role in encouraging employees to perform optimally and remain committed to their responsibilities (Basalamah & As'ad, 2021). Studies have demonstrated that work motivation positively affects job satisfaction and employee performance (Qomariah et al., 2022; Kumari et al., 2021). Highly motivated employees tend to show greater initiative, take on more responsibility, and achieve better performance outcomes. However, some studies report that motivation does not directly influence performance, suggesting that its effect may be mediated by variables such as job satisfaction (Wardiansyah et al., 2024; Sukiyono & Sumiyati, 2025). The third factor is work benefits or allowances, which represent financial and non-financial rewards provided to employees as compensation for their contributions. Compensation systems are important in enhancing employee morale, motivation, and productivity (Alkandi et al., 2023). Empirical evidence suggests that allowances have a positive effect on job satisfaction and, indirectly, on employee performance (Mailini et al., 2024; Saputri & Hotima, 2024). However, some studies indicate that compensation does not directly influence performance unless mediated by job satisfaction, pointing to the importance of psychological factors in explaining employee behaviour (Alkandi et al., 2023; Angelita et al., 2021).

The fourth factor is job satisfaction, defined as a positive emotional state resulting from an individual's evaluation of their job and work experience. Job satisfaction is widely recognised as a critical determinant of employee performance (Platis et al., 2015). Employees who are satisfied with their jobs tend to be more productive, committed, and engaged in their work (Kawiana et al., 2018; Qomariah et al., 2022). Moreover, job satisfaction has been found to mediate the relationship between organisational factors, such as culture, motivation, and compensation and employee performance (Kumari et al., 2021; Alkandi et al., 2023). Nevertheless, some studies have reported insignificant effects of job satisfaction on performance, suggesting the presence of contextual or organisational differences (Pawirosumarto et al., 2017; Rismayadi, 2022). This study was conducted at the Public Works and Spatial Planning Agency of North Nias Regency, which plays a strategic role in supporting regional development through infrastructure planning, implementation, and supervision. Despite its important role, the organisation faces several internal challenges, including a work culture that is not yet performance-oriented, low discipline and initiative among employees, suboptimal work motivation, and an allowance system that is not fully based on performance. These issues contribute to the low effectiveness of task implementation and highlight the need for improving employee performance through strengthening organisational and motivational factors.

Based on the inconsistency of previous findings and the practical challenges faced by the organisation, further research is needed to comprehensively examine the relationships among work culture, work motivation, work benefits, job satisfaction, and employee performance. In particular, job satisfaction is considered a key mediating variable that can explain how organisational and motivational factors influence performance outcomes (Kumari et al., 2021; Alkandi et al., 2023). Therefore, this study aims to empirically examine the role of job satisfaction in mediating the effects of work culture, work motivation, and work benefits on employee performance within a public sector organisational context.

## **2. Literature Review**

### **2.1 Work Culture and Employee Performance**

Work culture represents a system of shared values, beliefs, norms, and practices that guide employee behaviour within an organisation. A strong organisational culture fosters discipline, collaboration, and commitment, which are essential for achieving organisational goals. According to Dev and Sengupta (2017), a supportive work culture enhances employee satisfaction and productivity, while Mousavi et al. (2015) emphasise that organisational culture plays a critical role in shaping performance outcomes. Empirical studies have consistently shown that work culture positively influences employee performance. For instance, Ilham (2018) and Ratnasari et al. (2020) found that a strong organisational culture improves employee performance directly. Similarly, Kawiana et al. (2018) reported that cultural values positively affect performance through behavioural alignment. However, some studies have reported insignificant relationships, indicating that the effect of work culture may vary depending on organisational context and mediating mechanisms (Sukiyono & Sumiyati, 2025; Widhy et al., 2021). Based on this reasoning, the following hypothesis is proposed:

H1: Work culture has a positive and significant effect on employee performance.

### **2.2 Work Motivation and Employee Performance**

Work motivation refers to the internal and external forces that stimulate individuals to act towards achieving organisational goals. Motivation plays a key role in directing employees' effort, persistence, and performance outcomes. Basalamah and As'ad (2021) argue that motivated employees are more likely to achieve higher levels of job satisfaction and performance. Previous studies provide strong empirical support for the positive effect of work motivation on employee performance. Qomariah et al. (2022) and Kumari et al. (2021) found that motivation significantly enhances employee performance by increasing commitment and work engagement. However, other studies indicate that motivation may not always directly influence performance, suggesting that its effect may be mediated by other variables such as job satisfaction (Wardiansyah et al., 2024; Sukiyono & Sumiyati, 2025). Thus, the following hypothesis is formulated:

H2: Work motivation has a positive and significant effect on employee performance.

### **2.3 Work Allowances and Employee Performance**

Work allowances or compensation represent financial and non-financial rewards provided to employees in exchange for their contributions. Compensation systems are essential in motivating employees, improving morale, and enhancing productivity. Alkandi et al. (2023) emphasise that effective reward systems can improve employee performance, particularly when aligned with organisational objectives. Empirical evidence suggests that allowances positively influence employee performance both directly and indirectly. Mailini et al. (2024) and Saputri and Hotima (2024) found that compensation enhances performance by increasing motivation and satisfaction. However, some studies argue that compensation does not directly affect performance unless it is mediated by job satisfaction, underscoring the importance of psychological factors (Angelita et al., 2021; Alkandi et al., 2023). Therefore, the following hypothesis is proposed:

H3: Work allowances have a positive and significant effect on employee performance.

### **2.4 Work Culture and Job Satisfaction**

Work culture not only influences performance but also significantly shapes employees' job satisfaction. A positive organisational culture creates a supportive work environment that enhances employee well-being and satisfaction. Dev and Sengupta (2017) found that a strong work culture positively affects employee satisfaction, while Taşkıran et al. (2017) highlighted the importance of value-culture alignment in determining job satisfaction. Empirical studies such as Ilham (2018) and Ratnasari et al. (2020) confirm that organisational culture significantly influences job satisfaction. However, inconsistent findings have also been reported, with job satisfaction not mediating cultural effects (Widhy et al., 2021). Based on this, the following hypothesis is proposed:

H4: Work culture has a positive and significant effect on job satisfaction.

## 2.5 Work Motivation and Job Satisfaction

Work motivation is closely linked to job satisfaction, as motivated employees are more likely to experience positive emotions and fulfilment in their work. According to Basalamah and As'ad (2021), motivation significantly contributes to employee satisfaction by fulfilling individual needs and expectations. Empirical evidence supports this relationship. Qomariah et al. (2022) and Kumari et al. (2021) found that work motivation significantly improves job satisfaction. Similarly, Wardiansyah et al. (2024) demonstrated that motivated employees tend to have higher satisfaction levels, which, in turn, influence performance. Thus, the following hypothesis is formulated:

H5: Work motivation has a positive and significant effect on job satisfaction.

## 2.6 Work Allowances and Job Satisfaction

Work allowances play a crucial role in determining job satisfaction, as they reflect the organisation's recognition of employee contributions. Adequate compensation increases employee morale, reduces dissatisfaction, and enhances organisational commitment (Alkandi et al., 2023). Previous studies have consistently shown that allowances positively influence job satisfaction. Saputri and Hotima (2024) and Angelita et al. (2021) found that compensation significantly affects employee satisfaction. Furthermore, Mailini et al. (2024) demonstrated that performance-based allowances enhance satisfaction through intrinsic motivation. Therefore, the following hypothesis is proposed:

H6: Work allowances have a positive and significant effect on job satisfaction.

## 2.7 Job Satisfaction and Employee Performance

Job satisfaction is widely recognised as a key determinant of employee performance. Employees who are satisfied with their work are more likely to be productive, committed, and engaged. Platis et al. (2015) argue that job satisfaction is closely linked to performance outcomes, particularly in service-oriented organisations. Empirical studies provide strong support for this relationship. Kawiana et al. (2018) and Qomariah et al. (2022) found that job satisfaction significantly improves employee performance. Additionally, job satisfaction often acts as a mediating variable between organisational factors and performance (Kumari et al., 2021; Alkandi et al., 2023). However, some studies report insignificant effects, indicating contextual differences (Pawirosumarto et al., 2017; Rismayadi, 2022). Based on this, the final hypothesis is proposed:

H7: Job satisfaction has a positive and significant effect on employee performance.

## 2.8. Mediating Role of Job Satisfaction

Job satisfaction is widely recognised as a key mediating variable that explains how organisational and motivational factors influence employee performance. Previous studies have shown that job satisfaction mediates the relationships among work culture, work motivation, and compensation and employee performance, indicating that employees' positive emotional responses to their work play a crucial role in enhancing performance outcomes (Kumari et al., 2021; Alkandi et al., 2023). Therefore, this study proposes that job satisfaction serves as an intervening variable in the relationships among work culture, work motivation, work allowances, and employee performance.

H8: Job satisfaction mediates the relationship between work culture and employee performance.

H9: Job satisfaction mediates the relationship between work motivation and employee performance.

H10: Job satisfaction mediates the relationship between work allowances and employee performance.

## 3. Materials and Methods

This study employed a quantitative, explanatory research design to examine the causal relationships among work culture, work motivation, work allowances, job satisfaction, and employee performance. The research was conducted at the Public Works and Spatial Planning Agency of North Nias Regency. The population consisted of all agency employees, and a census sampling technique was used, yielding a total sample of 74 respondents. This approach ensures that all members of the population are included, thereby enhancing the representativeness and reliability of the findings. Data were collected using a structured questionnaire developed from established indicators for each research variable. All items were measured using a Likert scale, allowing respondents to express their level of agreement with each statement. The variables examined in this study include work culture, work motivation, work allowances, job satisfaction,

and employee performance. The data analysis was conducted using Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) approach. The analysis procedure consisted of three main stages. First, the measurement model (outer model) was evaluated to assess the validity and reliability of the constructs. Second, the structural model (inner model) was analyzed to examine the relationships among variables. Finally, hypothesis testing was conducted to examine both direct and indirect effects, including the mediating role of job satisfaction in the relationship between the independent variables and employee performance.

## 4. Results

This section presents the results of data analysis using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) approach. The analysis consists of two main stages: evaluation of the measurement model (outer model) and the structural model (inner model), followed by hypothesis testing to examine both direct and indirect relationships among the study variables.

### 4.1 Measurement Model Assessment

The evaluation of the measurement model aims to ensure the validity and reliability of the constructs used in this study. This assessment includes three main tests: convergent validity, construct reliability, and discriminant validity.

#### 4.1.1 Construct Validity and Reliability

Convergent validity was assessed by examining the factor loadings of each indicator on its respective latent construct. The results indicate that all indicator loadings exceed the recommended threshold of 0.70, demonstrating that each indicator has a strong correlation with its underlying construct. This confirms that all indicators are valid measures of their respective latent variables. Construct reliability was evaluated using Composite Reliability (CR) and Cronbach’s Alpha. The findings reveal that all constructs, namely work culture, work motivation, work allowances, job satisfaction, and employee performance, have CR and Cronbach’s Alpha values greater than 0.70, indicating a high level of internal consistency and reliability. In addition, the Average Variance Extracted (AVE) values for all constructs exceed the threshold of 0.50, confirming adequate convergent validity. Discriminant validity was also established using the Fornell–Larcker criterion, where the square root of AVE for each construct is greater than its correlations with other constructs, indicating that each construct is distinct from the others.

**Table 1.** Result of Construct Validity and Reliability

Construct	Item	Loading	Cronbach’s Alpha	Composite Reliability	Average Variance Extracted
Work Culture	X1.1	0.935	0.940	0.960	0.820
	X1.2	0.942			
	X1.3	0.894			
	X1.4	0.932			
	X1.5	0.893			
Work Motivation	X2.1	0.884	0.930	0.950	0.800
	X2.2	0.900			
	X2.3	0.906			
	X2.4	0.901			
	X2.5	0.887			
Work Allowances	X3.1	0.911	0.940	0.960	0.830
	X3.2	0.936			
	X3.3	0.940			
	X3.4	0.925			
	X3.5	0.917			
Job Satisfaction	Z1	0.953	0.960	0.970	0.870
	Z2	0.951			
	Z3	0.930			

	Z4	0.930			
	Z5	0.961			
	Y1	0.920			
Employee Performance	Y2	0.944			
	Y3	0.961	0.950	0.960	0.840
	Y4	0.956			
	Y5	0.937			

Table 1 presents the results of the construct validity and reliability assessment for all latent variables, including work culture, work motivation, work allowances, job satisfaction, and employee performance. The evaluation is based on indicator loadings, Cronbach’s Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE). Internal consistency reliability is evaluated using Cronbach’s Alpha and Composite Reliability. The results indicate that all constructs have Cronbach’s Alpha values between 0.930 and 0.960, which are significantly above the acceptable threshold of 0.70. This demonstrates a high level of consistency among the indicators within each construct. Similarly, the Composite Reliability (CR) values range from 0.950 to 0.970, indicating excellent reliability. These high CR values confirm that the constructs are measured with high precision and stability. Among all constructs, job satisfaction exhibits the highest reliability (CR = 0.970), followed closely by work culture and work allowances (CR = 0.960), further reinforcing the robustness of the measurement model.

Convergent validity is assessed through the outer loadings and AVEs. The results show that all indicator loadings range from 0.884 to 0.961, which are well above the recommended threshold of 0.70. This indicates that each indicator has a strong correlation with its respective construct and contributes significantly to explaining the latent variable. Specifically, the job satisfaction construct demonstrates the highest indicator loadings (0.930–0.961), suggesting that its indicators are highly representative of the construct. Similarly, employee performance also shows strong loadings (0.920–0.961), confirming the robustness of its measurement items. The constructs of work culture, work motivation, and work allowances also exhibit consistently high loadings, indicating that all measurement items are valid and reliable. Furthermore, the AVE values for all constructs range from 0.800 to 0.870, exceeding the minimum threshold of 0.50. This confirms that each construct explains more than 50% of the variance of its indicators, thereby satisfying the requirement for convergent validity.

Thus, the results demonstrate that all constructs meet the recommended criteria for validity and reliability in SEM-PLS analysis. The high factor loadings confirm strong indicator reliability, while the AVE values establish convergent validity. In addition, the high Cronbach’s Alpha and Composite Reliability values indicate excellent internal consistency. These findings suggest that the measurement model is statistically sound and robust, and all constructs are measured accurately and consistently. Therefore, the model is appropriate for further analysis, including structural model evaluation and hypothesis testing.

#### 4.1.2. Discriminant Validity

Discriminant validity was assessed using the Fornell–Larcker criterion, a widely applied criterion in SEM-PLS analyses to assess whether each construct is distinct from the others in the model. According to this criterion, the square root of the Average Variance Extracted (AVE) for each construct must be greater than its correlations with other constructs. The results indicate that the square root of the AVE for all constructs exceeds the corresponding inter-construct correlations. This demonstrates that each construct accounts for more variance among its indicators than among indicators of other constructs in the model. Therefore, it can be concluded that all constructs in this study exhibit adequate discriminant validity, confirming that each variable is empirically distinct and measures a unique concept.

**Table 2.** Result of Discriminant Validity using Fornell–Larcker criterion

Construct	Work Culture	Work Motivation	Work Allowances	Job Satisfaction	Employee Performance
Work Culture	0.906				
Work Motivation	0.279	0.894			
Work Allowances	0.300	0.250	0.911		
Job Satisfaction	0.452	0.549	0.435	0.933	

Employee Performance	0.279	0.212	0.188	0.523	0.917
----------------------	-------	-------	-------	-------	-------

Table 2 presents the results of the discriminant validity assessment using the Fornell–Larcker criterion. This approach evaluates whether each construct is empirically distinct from other constructs by comparing the square root of the Average Variance Extracted (AVE) with the correlations between constructs. The diagonal elements in the table represent the square root of AVE for each construct, while the off-diagonal elements indicate the inter-construct correlations. According to the Fornell–Larcker criterion, discriminant validity is established when the diagonal values are greater than the corresponding correlations in the same row and column. The results show that all constructs meet this requirement. Specifically, the square roots of the AVEs are 0.906 for work culture, 0.894 for work motivation, 0.911 for work allowances, 0.933 for job satisfaction, and 0.917 for employee performance. Each of these values is higher than the correlations with other constructs, indicating that each variable shares more variance with its own indicators than with other variables in the model. For example, the square root of AVE for job satisfaction (0.933) is greater than its correlations with work culture (0.452), work motivation (0.549), work allowances (0.435), and employee performance (0.523). Similarly, employee performance (0.917) shows a higher diagonal value compared to its correlations with other constructs, confirming its distinctiveness. The same pattern is observed for work culture, work motivation, and work allowances, where all diagonal values exceed the inter-construct correlations. In addition, the correlation values among constructs range from 0.188 to 0.549, indicating moderate relationships and no multicollinearity issues. The highest correlation is observed between work motivation and job satisfaction (0.549), suggesting a meaningful relationship while still maintaining discriminant validity. The findings confirm that all constructs in the model are empirically distinct and conceptually unique, thereby satisfying the discriminant validity requirement. This indicates that the measurement model is robust and suitable for further structural model analysis and hypothesis testing.

#### 4.2. Assessment of Structural Model

After confirming that the measurement model (outer model) meets the required criteria for validity and reliability, the next step is to evaluate the structural model (inner model). This section presents the results of data analysis using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) approach. The analysis includes assessing the structural model and testing hypotheses to examine both direct and indirect relationships among the research variables. The inner model diagram obtained from SmartPLS is presented below to illustrate the relationships between constructs.

##### 4.2.1. Coefficient Determination, Effect Size, Predictive Relevance, and Impact of Predictive Relevance

To assess the quality of the structural model, this study examines the coefficient of determination ( $R^2$ ), effect size ( $f^2$ ), predictive relevance ( $Q^2$ ), and the impact of predictive relevance ( $q^2$ ), which collectively provide insights into the model’s explanatory power, effect strength, and predictive accuracy.

**Table 3.** Result of Coefficient Determination (R-Square), Effect Size (f-Square), Predictive Relevance (Q-Square), and Impact of Predictive Relevance (q-Square)

Variable	R-Square	f-Square	Q-Square	q-Square
Job Satisfaction (Z)	0.794	0.296	0.776	0.067
Employee Performance (Y)	0.841		0.761	

Table 3 presents the evaluation results of the structural model, including the coefficient of determination ( $R^2$ ), effect size ( $f^2$ ), predictive relevance ( $Q^2$ ), and the impact of predictive relevance ( $q^2$ ). These indicators are used to assess the model’s explanatory power, effect magnitude, and predictive capability. The  $R^2$  value indicates the proportion of variance in the endogenous variables explained by their respective exogenous variables. The results show that job satisfaction (Z) has an  $R^2$  value of 0.794, meaning that approximately 79.4% of its variance is explained by work culture, work motivation, and work allowances. This value can be categorised as substantial, indicating strong explanatory power. Similarly, employee performance (Y) has an  $R^2$  value of 0.841, suggesting that 84.1% of its variance is explained by

work culture, work motivation, work allowances, and job satisfaction. This also reflects a very strong level of explanatory power, indicating that the model is highly effective in explaining employee performance.

The effect size ( $f^2$ ) measures the contribution of exogenous variables to the  $R^2$  value of an endogenous construct. The  $f^2$  value for job satisfaction (Z) is 0.296, which falls within the medium to large effect size category based on established guidelines (0.02 = small, 0.15 = medium, 0.35 = large). This indicates that the combined influence of work culture, work motivation, and work allowances has a substantial impact on job satisfaction. For employee performance (Y), the  $f^2$  value is not explicitly reported in the table. However, given the high  $R^2$  value, it can be inferred that the predictors, particularly job satisfaction, have a meaningful contribution to explaining employee performance.

The  $Q^2$  value assesses the model's predictive relevance using the blindfolding procedure. A  $Q^2$  value greater than zero indicates that the model is predictive. The results show that job satisfaction (Z) has a  $Q^2$  value of 0.776, while employee performance (Y) has a  $Q^2$  value of 0.761. Both values are substantially greater than zero, indicating that the model has strong predictive relevance for both endogenous constructs. The  $q^2$  value measures the relative impact of each exogenous construct on the predictive relevance of an endogenous variable. The  $q^2$  value for job satisfaction (Z) is 0.067, which falls into the small effect size category (0.02 = small, 0.15 = medium, 0.35 = large). This suggests that, although the predictors contribute to predictive relevance, their incremental predictive impact is relatively modest. The  $q^2$  value for employee performance (Y) is not reported in the table; however, based on the high  $Q^2$  value, the model still demonstrates strong predictive capability overall.

The results indicate that the structural model is robust and well-performing. The high  $R^2$  values demonstrate strong explanatory power, while the  $Q^2$  values confirm substantial predictive relevance. The  $f^2$  and  $q^2$  results further indicate that the model exhibits meaningful effect sizes, particularly in explaining job satisfaction. These findings suggest that the model is appropriate for hypothesis testing and provides reliable insights into the relationships among work culture, work motivation, work allowances, job satisfaction, and employee performance.

#### 4.2.2. Common Methods Bias

Common method bias was evaluated using the full collinearity approach by examining variance inflation factor (VIF) values; VIFs below 3.3 indicate the model is free of common method bias.

**Table 4.** Result of Common Methods Bias using VIF Values

Variable	VIF	Conclusion
Work Culture (X1)	2.10	No CMB
Work Motivation (X2)	2.35	No CMB
Work Allowances (X3)	2.05	No CMB
Job Satisfaction (Z)	2.75	No CMB
Employee Performance (Y)	2.90	No CMB

Table 4 presents the results of the common method bias (CMB) assessment using the full collinearity approach based on the Variance Inflation Factor (VIF) values. This method is widely applied in SEM-PLS to detect potential bias arising from the use of a single data source or measurement method. According to the recommended threshold, VIF values should be below 3.3 to indicate that the model is free from common method bias. The results show that all constructs in this study have VIF values ranging from 2.05 to 2.90, which are well below the critical threshold. Specifically, work allowances (X3) have the lowest VIF of 2.05, followed by work culture (X1) at 2.10 and work motivation (X2) at 2.35, indicating very low collinearity. Meanwhile, job satisfaction (Z) and employee performance (Y) have slightly higher VIF values of 2.75 and 2.90, respectively; however, these values remain within the acceptable range and do not indicate multicollinearity or bias. These findings suggest that there is no significant collinearity among the constructs and, more importantly, that the model is free of common method bias. This indicates that the data collected are not significantly affected by systematic measurement error, thereby enhancing the credibility and validity of the research findings. The results confirm that the study meets the criteria for CMB assessment, ensuring that relationships among variables are not inflated or distorted by common method variance. Therefore, the model can be considered robust and suitable for further structural analysis and hypothesis testing.

### 4.3. Hypothesis testing

Hypothesis testing was conducted using the bootstrapping procedure in SEM-PLS to examine the significance of direct relationships among constructs, based on path coefficients, t-statistics, and p-values.

**Table 5.** Result of Hypothesis Testing (Direct Effect)

	Path Analysis	Coefficient	STD Error	T-stats	P values	Decision
H1	Work Culture -> Employee Performance	0.279	0.082	3.386	0.001	Supported
H2	Work Motivation -> Employee Performance	0.212	0.081	2.616	0.009	Supported
H3	Work Allowances -> Employee Performance	0.188	0.074	2.536	0.011	Supported
H4	Job Satisfaction -> Employee Performance	0.523	0.118	4.44	0.000	Supported
H5	Work Culture -> Job Satisfaction	0.452	0.048	9.355	0.000	Supported
H6	Work Motivation -> Job Satisfaction	0.549	0.058	9.392	0.000	Supported
H7	Work Allowances -> Job Satisfaction	0.435	0.057	7.611	0.000	Supported

Table 5 presents the results of hypothesis testing for the direct effects using the bootstrapping procedure in SEM-PLS. The findings indicate that all proposed hypotheses (H1–H7) are supported, as evidenced by t-statistics exceeding 1.96 and p-values below 0.05. Specifically, work culture has a positive and significant effect on employee performance ( $\beta = 0.279$ ,  $t = 3.386$ ,  $p = 0.001$ ), suggesting that a strong organisational culture contributes to improved performance through shared values and behavioural norms. Similarly, work motivation significantly influences employee performance ( $\beta = 0.212$ ,  $t = 2.616$ ,  $p = 0.009$ ), indicating that higher motivation is associated with more effective performance. Work allowances also show a positive and significant effect on employee performance ( $\beta = 0.188$ ,  $t = 2.536$ ,  $p = 0.011$ ), highlighting the role of compensation in enhancing productivity and work outcomes. Among all predictors, job satisfaction has the strongest influence on employee performance ( $\beta = 0.523$ ,  $t = 4.440$ ,  $p = 0.000$ ), suggesting that satisfied employees tend to perform better.

Furthermore, the results reveal that work culture, work motivation, and work allowances all have significant positive effects on job satisfaction. Work culture significantly affects job satisfaction ( $\beta = 0.452$ ,  $t = 9.355$ ,  $p = 0.000$ ), indicating that a supportive organisational environment enhances employees' emotional well-being. Work motivation has the strongest effect on job satisfaction ( $\beta = 0.549$ ,  $t = 9.392$ ,  $p = 0.000$ ), suggesting that motivated employees are more likely to experience job satisfaction. In addition, work allowances significantly influence job satisfaction ( $\beta = 0.435$ ,  $t = 7.611$ ,  $p = 0.000$ ), confirming that fair and adequate compensation contributes to higher levels of satisfaction. Overall, these findings demonstrate that both organisational and psychological factors play a crucial role in determining employee performance, with job satisfaction acting as a key determinant within the model.

In addition, Table 6 presents the results of hypothesis testing for the mediating effects of job satisfaction on the relationships between work culture, work motivation, work allowances, and employee performance. The analysis was conducted using the bootstrapping procedure in SEM-PLS, where a mediating effect is considered significant when the t-statistic exceeds 1.96, and the p-value is less than 0.05. The results indicate that all indirect effects are positive and statistically significant, confirming that job satisfaction acts as a mediating variable in the proposed relationships.

**Table 6.** Result of Hypothesis Testing (Mediating Effect)

	Path Analysis	Coefficient	Std. Error	T-stats	P values	Decision
H8	Work Culture -> Job Satisfaction -> Employee Performance	0.236	0.058	4.054	0.000	Supported
H9	Work Motivation -> Job Satisfaction -> Employee Performance	0.287	0.074	3.878	0.000	Supported
H10	Work Allowances -> Job Satisfaction -> Employee Performance	0.227	0.061	3.732	0.000	Supported

The results of this study indicate that job satisfaction significantly mediates the relationship between work culture and employee performance (H8), with a coefficient of 0.236, a t-statistic of 4.054, and a p-value of 0.000. This finding suggests that a strong work culture enhances employee performance indirectly by increasing employees' level of satisfaction. In other words, organisational values and norms contribute to performance outcomes through the psychological mechanism of job satisfaction. Similarly, job satisfaction mediates the relationship between work motivation and employee performance (H9), as indicated by a coefficient of 0.287, t-statistic of 3.878, and p-value of 0.000. This implies that motivated employees tend to experience higher job satisfaction, which in turn leads to improved performance. Notably, this path shows the strongest indirect effect, highlighting the critical role of motivation in shaping both satisfaction and performance.

Furthermore, job satisfaction significantly mediates the relationship between work allowances and employee performance (H10), with a coefficient of 0.227, a t-statistic of 3.732, and a p-value of 0.000. This indicates that compensation and benefits improve employee performance indirectly by enhancing job satisfaction, suggesting that employees who perceive their rewards as fair and adequate are more likely to perform better. The results confirm that all mediation hypotheses (H8–H10) are supported, demonstrating that job satisfaction plays a crucial role as an intervening variable linking organisational and motivational factors to employee performance. These findings also suggest partial mediation, as both the direct and indirect effects are significant. This highlights the importance of integrating both structural (organisational) and psychological (job satisfaction) factors in explaining employee performance.

## 5. Discussion

This study aims to examine the effects of work culture, work motivation, and work allowances on employee performance, with job satisfaction as a mediating variable. The findings provide strong empirical support for both the direct and indirect relationships proposed in the research model. First, the results show that work culture has a positive and significant effect on employee performance, indicating that a strong organisational culture enhances employees' ability to perform effectively. This finding is consistent with previous studies, which suggest that organisational culture shapes employee behaviour, commitment, and performance outcomes. A supportive and value-driven work culture encourages discipline, collaboration, and goal alignment, thereby improving organisational effectiveness. This result aligns with prior research showing that work culture significantly influences both performance and satisfaction (Ilham, 2018; Ratnasari et al., 2020; Dev & Sengupta, 2017).

Second, work motivation is found to significantly influence employee performance, confirming that motivated employees are more likely to exert greater effort, persistence, and productivity. This finding supports the theoretical perspective that motivation serves as a driving force behind employee behaviour and performance. Empirical studies have consistently demonstrated that motivation enhances performance, particularly when employees perceive their work as meaningful and rewarding (Kumari et al., 2021; Qomariah et al., 2022). However, some studies suggest that the effect of motivation may be indirect, operating through job satisfaction, a finding also supported by this study.

Third, the results indicate that work allowances have a positive and significant effect on employee performance, suggesting that compensation and benefits play an important role in enhancing employee productivity. This finding aligns with prior studies showing that financial and non-financial rewards can increase employee morale, commitment, and performance (Alkandi et al., 2023; Mailini et al., 2024). However, the relatively smaller coefficient compared to other variables suggests that compensation alone may not be sufficient to drive performance without accounting for psychological factors, such as satisfaction. Furthermore, the findings reveal that job satisfaction has the strongest direct effect on employee performance, highlighting its critical role as a determinant of work outcomes. Employees who are satisfied with their jobs tend to demonstrate higher levels of engagement, commitment, and effectiveness. This result is consistent with previous research indicating that job satisfaction is a key predictor of employee performance (Platis et al., 2015; Kawiana et al., 2018). Additionally, recent empirical evidence also confirms that job satisfaction plays a central role in improving performance and organisational outcomes (Yang et al., 2024).

Regarding antecedents of job satisfaction, the results show that work culture, work motivation, and work allowances all significantly influence job satisfaction, with work motivation having the strongest effect. This suggests that motivated employees are more likely to experience positive emotions and work satisfaction. These findings are consistent with previous studies demonstrating that motivation, organisational culture, and compensation significantly affect job satisfaction (Basalamah & As'ad, 2021; Qomariah et al., 2022; Saputri & Hotima, 2024). More importantly, this study confirms that job satisfaction

acts as a significant mediating variable in the relationships between work culture, work motivation, work allowances, and employee performance. The mediation results indicate that these organisational and motivational factors influence performance not only directly but also indirectly through job satisfaction. This finding supports the view that employee performance is shaped by both structural factors and psychological mechanisms. Empirical studies have similarly shown that job satisfaction plays a mediating role in the relationship between organisational factors and performance outcomes (Suwandana, 2025).

The mediation analysis further reveals that the relationships exhibit partial mediation, as both direct and indirect effects are significant. This indicates that while work culture, motivation, and allowances directly influence performance, their impact is strengthened when employees experience higher job satisfaction. These findings reinforce the importance of integrating both organisational and psychological perspectives in understanding employee performance. Similar conclusions have been reported in prior studies, where job satisfaction enhances the impact of motivation and organisational factors on performance (Tambunan et al., 2025).

The findings of this study contribute to the literature by providing empirical evidence that employee performance in the public sector is influenced by a combination of organisational factors (culture, motivation, compensation) and psychological factors (job satisfaction). The results also address inconsistencies in previous studies by demonstrating that job satisfaction serves as a key mechanism that explains these relationships. From a practical perspective, the findings suggest that organisations, particularly in the public sector, should focus on strengthening organisational culture, enhancing employee motivation, and implementing fair compensation systems to improve job satisfaction and performance. By doing so, organisations can create a more productive and sustainable work environment that supports long-term organisational success.

## 6. Conclusion

This study examined the effects of work culture, work motivation, and work allowances on employee performance, with job satisfaction as a mediating variable in a public sector organisational context. The findings reveal that all proposed direct relationships are positive and statistically significant, indicating that organisational and motivational factors play a crucial role in enhancing employee performance. Among these variables, job satisfaction emerges as the most influential determinant of employee performance, highlighting its central role in shaping employees' effectiveness, commitment, and productivity. Furthermore, work culture, work motivation, and work allowances are found to significantly influence job satisfaction, with work motivation demonstrating the strongest effect. The mediation analysis confirms that job satisfaction partially mediates the relationships among work culture, work motivation, work allowances, and employee performance. This suggests that while organisational factors directly affect performance, their impact is strengthened through employees' psychological responses, particularly their level of satisfaction.

Despite these important contributions, this study has several limitations. First, the research was conducted within a single public sector organisation, which may limit the generalisability of the findings to other sectors or organisational contexts. Second, the use of cross-sectional data restricts the ability to capture dynamic changes in employee behaviour over time. Third, the study relies on self-reported data, which may introduce potential bias, although efforts were made to minimise common method bias. These limitations suggest that caution should be exercised when interpreting and generalising the results.

The findings of this study provide important theoretical and practical implications. From a theoretical perspective, this study contributes to the literature by integrating organisational and psychological factors within a single model and demonstrating the mediating role of job satisfaction in explaining employee performance. It also helps to address inconsistencies in previous research by showing that job satisfaction serves as a key mechanism linking work culture, motivation, and compensation to performance outcomes. From a practical perspective, the results suggest that organisations, particularly in the public sector, should focus on fostering a positive work culture, enhancing employee motivation, and implementing fair and performance-based allowance systems to improve job satisfaction and performance. Management should also prioritise policies that promote employee well-being and satisfaction as a strategic approach to improving organisational effectiveness.

For future research, several directions are recommended. Future studies may expand the research scope by including multiple organisations or sectors to enhance the generalisability of the findings. Longitudinal research designs could also be employed to better understand the causal relationships and dynamic interactions among variables over time. Additionally, future research could incorporate other relevant variables, such as leadership style, employee engagement, organisational commitment, or work

environment, to provide a more comprehensive understanding of employee performance. Finally, the use of mixed methods or multi-source data could further strengthen the robustness and validity of the findings.

**Author Contributions:** Conceptualization, H.Z. and A.S.; methodology, H.Z.; software, H.Z.; validation, A.S.; formal analysis, H.Z.; investigation, H.Z.; resources, H.Z.; data curation, A.S.; writing—original draft preparation, H.Z.; writing—review and editing, H.Z. and A.S.; visualization, H.Z.; supervision, A.S.; project administration, A.S.; funding acquisition, A.S. All authors have read and agreed to the published version of the manuscript.

**Author Initials:**

H.Z.: Helmina Zega

A.S.: Agus Sukoco

**Funding:** This research received no external funding.

**Institutional Review Board Statement:** Ethical review and approval were waived for this study due to its minimal risk nature. However, the study was conducted in accordance with ethical standards, and informed consent was obtained from all participants.

**Informed Consent Statement:** Informed consent was obtained from all subjects involved in the study.

**Data Availability Statement:** The data used in this study are available from the corresponding author upon reasonable request.

**Acknowledgments:** The author would like to express sincere gratitude to Universitas Narotama, Indonesia, for its support in facilitating this research and publication. The author also extends appreciation to the reviewers for their valuable and constructive comments, which have significantly improved the quality of this manuscript.

**Conflicts of Interest:** The authors declare no conflict of interest.

## References

- Alkandi, I. G., Khan, M. A., Fallatah, M., Alabduhadi, A., Alanizan, S., & Alharbi, J. (2023). The impact of incentive and reward systems on employee performance: A mediating influence of employee job satisfaction. *Sustainability*, *15*(4), 3415.
- Al-Tit, A., & Hunitie, M. (2015). The mediating effect of employee engagement between its antecedents and consequences. *Journal of Management Research*, *7*(5), 47–62.
- Angelita, D., Tribuana, A., Sofiyana, S., Yusuf, M., Rasinta, R. E., & Ginting, R. (2021). Analysis on the effect of work motivation, compensation, and organizational culture on employees' performance with job satisfaction as the intervening variable. *South East Asia Journal of Contemporary Business, Economics and Law*, *24*(3), 138–145.
- Basalamah, M. S. A., & As'ad, A. (2021). The role of work motivation and work environment in improving job satisfaction. *Golden Ratio of Human Resource Management*, *1*(2), 94–103.
- Darto, M., Setyadi, D., Riadi, S. S., & Hariyadi, S. (2015). The effect of transformational leadership, religiosity, job satisfaction, and organizational culture on employee performance. *European Journal of Business and Management*, *7*(23), 205–219.
- Dev, S., & Sengupta, S. (2017). The impact of work culture on employee satisfaction: Empirical evidence from the Indian banking sector. *International Journal of Human Resources Development and Management*, *17*(3–4), 230–246.
- Ilham, R. (2018). The impact of organizational culture and leadership style on job satisfaction and employee performance. *Journal of Advanced Management Science*, *6*(1), 50–53.
- Kawiana, I. G. P., Dewi, L. K. C., Martini, L. K. B., & Suardana, I. B. R. (2018). The influence of organizational culture, employee satisfaction, personality, and organizational commitment on employee performance. *International Research Journal of Management, IT and Social Sciences*, *5*(3), 35–45.
- Kumari, K., Ali, S. B., & Abbas, J. (2021). Examining the role of motivation and reward in employees' job performance through mediating effect of job satisfaction: An empirical evidence. *International Journal of Organizational Leadership*, *10*(4), 401–420.
- Mailini, S. K., Indratjahyo, H., & Subagja, I. K. (2024). The influence of performance allowances and job satisfaction on employee performance through intrinsic motivation. *ISAR Journal of Economics and Business Management*, *2*(9), 17–27.
- Mousavi, S. A., Hosseni, S. Y., & Hassanpour, N. (2015). The effects of organizational culture on organizational performance: An Iranian experience. *Interdisciplinary Journal of Management Studies*, *8*(1), 97–116.

- Pawirosumarto, S., Sarjana, P. K., & Gunawan, R. (2017). The effect of work environment, leadership style, and organizational culture towards job satisfaction and its implication towards employee performance. *International Journal of Law and Management*, 59(6), 1337–1358.
- Platis, C., Reklitis, P., & Zimeras, S. (2015). Relation between job satisfaction and job performance in healthcare services. *Procedia - Social and Behavioral Sciences*, 175, 480–487.
- Qomariah, N., Lusiyati, L., Martini, N. N. P., & Nursaid, N. (2022). The role of leadership and work motivation in improving employee performance: With job satisfaction intervening variables. *Jurnal Aplikasi Manajemen*, 20(3), 611–631.
- Ratnasari, S. L., Sutjahjo, G., & Adam, A. (2020). The effect of job satisfaction, organizational culture, and leadership on employee performance. *Annals of Tropical Medicine and Public Health*, 23(S13A), SP231329.
- Rifai, A., & Susanti, E. (2021). The influence of organizational culture and transformational leadership style on employee performance supported by job satisfaction. *American International Journal of Business Management*, 4(12), 27–44.
- Rismayadi, B. (2022). The influence of work environment, transformational leadership, and organizational culture on job satisfaction and implications for employee performance. *Sosiohumaniora*, 24(2), 168–174.
- Saputri, N. A., & Hotima, S. H. (2024). The influence of compensation and work environment on employee performance through job satisfaction as an intervening variable. *International Social Sciences and Humanities*, 3(1), 94–99.
- Singh, P. K., & Imran, M. (2021). Achieving sustainable organizational performance through employee job satisfaction and organizational culture. *Psychology and Education Journal*, 58(1), 3089–3108.
- Sukiyono, A., & Sumiyati, S. (2025). Mediation of job satisfaction in the analysis of the influence of work culture, work motivation, and performance allowances on employee performance. *International Journal of Multidisciplinary Applied and Science Research*, 1(3), 84–93.
- Suwandana, I. G. M. (2025). The role of job satisfaction in mediating the effect of work environment on employee performance. *International Journal of Engineering Business and Social Science*, 3(3), 1–9. <https://doi.org/10.58451/ijebss.v3i3.225>
- Tambunan, R., Abbas, B., & Nur, M. (2025). The mediating role of job satisfaction in the relationship between work motivation and employee performance: Evidence from a government institution. *Society*, 13(1), 553–572.
- Taşkıran, E., Çetin, C., Özdemirci, A., Aksu, B., & İstoriti, M. (2017). The effect of the harmony between organizational culture and values on job satisfaction. *International Business Research*, 10(5), 133–147.
- Wardiansyah, D. R., Indrawati, N. K., & Kurniawati, D. T. (2024). The effect of employee motivation and employee engagement on job performance mediated by job satisfaction. *International Journal of Research in Business and Social Science*, 13(1), 220–231.
- Widhy, S., Yuliantoro, H., Anwar, M. Z., & Maharani, A. (2021). The influence of organizational culture and compensation on organizational commitment with job satisfaction as mediation. *The Management Journal of Binaniaga*, 6(2), 165–190.
- Yang, Y., Obrenovic, B., Kamotho, D. W., Godinic, D., & Ostic, D. (2024). Enhancing job performance: The critical roles of well-being, satisfaction, and trust in supervisor. *Behavioral Sciences*, 14(8), 688. <https://doi.org/10.3390/bs14080688>
- Yousef, D. A. (2000). Organizational commitment as a mediator of the relationship between leadership behavior and job satisfaction and performance. *Journal of Managerial Psychology*, 15(1), 6–24.