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The Role of Job Satisfaction in Mediating Human Resource Management Practices and Organizational Culture on Organizational Performance

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ABSTRACT

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This study aims to determine the effect of human resource management practices and organizational culture on organizational performance through job satisfaction. The number of samples used were employees of Bank Rakyat Indonesia Malang City, for the sampling technique using saturated sampling. Data collection through questionnaires, with the Structural Equation Modeling (SEM) data analysis method. The results of the study showed: 1) Human resource management practices have a significant effect on job satisfaction; 2) Human resource practices do not have a significant effect on organizational performance; 3) Organizational culture has a significant effect on job satisfaction; 4) Organizational culture has a significant effect on organizational performance; 5) Job satisfaction has a significant effect on organizational performance; 6) Human resource management practices and organizational culture have a significant effect on organizational performance through job satisfaction.

INTRODUCTION

Bank is a financial institution used by companies and individuals to store funds that cannot be separated from trust and service. Currently, banks are required to play a role in order to improve their business achievements by providing the best service to customers that can affect customer trust. In the era of globalization like today, the tight competition in the banking business is one of the factors that affects the success of a company in achieving its goals. Effective organizational performance is a measure in an organization that will be a keyword in an organization that will be its own competitiveness in business competition.

Organizational performance is an important thing that must be considered. Organizational performance according to Steers (2015) is a level that shows how far the implementation of tasks can be carried out in actual and the organization's mission is achieved. Organizational performance is defined as the overall effectiveness of the organization to meet the needs set by each group concerned through systematic efforts and continuously improving the organization's ability to achieve its needs effectively. (Nasucha, 2014). According to Sobandi (2006) organizational performance indicators, namely: output, results, linkages between efforts and achievements, and explanatory information.

Job satisfaction is an important thing that can improve organizational performance. Job satisfaction is a collection of feelings and beliefs that people have about their work or is one of the most important job attitudes in working, which has the potential to influence various behaviors in the organization and contribute to the level of employee well-being (Jones *et al.*, 2019). Job satisfaction is defined by Colquitt *et al.* (2021) is a pleasant emotional state resulting from the assessment of one's work or work experience. In other words, job satisfaction represents the employee's feelings about the job and what they think about the job. Employees with high job satisfaction experience positive feelings when thinking about tasks or taking part in task activities. Conversely, employees with low job satisfaction experience negative feelings when thinking about tasks or taking part in task activities. Job satisfaction indicators according to Robbins & Judge (2024) are employee salaries, the work itself, promotions, supervision, and co-workers. According to Al-dalahmeh *et al.* (2018) and Chaudhry *et al.* (2017), that job satisfaction has a significant influence on organizational performance.

Human resource management practices are important things that can improve job satisfaction and organizational performance. Human resource management is a strategic approach in terms of employment and the development of quality workers to achieve company goals (Armstrong & Taylor, 2020). Human resource management practices refer to the practices of selection, training, development, appraisal, and compensation (Mohanapriya dan Sasikala, 2015). Human resource practices are the primary means by which companies can influence and shape the skills and behaviors of individuals that lead them to contribute to achieving corporate goals (Prieto &

Pérez-Santana, 2014). Human resource management practice indicators according to Lu *et al.* (2015) namely: training, employee participation, job analysis, performance evaluation, and employee development. According to Ichsan *et al.* (2018) and Sarker (2014), that human resource management practices have a significant influence on job satisfaction. According to Hossam *et al.* (2016) and Taamneh *et al.* (2018), that human resource management practices have a significant influence on organizational performance, whereas according to Setyawan & Nelson (2021) that human resource management practices do not have a significant effect on organizational performance.

In addition to human resource management practices, organizational culture is also an important thing that can lead to increased job satisfaction and organizational performance. According to Robbins & Judge (2024) said that organizational culture refers to a system of shared meaning held by members that distinguishes the organization from other organizations. According to Luthans *et al.* (2021) stated that: "Organizational culture are the norms and values that direct the behavior of members of the organization. Each member will behave according to the prevailing culture in order to be accepted by their environment". Indicators of organizational culture according to Robbins (2019) namely: innovation and risk taking, drive to innovate, attention to detail, results orientation, people orientation, team orientation, aggressiveness, and stability. According to Febrina *et al.*, (2019), Hakro *et al.* (2023), and Al-Abdullat & Dababneh (2018), that organizational culture has a significant influence on job satisfaction. According to Alrazehi *et al.* (2021), Febrina & Ratnasari (2020) and Imran *et al.* (2022), that organizational culture has a significant effect on organizational performance.

Based on the background above, this study is important to answer the following problems: (1) How does human resource management practice affect job satisfaction at Bank Rakyat Indonesia Malang City? (2) How does human resource management practice affect organizational performance at Bank Rakyat Indonesia Malang City? (3) How does organizational culture affect job satisfaction at Bank Rakyat Indonesia Malang City? (4) How does organizational culture affect organizational performance at Bank Rakyat Indonesia Malang City? (5) How does job satisfaction affect organizational performance at Bank Rakyat Indonesia Malang City? (6) How do human resource management practices and organizational culture affect

organizational performance through job satisfaction at Bank Rakyat Indonesia Malang City?

Based on the problems above, the objectives of this study are as follows: (1) To analyze the influence of human resource management practices on job satisfaction at Bank Rakyat Indonesia Malang City, (2) To analyze the influence of human resource management practices on organizational performance at Bank Rakyat Indonesia Malang City, (3) To analyze the influence of organizational culture on job satisfaction at Bank Rakyat Indonesia Malang City, (4) To analyze the influence of organizational culture on organizational performance at Bank Rakyat Indonesia Malang City, (5) To analyze the influence of job satisfaction on organizational performance at Bank Rakyat Indonesia Malang City, (6) To analyze the influence of human resource management practices and organizational culture on organizational performance through job satisfaction at Bank Rakyat Indonesia Malang City.

LITERATURE REVIEW

Organizational Performance

Organizational performance according to Keban (2019) describes the extent to which the organization has achieved results when compared to its previous performance compared to other organizations (benchmarking) and the extent to which the goals and targets that have been set have been achieved. According to Swanson (2022) organizational performance is to question whether the goals or missions of an organization are in accordance with the reality of the conditions or economic, political, and cultural factors that exist, whether its structure and policies support the desired performance, whether it has the leadership, capital and infrastructure to achieve its mission, whether its cultural policies and incentive systems support the achievement of the desired performance, and whether the organization creates and maintains selection and training policies and its resources. According to Sobandi (2006) organizational performance indicators, namely: output, results, linkages between efforts and achievements, and explanatory information.

Job Satisfaction

According to Luz *et al.* (2018) reveals that job satisfaction is an assessment of how much a company's performance in the form of salary and promotion satisfies an

employee, how comfortable an employee is in the company with co-workers and superiors, and how many tasks are given to employees that make them happy and create a sense of pleasure. Job satisfaction is a positive feeling about a job, which comes from an assessment related to its characteristics (Robbins & Judge, 2024). Job satisfaction indicators according to Robbins & Judge (2024) are employee salaries, the work itself, promotions, supervision, and coworkers.

Human Resource Management Practices

According to Noe *et al.* (2019) practice of human resource management refers to the policies, practices and systems that influence employee behavior, attitudes and performance. Indicators of human resource management practices. Amstrong (2021) argues that human resource management (HRM) practices are concerned with all aspects of how people work and are managed in organizations. Indicators of human resource management practices according to Lu *et al.* (2015) namely: training, employee participation, job analysis, performance evaluation, and employee development.

Organizational Culture

Jones *et al.* (2019), Organizational culture is a shared perception held by each member to form a shared meaning system. According to Gibson *et al.* (2021) stated that: "Organizational culture is what employees perceive and how this perception creates a pattern of beliefs, values, and expectations". Indicators of organizational culture according to Robbins (2019) namely: innovation and risk taking, drive to innovate, attention to detail, results orientation, people orientation, team orientation, aggressiveness, and stability.

Conceptual Framework

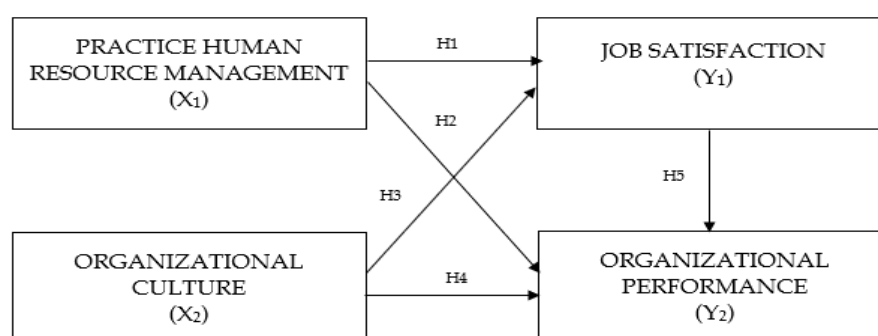


Figure 1
Conceptual Framework

Hypothesis

1. The Influence of Human Resource Management Practices on Job Satisfaction

According to Ichsan *et al.* (2018) and Sarker (2014), states that human resource management practices have a significant effect on job satisfaction. If human resource management practices are high, it will increase employee job satisfaction. Based on this, the first hypothesis (H1) can be formulated as follows:

H1: Human Resource Management Practices Influence Job Satisfaction

2. The Impact of Human Resource Management Practices on Organizational Performance

Hossam *et al.* (2016) and Taamneh *et al.* (2018), states that human resource management practices have a significant effect on organizational performance. If the company carries out high human resource management practices, there will be an increase in organizational performance. Based on this, the second hypothesis (H2) can be formulated as follows:

H2: Human Resource Management Practices Influence Organizational Performance

3. The Influence of Organizational Culture on Job Satisfaction

Febrina *et al.*, (2019), Hakro *et al.* (2023), and Al-Abdullat & Dababneh (2018), states that organizational culture has a significant effect on job satisfaction. If employees have a high organizational culture, it will cause an increase in job satisfaction. Based on this, the third hypothesis (H3) can be formulated as follows:

H3: Organizational Culture Influences Job Satisfaction

4. The Influence of Organizational Culture on Organizational Performance

According to Alrazehi *et al.* (2021), Febrina & Ratnasari (2020) and Imran *et al.* (2022), states that organizational culture has a significant effect on organizational performance. If employees have a high organizational culture, it will improve organizational performance. Based on this, the fourth hypothesis (H4) can be formulated as follows:

H4: Organizational Culture Influences Organizational Performance

5. The Influence of Job Satisfaction on Organizational Performance

Al-dalahmeh *et al.* (2018) and Chaudhry *et al.* (2017), states that job satisfaction has a significant effect on organizational performance. If employees

have a high level of job satisfaction, it will improve organizational performance. Based on this, the fifth hypothesis (H5) can be formulated as follows:

H5: Job Satisfaction Influences Organizational Performance

6. The Influence of Human Resource Management Practices and Organizational Culture on Organizational Performance through Job Satisfaction

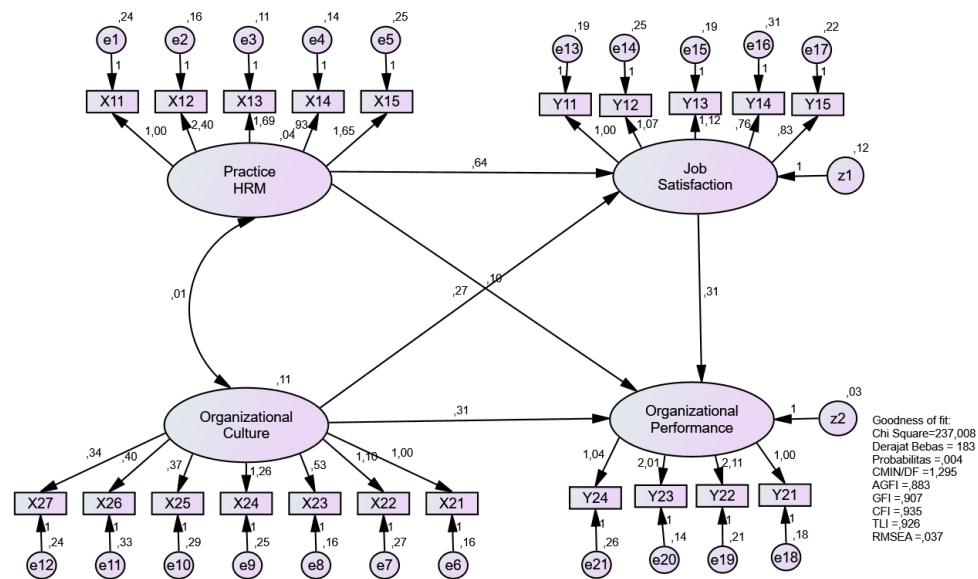
With the existence of work, it will influence human resource management practices, and an increasingly high organizational culture which will lead to increased organizational performance. Based on this, the sixth hypothesis (6) will be formulated as follows.:

H6: Human Resource Management Practices and Organizational Culture Influence Organizational Performance through Job Satisfaction

METHODS

The approach method used in this study is a quantitative approach. The population of this study took the population of all employees of Bank Rakyat Indonesia in Malang City. The sample is a part or representative of the population to be studied (Arikunto, 2019). The sample of this study was 217 employees. The sampling technique in the study used the saturated sampling method. Saturated sampling is when all members of the population are used as samples. The data collection technique used in this study is the questionnaire method, by distributing a list of questions (Questionnaire). To obtain the actual data, the questionnaire was distributed via question paper to respondents to Bank Rakyat Indonesia employees. In this study, the respondent will quote data using a questionnaire that has been distributed using a Likert scale. Data analysis in this study was carried out using Structural Equation Modeling (SEM).

RESULTS



The results of the model fit on the hypothesis model, chi square = 237,008 ($p = 0,004$), GFI = 0,907, AGFI = 0,883, CFI = 0,903, TLI = 0,926, RMSEA = 0,037, SRMR = 0,019 and NFI = 0,773. Overall, the model fit of various model fit indices explains the existence of good model fit. The path coefficient calculated in this analysis is the standardized regression weight. Standardized regression weight is the result of parameter estimation that explains the magnitude of the influence of one variable on another variable. The significance of the coefficient test results is based on the calculation of the C.R value of more than 2 or the p value is less than 0.05, then the standardized regression weight estimation results are significant.

Table 1. Results of the Direct Influence Path Coefficient Test

			Regression Weights Estimate	S.E.	C.R.	P	Standardized Regression Weights
Job Satisfaction	<---	Practice HRM	0,644	0,230	2,794	0,005	0,317
Job Satisfaction	<---	Organizational Culture	0,271	0,120	2,259	0,024	0,229
Organizational Performance	<---	Practice HRM	0,104	0,116	0,895	0,371	0,079
Organizational Performance	<---	Organizational Culture	0,314	0,082	3,817	***	0,409
Organizational Performance	<---	Job Satisfaction	0,308	0,074	4,142	***	0,476

Source: processed data (2024)

H1 states that human resource management practices have a positive and significant effect on job satisfaction. The path coefficient is 0,317 ($p=0,005$). This means

that the hypothesis stating that human resource management practices have a significant effect on job satisfaction is accepted. The results of this study support the research Ichsan *et al.* (2018) and Sarker (2014) which states that human resource management practices have a significant effect on job satisfaction.

H2 states that human resource management practices have a positive and insignificant effect on organizational performance. The path coefficient is 0,079 ($p = 0,371$). This means that the hypothesis stating that human resource management practices have a significant effect on organizational performance is rejected. The results of this study support the research Setyawan & Nelson (2021) which states that human resource management practices do not have a significant effect on organizational performance, but does not support the research Hossam *et al.* (2016) and Taamneh *et al.* (2018) which states that human resource management practices have a significant effect on organizational performance.

H3 states that organizational culture has a significant positive effect on job satisfaction. The path coefficient is 0.229 ($p = 0.024$). This means that the hypothesis stating that organizational culture has a significant effect on job satisfaction is accepted. The results of this study support the research Febrina *et al.*, (2019), Hakro *et al.* (2023), and Al-Abdullat & Dababneh (2018) which states that organizational culture has a significant effect on job satisfaction.

H4 states that organizational culture has a positive and significant effect on organizational performance. The path coefficient is 0,409 ($p = 0,000$). This means that the hypothesis stating that organizational culture has a significant effect on organizational performance is accepted. The results of this study support the research Alrazehi *et al.* (2021), Febrina & Ratnasari (2020) and Imran *et al.* (2022) which states that organizational culture has a significant effect on organizational performance.

H5 states that job satisfaction has a positive and significant effect on organizational performance. The path coefficient is 0,476 ($p = 0,000$). This means that the hypothesis stating that job satisfaction has a significant effect on organizational performance is accepted. The results of this study support the research Al-dalahmeh *et al.* (2018) and Chaudhry *et al.* (2017) which states that job satisfaction has a significant influence on organizational performance.

Table 2. Results of the Indirect Influence Path Coefficient Test

			Direct influence	Indirect influence	Total
Job Satisfaction	<---	Practice HRM	0,317	0,000	0,042
Job Satisfaction	<---	Organizational Culture	0,229	0,000	0,383
Organizational Performance	<---	Practice HRM	0,079	0,151	0,230
Organizational Performance	<---	Organizational Culture	0,409	0,109	0,518
Organizational Performance	<---	Job Satisfaction	0,476	0,000	0,476

Source: processed data (2024)

H6 states that human resource management practices and organizational culture have a positive and significant effect on organizational performance through job satisfaction. The total effect that is relatively large comes from organizational culture of 0,518, and practice HRM of 0,230 on organizational performance. The indirect effect on organizational performance comes from practice HRM of 0,151, and organizational culture of 0,109. The indirect effect of human resource management practices and organizational culture through job satisfaction on organizational performance is strong. This is because the direct effect of job satisfaction which acts as a mediator on organizational performance of 0,476 ($p = 0,000$) is tested to be significant. This means that the hypothesis stating that human resource management practices and organizational culture have a significant effect on organizational performance through job satisfaction is accepted.

CONCLUSIONS

Human resource management practices have a significant effect on job satisfaction at Bank Rakyat Indonesia. This shows that the higher the human resource management practices carried out by the company will have an effect on increasing job satisfaction.

Human resource management practices do not have a significant effect on the organizational performance of Bank Rakyat Indonesia. This shows that the human resource management practices carried out by the company do not affect the improvement of organizational performance.

Organizational culture has a significant effect on job satisfaction at Bank Rakyat Indonesia. This shows that the higher the organizational culture owned by employees, the higher the level of job satisfaction.

Organizational culture has a significant effect on the organizational performance of Bank Rakyat Indonesia. This shows that a high organizational culture will lead to an increase in organizational performance.

Job satisfaction has a significant effect on the organizational performance of Bank Rakyat Indonesia. This shows that the higher the employees who feel satisfied, the higher the organizational performance.

Human resource management practices and organizational culture have a significant effect on organizational performance through job satisfaction at Bank Rakyat Indonesia. This shows that the higher the human resource management practices, the higher the organizational culture owned by employees, the higher the level of job satisfaction with organizational performance.

For further research, it is recommended for other service industries such as insurance and pawnshops. It is also recommended to expand to other banking industries. This still needs to be done to strengthen the influence of the company's employee performance

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