Developing a Model of the Influence of Organizational Culture on Employee Performance and Job Satisfaction at PT. XYZ with PLS-SEM Method

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Abstract

In the era of industrial development, the urgency of the human resource factor is undeniable, because humans are the core elements that run the industry. In an organization, because of the process of interaction between individuals, there must be a culture that grows and becomes the basis for the behavior of the organization. The problem that occurred at PT. XYZ is that there is still a lack of optimization of the management of the company's organizational culture. Therefore, this study focuses on how to achieve optimal organizational culture management, mapped with a model of the influence of organizational culture on employee performance and job satisfaction. The method used in this research is descriptive method supported by a quantitative approach. Data collection was carried out through interviews and questionnaires on the sample population of employees working at PT. XYZ with random sampling method and Slovin formula. The data were processed and analyzed using the Partial Least Square Structural Equation Modeling (PLS-SEM) method. The results of the research show that organizational culture has a significant influence on employee performance and job satisfaction at PT. XYZ. This indicates that the implementation of organizational values, norms and cultural beliefs can motivate employees to achieve optimal performance. Implementing a good culture can also create a more comfortable work environment so that employee job satisfaction increases.

Keywords: Organizational Culture, Employee Performance, Employee Job Satisfaction, Human Resources

1. Introduction

Organizational culture is a collection of basic assumptions shared by members of an organization, which serves as a guide to behavior, and creates a unique identity for the organization (Schein, 1992). Understanding organizational culture is the key to understanding a company's internal dynamics and has significant implications for productivity, innovation and company sustainability (Cameron & Quinn, 2011). Companies that successfully maintain a positive organizational culture tend to achieve better performance levels, have more engaged employees, and are better able to adapt to changes in the dynamic business environment. Therefore, a deep understanding of organizational culture and its impact on the company is very important to help efforts to improve the quality of organizational culture and maintain competitiveness in a competitive market (O'Reilly & Chatman, 1996).

A strong organizational culture can have a significant impact on employee performance levels and employee job satisfaction. There is a theory that supports the relationship between organizational culture and employee performance, namely the *strong culture theory* which believes that employee commitment to the same set of values, beliefs and norms will provide positive results - that the strength of corporate culture is directly correlated with the level of performance in the company (Alvesson, 2002). An organizational culture that supports values such as participation, innovation, and support for

employees tends to create a positive work environment, where employees feel valued and engaged. Research shows that employees who are satisfied with their work environment are more likely to remain loyal to the company, are more productive, and contribute better to the overall success of the organization. Therefore, understanding how organizational culture influences employee job satisfaction is key to improving productivity, retention and overall organizational performance (Denison, 1990)

One of the companies that has this concern is PT. XYZ, which is centrally located at Semarang, Indonesia. This company is a distribution company that has been established since 1985. This company collaborates with various FMCG companies as distributors of their products.

As a company that has been established for a long time, PT. XYZ certainly has its own values that are developed and used as a basis for the work of its employees. Several interviews with the person in charge were conducted to understand the situation more. The first interview was conducted directly and the follow up interviews was conducted indirectly. PT XYZ only have one single person handling the Human Resource Development department, and this officer works at company level, so he oversees all the employees. Sourced from interviews, the company management wants to conduct an in-depth study of the company's organizational culture and its relationship with employee

performance and employee job satisfaction as an important factor in achieving sustainable company performance in facing business competition. Based on the employee *handbook* published by PT XYZ, information was obtained that the company already has cultural values that are respected and recognized for their existence in the company. These cultural values develop from the company's vision and mission as well as habits that are formed periodically in the company.

An initial survey has been carried out to determine the conditions occurring at PT XYZ. The result highlights the company's well-established cultural values, with over 80% of respondents expressing a positive understanding and frequent implementation in daily work activities. However, interviews and questionnaire responses indicate areas for improvement in certain aspects of cultural values. The administration and management related to organizational culture require a review. Regarding communication of organizational culture, 57% cited "training materials," 31% mentioned "internal meetings and presentations," 7% referred to "examples of leadership behavior," and 4% mentioned "written communications." Despite clear announcements, there is a lack of evaluation and incentives to reinforce cultural practices, as indicated by 60% answering "sometimes" and 29% "rarely." This gap may lead to discrepancies between the company's intentions and actual practices. Additionally, 57% noted "sometimes" regarding the consistency of communication on organizational culture, posing a risk of disconnection and cultural divisions within the company if not addressed.

To overcome this problem, the company need to re-evaluate their culture implementation strategy, develop a plan to encourage behavior that is in line with these values, and strengthen internal communications. Studies related to the impact of organizational culture in companies on the condition of their employees (performance and job satisfaction) can be carried out in order to find out the conditions that occur at PT. XYZ.

To support the analysis of the role of organizational culture at PT XYZ, two supporting variables were selected. In this research, a model will be developed to describe the relationship between organizational culture variables and employee performance and employee job satisfaction at PT. XYZ. This relationship will be studied using a correlation approach, namely the *Structural Equation Modeling* (SEM) method. The result will further examine the importance of organizational culture in the company and the consequences of current problems, so that management can use that as evaluation material, and improvements can be made.

Previous researches shows that PLS-SEM is an appropriate choice to use especially when involving limited samples in certain organizational environments. The advantage of PLS-SEM lies in its ability to handle complex models with a relatively small sample, which is appropriate for this research (only involving PT. XYZ employees). By choosing PLS-SEM, this research can more effectively explore and measure the predictive relationship between the variables.

2. **Limitations**
   a) This research does not carry out analysis based on other aspects such as finance, occupational health and safety, etc.
   b) This research uses a questionnaire developed based on perceptions and interpretations based on literature studies and the theoretical basis of each variable. The research also uses a limited number of samples with calculations provided.

3. **Research methods**

The research begins with a literature study which is carried out to increase knowledge and insight into the basic theory that will be used to solve the problem. Simultaneously with the literature study, a field study was carried out in the form of interviews and initial questionnaires. This is done in order to obtain the aim of gaining knowledge about the conditions that occur in actual conditions. Literature studies and field studies are carried out at the same time because both are needed as an initial basis for starting research.

After formulating the Problem, Goals, Benefits, Limitations, Assumptions, the data collection stage begins. The data collection method used in this research was through a questionnaire distributed to all employees of PT. XYZ. The questionnaire created aims to find the relationship between Organizational Culture and Employee Performance and Employee Job Satisfaction. The design of the questionnaire is based on indicators on predetermined variables, namely Organizational Culture Variables, Employee Performance Variables, and Employee Job Satisfaction Variables. The Organizational Culture Variable Questionnaire refers to the Organizational Culture of PT XYZ which consists of 4 dimensions, namely *Greater Good Awareness*, *Striving for Excellence, Community Awareness,* and *Human Resource Optimization.* The theoretical basis chosen for the Employee Performance variable is the theoretical basis of Shields (2007) which consists of 4 dimensions, namely *Strategic Communication*, *Relationship Building, Employee Development,* and *Employee Evaluation.* Meanwhile, the theoretical basis chosen for the employee satisfaction variable is Herzberg's (1959) satisfaction theory which consists of *Rewards,* Career, Performance, Salary, Coworkers, and Physical Workplace. The questionnaire was created using the Google Forms platform, and distributed *online*. All questions can be answered on a *Likert scale*, namely 5 (Strongly Agree), 4 (Agree), 3 (Neutral), 2 (Disagree), 1 (Strongly Disagree).

Next, the questionnaire that has been created will be distributed to all employees of PT. XYZs numbering 345 overall. At this stage of data collection, a limitation on

the number of samples was applied using the Slovin formula. By using an accuracy tolerance value of 0.05, the minimum number of samples obtained was 185 samples. Because data processing uses the SEM-PLS method, the minimum number of samples determined can also follow SEM theory. According to Gefen (2000), the minimum sample for conducting SEM-PLS analysis is the result of multiplying 10 by the highest number of indicators in the latent variables in the research. Adapting this theory, the minimum number of samples in this study was 60. This was obtained from multiplying by 10 the highest number of indicators available, namely 6 indicators in the employee satisfaction variable. The number of samples calculated using the Slovin formula (185) also meets the minimum sample criteria according to the SEM method (60). So, henceforth a minimum number of samples will be used based on the Slovin formula.

After the questionnaire results are collected, the data obtained will be processed using the *Statistical Equation Modeling (SEM) method* with the assistance of SMARTPLS *software*. Processing this data will produce an analysis of the data regarding the relationship between the variables studied. The results of processing using *software* will be translated into analytical ideas which can be used as guidelines for making improvements.

The model formulated in this research is a development of 2 previous research models. The first research was research conducted by Meng, et. al (2019) entitled *"The impact of organizational culture and leadership performance on PR professionals' job satisfaction: Testing the joint mediating effects of engagement and trust"* which aims to study the relationship between organizational culture and leadership (by also focusing on the mediating effects of job involvement and trust) on job satisfaction among professional workers in the field of *Public Relations* in the United States. This research uses organizational culture and leadership variables as independent variables, work involvement and trust as intermediate variables, and job satisfaction as the dependent variable.

Variables selected from the model of Meng, et. al. are Organizational Culture (Independent Variable) and Employee Job Satisfaction (Dependent Variable). The Leadership variable was not taken because the research focuses on the Organizational Culture variable as the only dependent variable according to the research objectives. The variables of work involvement and confidence were also not taken because they are not relevant to the purpose of this research.

The second research is research conducted by Ferine, et. al (2021) entitled *"An empirical study of leadership, organizational culture, conflict, and work ethics in determining work performance in Indonesia's education authority"*. This research aims to explore the relationship between leadership, organizational culture,

conflict, and work ethic on employee performance at the North Sumatra Education Service. This research uses the variables leadership, organizational culture, conflict, and work ethic as independent variables, and employee performance as the dependent variable.

From Ferine, et. al's model, the Organizational Culture variable was also taken as the independent variable and the Employee Performance Variable as the dependent variable. The variables leadership, conflict, and work ethic were not taken because they are not relevant to the research objectives which focus on the organizational culture variable as the only independent variable.

Containing the variables previously explained, the conceptual model adopted in this research is as follows.
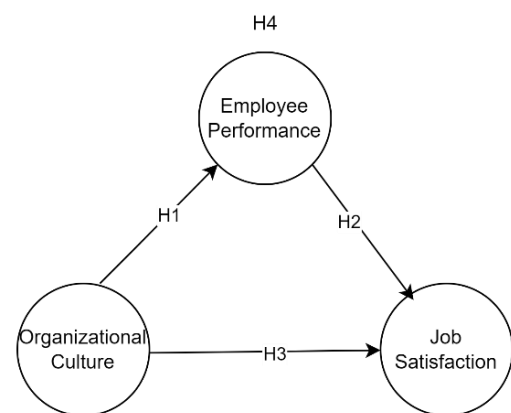
Figure 1. Conceptual Model

The organizational culture variable acts as an independent variable, the employee performance variable acts as a dependent and intermediate variable, and the employee job satisfaction variable acts as a dependent variable. The hypothesis raised is as follows:

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

b. H2: Employee performance has a positive and significant effect on employee job satisfaction.

c. H3: Organizational culture has a positive and significant effect on employee job satisfaction.

d. H4: Organizational culture through employee performance has a positive and significant effect on employee job satisfaction.

4.   Results and Discussion
4.1 *Pre-test* Validity & Reliability of the Questionnaire

The questionnaire was created using the *Google Form platform* and distributed online through a respondent group consisting of PT. XYZ employees. Before the questionnaire was distributed, 11 initial respondents were taken to test the initial validity and reliability of the questionnaire. These respondents were chosen randomly to ensure a diverse representation of perspectives within the organization. The random selection is meant to include individuals from various departments, roles, and levels within PT XYZ, ensuring that the questionnaire's

effectiveness could be assessed across different segments of the workforce. This pre-test aims to test the clarity of the words in the indicators on the questionnaire. If a low validity & reliability value is obtained, it means that there are words/points in the questionnaire that are unclear and must be corrected. To carry out a pre-test for validity & reliability, tools in the form of SPSS software were used.

The condition for data to be said to be valid in the Validity Test according to Hastono (2007) is when the results 'r' obtained are greater in value than the table 'r'. What is meant by result 'r' is the r value that comes out of the calculation results using software, while table 'r' is the r value obtained by referring to the table 'r' used in the instrument test. With n (the initial number of samples) equal to 11, the search for the table 'r' value is as follows:
Df = n – 2
Df = 11 – 2 = 9

With Df = 9 and significance of 5%, based on the 'table of r' according to Hastono (2007), the table 'r' value is **0.602.**

Following are the results of *the pre-test* validity for each variable.

Table 1. *Pre-test* results of the validity of organizational culture variables

Organization Culture (X)				
Attribute	Symbol	Results 'r'	Table'r'	Status
Greater Good Awareness	X1	0,868	0,602	Valid
	X2	0,715	0,602	Valid
	X3	0,612	0,602	Valid
Striving for Excellence	X4	1,929	0,602	Valid
	X5	0,887	0,602	Valid
	X6	0,612	0,602	Valid
Community Awareness	X7	0,918	0,602	Valid
	X8	0,901	0,602	Valid
	X9	0,887	0,602	Valid
Human Resource Optimalization	X10	0,918	0,602	Valid
	X11	0,901	0,602	Valid
	X12	0,709	0,602	Valid

Table 2 . *Pre-test* results of the validity of employee performance variables

Employee Performance (Y1)				
Attribute	Symbol	Results 'r'	Table'r'	Status
Strategic Communication	Y1_1	0,783	0,602	Valid
	Y1_2	0.635	0,602	Valid
	Y1_3	0,812	0,602	Valid
Relationship Building	Y1_4	0,613	0,602	Valid
	Y1_5	0,800	0,602	Valid
	Y1_6	0,655	0,602	Valid
Employee Development	Y1_7	0.645	0,602	Valid
	Y1_8	0,721	0,602	Valid
	Y1_9	0.831	0,602	Valid
Employee Evaluation	Y1_10	0.785	0,602	Valid
	Y1_11	0,681	0,602	Valid
	Y1_12	0,831	0,602	Valid

Table 3. *Pre-test* results of the validity of the job satisfaction variable

Job Satisfaction (Y2)				
Attribute	Symbol	Results 'r'	Table'r'	Status
Rewards	Y2_1	0.704	0,602	Valid
	Y2_2	0,742	0,602	Valid
	Y2_3	0,845	0,602	Valid
Career	Y2_4	0,822	0,602	Valid
	Y2_5	0.827	0,602	Valid
	Y2_6	0.606	0,602	Valid
Performance	Y2_7	0,860	0,602	Valid
	Y2_8	0,606	0,602	Valid
	Y2_9	0,742	0,602	Valid
Salary	Y2_10	0,716	0,602	Valid
	Y2_11	0,695	0,602	Valid
	Y2_12	0,672	0,602	Valid
Work Colleagues	Y2_13	0,749	0,602	Valid
	Y2_14	0.822	0,602	Valid
	Y2_15	0,827	0,602	Valid
Physical Workplace	Y2_16	0,774	0,602	Valid
	Y2_17	0,860	0,602	Valid
	Y2_18	0,852	0,602	Valid

Meanwhile, for the Reliability pre-test, you will see the Cronbach Alpha value of each variable. Variables that have a Cronbach Alpha significance value > 0.60 are said to be reliable, whereas if a variable has a Cronbach Alpha significance value < 0.60 they are said to be unreliable. (Ghozali, 2016).

Following are the results of *the pre-test* validity for each variable.

Table 4. *Pre-test* results of the validity of organizational culture variables

Reliability Statistics	
Cronbach's Alpha	N of items
0,952	12

Table 5. *Pre-test* results of the validity of employee performance variables

Reliability Statistics	
Cronbach's Alpha	N of items
0,915	12

Table 4. *Pre-test* results of the validity of the Employee Job Satisfaction Variable

Reliability Statistics	
Cronbach's Alpha	N of items
0,954	18

Based on the results above, the three variables are declared valid.

4.2 Respondent Characteristics

The total data obtained was 310 data. The following is a summary of the characteristics of the respondents that have been obtained which describes the profile, category, frequency and percentage.

Table 6 . Respondent Characteristics

Profile	Category	Frequency	Percentage
Gender	Male	279	90%
	Female	31	10%
Working Period	< 3 years	142	46%
	3-5 years	75	24%
	> 5 years	96	31%
Salary	< IDR 2 mio.	25	8%
	IDR 2 - 5 mio.	279	90%
	> IDR 5 mio.	7	2%
Position	*Top Management*	8	2,58%
	Middle Management	4	1%
	Lower-level Management	118	38,06%

4.3 Measurement Model Analysis (*Outer Model)*

Measurement Model Analysis aims to measure the validity and reliability of the indicators in the proposed SEM model. *Outer model* analysis consists of convergent validity, discriminant validity and reliability tests.

A.   Convergent Validity

The first convergent validity assessment criterion is the *Loading Factor value*. This will be obtained from the estimated *outer loading* contained in *the software. The* valid *Loading Factor* value limit is above 0.6 (Rahmad, et.al. 2019). Meanwhile, the *running results* for the indicators are shown in Figure 2.

It can be seen from the picture, the results of the *Loading Factor* value for all indicators starting from the variables Organizational Culture (X1 to (valid) with a value > 0.6.

The next criterion for assessing convergent validity is the *Average Variance Extracted (AVE) value.* A valid AVE value is more than equal to 0.5 (Rahmad, et.al. 2019). The *running* results showing the AVE value for each factor are as follows.

Table 7. Results of *Running Average Variance Extracted*

Variable	Average Variance Extracted (AVE)
Organizational Culture	0,581
Employee Performance	0,667
Job Satisfaction	0,594

As can be seen in the table above, the results of the AVE value for each variable have met the requirements ($\geq$0.5), so it can be concluded that each variable has a valid AVE value.

B.   Discriminant Validity

According to Ghozali (2016), the Discriminant Validity test is carried out to look for conceptual differences from one latent variable to another latent variable. In SMARTPLS *software*, Discriminant Validity can be demonstrated through *cross loadings values.* To be said to be valid, the *cross loadings value* of an indicator of a construct must be higher than indicators of other constructs (Sekaran & Bougie, 2016). The following are the results *of running the cross loadings* value test on the indicators in each construct

Table 8. Results of *Running Cross Loadings* for Organizational Culture Variable Indicators

Attribute	Symbol	Organizational Culture	Job Satisfaction	Employee Performance
Greater Good Awareness	X1	**0,761**	0,564	0,608
	X2	**0,73**	0,513	0,612
	X3	**0,686**	0,494	0,51
Striving for Excellence	X4	**0,655**	0,453	0,521
	X5	**0,694**	0,435	0,521
	X6	**0,782**	0,607	0,664
Community Awareness	X7	**0,804**	0,626	0,669
	X8	**0,821**	0,607	0,71
	X9	**0,827**	0,628	0,703
Human Resource Optimalization	X10	**0,784**	0,633	0,733
	X11	**0,798**	0,586	0,695
	X12	**0,781**	0,615	0,692

Table 9. Results of *Running Cross Loadings* for Employee Performance Variable Indicators

Attribute	Symbol	Organizational Culture	Job Satisfaction	Employee Performance
Strategic Communication	Y1.1	0,700	0,660	**0,758**
	Y1.2	0,677	0,650	**0,799**
	Y1.3	0,729	0,728	**0,820**
Relationship Building	Y1.4	0,757	0,757	**0,877**
	Y1.5	0,611	0,620	**0,783**
	Y1.6	0,672	0,727	**0,839**
Employee Development	Y1.7	0,674	0,673	**0,814**
	Y1.8	0,681	0,666	**0,841**
	Y1.9	0,572	0,602	**0,763**
Employee Evaluation	Y1.10	0,729	0,661	**0,828**
	Y1.11	0,720	0,738	**0,831**
	Y1.12	0,708	0,726	**0,838**

Table 10. Results of *Running Cross Loadings* for Employee Job Satisfaction Variable Indicators

Attribute	Symbol	Organizational Culture	Job Satisfaction	Employee Performance
Rewards	Y2.1	0,65	**0,745**	0,734
	Y2.2	0,616	**0,736**	0,707
	Y2.3	0,691	**0,801**	0,76
Career	Y2.4	0,548	**0,697**	0,643
	Y2.5	0,644	**0,758**	0,708
	Y2.6	0,586	**0,723**	0,71
Performance	Y2.7	0,566	**0,717**	0,65
	Y2.8	0,473	**0,77**	0,575
	Y2.9	0,593	**0,84**	0,645
Salary	Y2.10	0,53	**0,787**	0,562
	Y2.11	0,597	**0,803**	0,59
	Y2.12	0,563	**0,768**	0,566
Work Colleagues	Y2.13	0,494	**0,739**	0,566
	Y2.14	0,543	**0,804**	0,628
	Y2.15	0,553	**0,784**	0,647
Physical Workplace	Y2.16	0,54	**0,829**	0,644
	Y2.17	0,546	**0,787**	0,617
	Y2.18	0,52	**0,768**	0,581

From the table above, it can be seen that the indicators representing the Organizational Culture construct/variable are X1 to the results of *cross loadings* on all indicators for each variable have met the requirements (the indicator value for a variable must be higher than other variables). For example, the Y2.1 indicator, which is an indicator of the Job Satisfaction variable, has a *cross loadings value* of 0.745 and meets the requirements because its value is greater than the Organizational Culture indicator (0.65) and the Employee Performance indicator (0.734).

C.   Reliability Test

Reliability testing is carried out to test whether a questionnaire is reliable or not (Ghozali, 2016). In the SEM method, reliability testing is carried out by testing the *Cronbach alpha* value and *composite reliability* value, and to meet the reliability requirements, the results of these two values must be above 0.7 (Arfanindita, 2022). The following are the results of the *Cronbach alpha* and *composite reliability* values for each variable.

Table 11. Running results of CA and CR variable values

Variable	Cronbach's Alpha	Composite Reability
Organizational Culture	0.934	0.943
Job Satisfaction	0.960	0,963
Employee Performance	0.954	0,960

It can be seen from the table listed that the *Cronbach's alpha* value for each variable ranges from 0.934 to 0.960, which means that each variable meets the requirements. The *composite reliability* test results also ranged from 0.943 to 0.963, which means the three variables were categorized as reliable.

4.4 Structural Model Analysis (*Inner Model*)

Inner Model analysis was carried out to measure the magnitude of the influence between latent variables in the model using a *bootstrapping procedure.* There are 4 evaluation points in this *inner model analysis*, namely the Determination Coefficient (*R-Square)* and Significance Value (*Path Coefficient*), *Stone Geisser Value* (*Q Square*), and *F Square Value* (Hair et.al, 2021).

1) Significance Value (*Path Coefficient)*

The significance value (*Path Coefficient)* ranges from 0 to 1 and can have a positive influence characterized by a positive value (+) or a negative influence characterized by a negative value (-) (Arfanindita, 2022). The following are the results *of running* the Significance Value of the variable relationships.

Table 12. Significance Value of Relationship between Variables

Variables' Correlation	Path Coefficients
Organizational Culture -> Job Satisfaction	0.132
Organizational Culture-> Employee Performance	0.843
Employee Performance -> Job Satisfaction	0.729

It can be seen in the results table above that the Organizational Culture Variable has a positive effect on the Employee Job Satisfaction Variable (value 0.132, positive), the Organizational Culture Variable has a positive effect on the Employee Performance Variable (value 0.843, positive) and the Employee Performance Variable has a positive effect on the Job Satisfaction Variable Employees (value 0.729, positive).

2) Coefficient of Determination (*R-Square)*

Testing the Coefficient of Determination value will show the strength of the endogenous variable (Y) in explaining the exogenous variable (X) in a study (Arfanindita, 2022). In this research, Variable X is Organizational Culture, while Variable Y1 is Employee Performance and Variable Y2 is Employee Job Satisfaction. The *running* results of the Coefficient of Determination value are as follows.

Table 13. Results of Running R Square Variables

Variable	*R Square*
Job Satisfaction	0.711
Employee Performance	0.710

Categories of Determination Coefficient values according to Hair, et. al (2021) there are 3 levels, namely *range* 0.75 (*high*), *range* 0.5 (*moderate*), and *range* 0.25 (*low*). The results for the Employee Job Satisfaction variable are 0.711 and the results for the Employee Performance variable are 0.710. This means that both values are in *the high range*. This also means that 7.11% of the Employee Job Satisfaction variable and 7.10% of the Employee Performance variable can be explained by the Organizational Culture Variable.

3) *F Square*

Testing the *F Square value* will measure the effect on an endogenous variable (Y) when an exogenous variable (X) is removed (Arfanindita, 2022). According to Hair, et.al (2021) there are 3 *range categories* for the *F Square value,* namely *the range* 0.02 (*small*), *the range* 0.15 (*medium*), and *the range* 0.35 (*large*). Following are the results *of running the F Square* value for each variable relationship.

Table 14. Results of Running F Square

Variables' Correlation	*F Square*
Organizational Culture -> Job Satisfaction	0.017
Organizational Culture -> Employee Performance	2.449
Employee Performance -> Job Satisfaction	0.532

F Square value for the Organizational Culture Variable on Employee Job Satisfaction Variables is 0.017 which is in *the medium range*. This means that if the Organizational Culture Variable is removed, it will have a moderate effect on the Employee Job Satisfaction Variable. The results of the Organizational Culture Variable on the Employee Performance Variable are 2.449 which is in *the high range*. This means that if the Organizational Culture Variable is

removed, it will have a strong influence on the Employee Performance Variable. Furthermore, the results of the Employee Performance Variable on the Employee Job Satisfaction Variable are 0.532 which is in *the high range*. This means that if the Employee Performance Variable is removed it will have a strong effect on Employee Job Satisfaction.

4) *Predictive Relevance (Q Square)*

Predictive Relevance (Q Square) value will show how well the model can observe and estimate its parameters. The *Q Square* value is obtained using the *blindfolding procedure* in SMARTPLS *software*. When the *Q Square value* is more than 0 the model can be said to be quite good, but if the value is less than 0 the model is said to lack relevant predictive ability (Arfanindita, 2022). The following are the results *of running the Predictive Relevance* value test from the model in the research.

Table 15. *Predictive Relevance* Test Results

Variabel	Q²
Employee Performance (Y1)	0,464
Job Satisfaction (Y2)	0,405

Respectively, the *Predictive Relevance* test results for the Employee Performance and Employee Job Satisfaction variables are 0.464 and 0.405, which means both values meet the requirements (>0). This means that the model can make relevant predictions or has good *predictive relevance capabilities.*

4.5 Hypothesis Test

In SMARTPLS *software*, hypothesis testing is carried out using a *bootstrapping procedure.* Hypothesis testing elements use *original sample values* and *P Values.* When the *original sample value* is positive, it can be interpreted as a positive relationship between variables, and vice versa. When the *P value* is below 0.1, the relationship between variables is significant, but if the value is above 0.1, it means the relationship between variables is not significant (Arfanindita, 2022). The following are the results of

hypothesis testing for the relationship between variables in the research model. The following are the results of hypothesis testing for 3 direct relationships between variables.

Table 16. Results of Direct Relationship Hypothesis Testing

Variables' Correlation	*Path Coefficients*	*P Values*
Organizational Culture -> Job Satisfaction	0.132	0.067
Organizational Culture -> Employee Performance	0.843	0.000
Employee Performance -> Job Satisfaction	0.729	0.000

From the results table above, it can be concluded that Organizational Culture has a positive and significant effect on Employee Job Satisfaction, Organizational Culture has a positive and significant effect on Employee Performance, and Employee Performance has a positive and significant effect on Employee Job Satisfaction.

Because the research model is a model that has *intervening/mediating variables* and there is a hypothesis which is an indirect relationship between variables*,* an *indirect effect* test was carried out to test the hypothesis which is an indirect relationship (Hamid, 2019). The following are the results of the *indirect effect* test.

Table 17. Results of Indirect Relationship Hypothesis Testing

Variables' Correlation	*Path Coefficients*	*P Values*
Organizational Culture -> Employee Performance -> Job Satisfaction	0.614	0.000

From the table above it can be concluded that Organizational Culture through Employee Performance has a positive and significant effect on Employee Job Satisfaction.
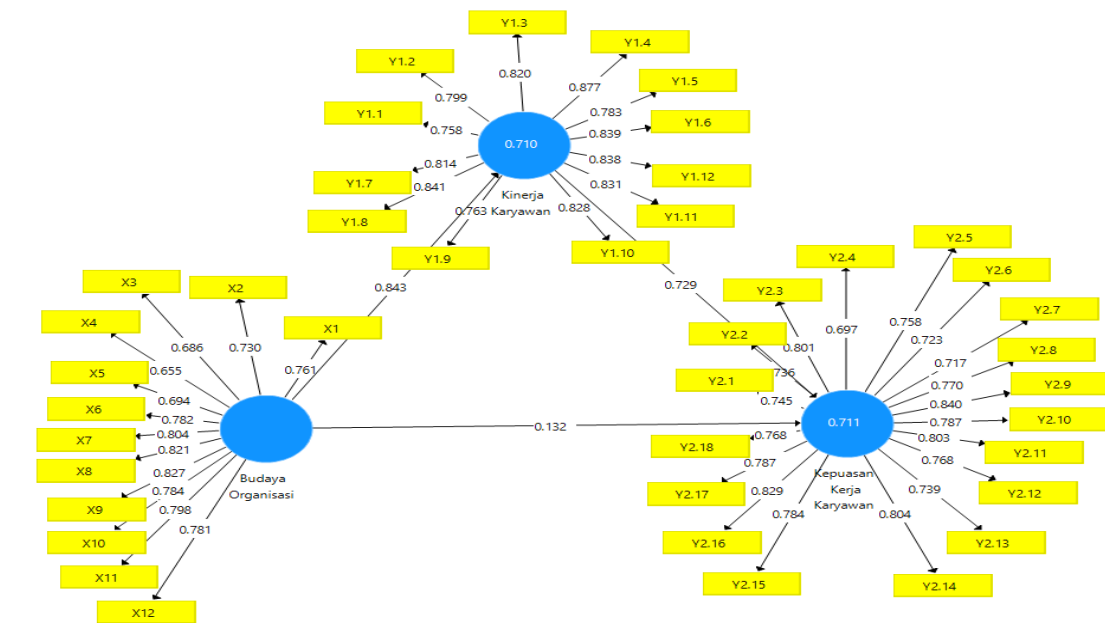
Figure 2. Results of *Outer Loading* of SEM Model Indicators

5. Conclusion

The model used in this research has fulfilled and passed tests for convergent validity, discriminant validity and rehabilitation in accordance with the SEM method. This research reveals that organizational culture has a significant influence on employee performance and job satisfaction at PT. XYZ. By using the Partial Least Square Structural Equation Modeling (PLS-SEM) Method, this research proves that a strong organizational culture can improve employee performance, which in turn increases the level of job satisfaction. These results provide a deeper understanding of the importance of establishing a positive and supportive organizational culture, as a strategy to increase productivity and job satisfaction in the company's work environment.

This research is still limited in the use of variables and employee analysis is still done as a single unit. Further research can explore other variables that are potentially relevant to the implementation of organizational culture in the company as well as employee analysis based on other factors such as position level, office branch, etc.

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