

*Research Paper***How does Organizational Culture Affect Performance? Employee Satisfaction as a Mediator***Submitted on 18<sup>th</sup> March 2024**Accepted on 26<sup>th</sup> September 2024**Evaluated by a double-blind review system***DOROTHEA WAHYU ARIANI<sup>1\*</sup>****ABSTRACT**

**Purpose:** Organizational culture (OC) does not automatically improve employee performance (EP). One of the mediators is employee satisfaction. This study examined the influence of OC on EP mediated by training satisfaction (TS) and pay satisfaction (PS).

**Methodology:** This study used a survey method with a questionnaire involving 475 SME's employees in Yogyakarta, Indonesia. After data from the filling out the questionnaire being declared valid and reliable, testing the normality, heteroscedasticity, and multicollinearity tests were carried out as a condition for multiple linear regression tests for examining the effect of OC, TS, and PS on EP. Then, the mediation model was tested using SEM with AMOS.

**Results:** This study reinforces the results of previous research that the effect of OC on EP is mediated by TS and PS. This study proves that companies, especially SMEs, must pay attention to TS and PS for employees. OC does not directly improve performance, but OC can build employee satisfaction which has an impact on their performance.

**Research limitations:** The use of self-assessment for all tested variables causes common method variance, and cross-section data makes it difficult to test the mediation model.

**Practical implications:** OC, TS, and PS must be managed because it can encourage employees to achieve better performance. OC and JS are multidimensional variables that have a positive effect on EP.

**Originality:** This framework demonstrates the importance of organizational culture for improving performance through job satisfaction.

**Keywords:** *Organizational Culture, Pay Satisfaction, Performance, SMEs, Training Satisfaction*

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## 1. Introduction

The success of SMEs is a sign of a growing economy (Ndubisi et al., 2021), because SMEs are able to underlie the success of various types of businesses to obtain various resources (Qalati et al., 2022). Performance (EP) is an indicator of organizational success and shows its ability to develop. EP always seems to be an interesting construct to study its antecedents. EP can be influenced by variables from employees (dispositional factors) and from the environment (situational factors). To achieve optimal performance, maximum human resource management (HRM) practices are also needed. HRM practices and organizational culture (OC) are two factors originating from the organization that can affect EP (Aljayi et al., 2016). Researchers proof that OC increases EP and company performance (e.g., Hardcopf et al., 2021; O'Reilly et al., 2014).

OC can provide benefits to EP through coordination and control throughout the organization (Zhao et al., 2018). OC is able to create synchronization within the organization which leads to increased performance. OC influences the creation of organizational values and norms (Graham et al., 2022). OC that is attached to employees can affect employee satisfaction with the organization (Dirisu et al., 2018). OC is able to make members of the organization trust so that they satisfy at work (Meng and Berger, 2019). OC directs employees and relates to corporate strategy (Guiso et al., 2015). In other words, OC directs HRM practices. However, whether the effects of OC on EP is direct or are there other mediating variables still require a lot of research to prove it.

SME employers in Indonesia are generally reluctant to invest in employee training. The limited number of employees with a large workload means that SME employees do not have free time to participate in employee training and development. The absence of investment opportunities in training and development can decrease motivation, performance, and commitment (Jaworski et al., 2018). Apart from playing a role in motivating employees, compensation also shows respect for employees and is a consequence of EP assessments that can encourage employee attitudes and behavior (Samnani and Singh, 2019). Employee satisfaction has been shown to have an effect on increasing their performance with a position as a mediating variable (e.g., Dirisu et al., 2018; Eliyana et al., 2019; Silla et al., 2017).

The results of the study by Hosseinkhanzadeh et al. (2013) found that OC was related to JS in teachers in Tehran city. This is also supported by Mesfin et al. (2020) who used

health workers in the southwest of Ethiopia. Belias et al. (2015) found that OC had an effect on JS in employees of Greek banking institutions, while Pawirosumarto et al. (2017) who used hotel employees in Indonesia also found the same thing. However, the study by Soomro and Shah (2019) who used SMEs employees in Pakistan as respondents actually found that JS had an effect on the formation of OC. Meanwhile, the effect of JS on EP is consistent. Previous researchers have found that JS can significantly increase EP (Goetz and Wald, 2022; Na-Nan et al., 2020; Soomro and Shah 2019).

According to Khan et al. (2020), there are various relationships between OC and EP. Does OC affect EP directly? Or are there other variables that mediate the effect? Several researchers found a positive effect of OC on EP (e.g., Aboramadan et al., 2020; Mohamed & Abukar, 2013; Yildirim and Birinci, 2013; Zhang and Li, 2016), however other researchers found that OC is not correlated with EP (e.g., Meng and Berger, 2019; Naveed et al., 2022). Some researchers found the effect to be direct (Aboramadan et al., 2020; Jogaratnam, 2017; Zhao et al., 2018), but other researchers found a mediating variable such as employee engagement (Dirisu et al., 2018; Silla et al., 2017). Variations in research results regarding the effect of OC on EP either directly or mediated by various other variables encourage the same research. Employee satisfaction which is generally positioned as a mediating variable also needs to be tested. Employees are satisfied when there is compatibility with OC (Mesfin et al., 2020), and can perform well (Dorta-Afonso et al., 2023). Researchers agree that JS mediates the effect of OC on EP (Abawa and Obse, 2024; Dirisu et al., 2018; Gul et al., 2018; Pawirosumarto et al., 2018; Soomro and Shah, 2019). Therefore, this study examined the effect of TS and PS as a variable mediating the relationship between OC and EP. Research on MSMEs needs to be conducted because this sector plays an important role in the economic progress of a country.

## **2. Literature Review**

It is difficult to describe the OC concept concretely, so it requires the perception of each individual to understand it (Mesfin et al., 2020). OC is a set of shared values that underlie the thinking and working methods of all members of the organization that distinguish the organization from other organizations (Robbins and Judge, 2022). OC includes values, beliefs, and basic assumptions that are disseminated and communicated to all members of the organization (Schein, 2010). OC is a value that is shared within the organization and differentiates it from other organizations (Pasla et al., 2022). OC is generally created

by the founders of the organization which then grows and develops along with the growth and development of the organization or company (Bagga et al., 2022). OC is a set of values and norms recognized by all members of the organization (Guiso et al., 2015). OC is an adhesive for employees and organizational systems to produce behavior (Khan et al., 2020). This OC can influence the system, way of thinking, and behavior of all members of the organization (Lam et al., 2021). OC influences organizational coordination and control, increases alignment between organizational goals and employee goals and can motivate employees (Sorensen, 2002).

OC is the main resource for organizations to achieve competitive advantage and encourage organizational progress and performance (Nazarian et al., 2017). OC has a role in directing employees and relates to company strategy (Guiso et al., 2015). OC is related to employee training and EP (Ibrahim et al., 2017). In other words, OC influences various positive and negative consequences and influences employee behavior as a member of the organization, and influences HRM practices. OC includes both external adaptation and internal integration (Schein, 2010). This shows that OC's role is to adapt to the environment outside the organization while concentrating on internal factors such as employee satisfaction (Nazarian et al., 2017). HRM practices are also influenced by the values espoused within the organization (Stone et al., 2007).

OC can motivate employees and encourage them to achieve organizational goals. OC influences HRM practices and organizational success (Lee et al., 2016). HRM practices cover the entire process starting from employee recruitment, intensive training and active participation of employees in the company's operational activities and can improve EP through the preparation of compensation based on that performance. Previous studies agree that HRM practices can motivate employees (Jackson et al., 2014; Jiang et al., 2013) and improve EP (Chuang et al., 2013). Researchers also state that HRM practices can increase corporate sustainability (Ehnert et al., 2020; Taylor et al. 2012) and organizational performance (Guerci and Carollo, 2016). Performing human resources will be able to increase the effectiveness and success of the company.

The HRM practice starts from recruitment and selection, job placement, training and development, performance appraisal, promotion, to preparing for employee retirement. HRM practices also include attitudes and behavior towards recruitment, selection, and awarding practices (Ehnert et al., 2020) and on HRM policies, structures, and procedures (Hoffman and Shipper, 2018). Because OC influences organizational strategy and

structure, OC also affects HRM practices within the organization. Employee training and development is the most important HRM function and is a company HRM policy that must be carried out (Li et al., 2016). Training is considered to be the most important investment to get qualified employees. Training and development is a process of increasing and changing skills, knowledge, expertise, and attitudes in order to improve employee competence (Cech et al., 2016). Companies generally spend a lot of money on training new employees. If employees resign, there will be a decrease in the efficiency, effectiveness and performance of the company (Belete, 2018). Employee training and development is useful for increasing the knowledge, experience, expertise, and skills of employees, so that employees feel appreciated by the organization (Selden and Sova, 2015).

HRM practice is a variable in a very complex organization because it can increase a company's competitive advantage (Sanchez et al., 2015). HRM is a mechanism for developing and adapting human resources in a structured manner (Jackson et al., 2014). Among various HRM practices, training and compensation are the two most important HRM practices because they affect employee attitudes and behavior (Jahya et al., 2020). The suitability of training methods and materials with the needs of employees at work and the suitability of compensation with the needs of motivating employees can improve the EP. Employees who are satisfied with the training provided to them and satisfied with their wages will be motivated to work well. This satisfaction is inseparable from OC. Employees will be satisfied if the OC adopted by all members of the organization is in accordance with them (Belias et al., 2015).

This study uses resource-based value theory (RBVT) as a framework which states that performance is explained by important internal and external resources (Rehman et al., 2019). RBVT emphasizes the company's internal characteristics, namely human resources, which are resources that are scarce and difficult to imitate or replace (Sheehan, 2014). Frederick Herzberg's two-factor theory states that individuals are motivated by motivators and hygiene factors, such as providing compensation to improve employee performance (Herzberg et al., 1959). Social capital theory also underlies the way of thinking that companies will not invest in activities with low returns (Sobaih, 2011). Because investment in training and development is less beneficial in the short term, companies often ignore this (Jaworski et al., 2018). In addition, equity theory and expectancy theory also underlie the provision of compensation to employees (Samnani

and Singh, 2019). Fairness in giving compensation can provide satisfaction for employees, likewise if compensation can meet the needs and expectations of employees then employees can feel satisfied.

In addition to improving employee skills, expertise, and attitudes, employee training and development can keep employees in the company (Cheng and Waldenberger, 2013; Malek et al., 2018). Training can also increase the compensation they receive (Ismail, 2016). Providing low salaries and benefits will encourage employees to leave the company (Shukla and Sinha, 2013). Meanwhile, providing good compensation can improve EP and can retain employees to remain in the organization (Chew et al., 2016; Haider et al., 2015). Compensation aims to reward employees. Training and providing appropriate salary or rewards can motivate employees to improve their EP (Samnani and Singh, 2014). Employees who are satisfied with the training and rewards received will be motivated to perform. Job satisfaction has various dimensions that still require careful testing in all its dimensions. This study emphasizes employee satisfaction on the rewards received and the training provided by the company to employees. Satisfaction with rewards is a sensitive variable for employees, while satisfaction with training provided by the company still requires study.

OC which is a company's competitive advantage is able to direct HRM practices that can increase employee satisfaction. Employee satisfaction has been shown to have a positive effect on performance (e.g., Aung et al., 2023; Goetz and Wald, 2022). Meanwhile, OC has proven its effect on EP (e.g., Hardcopf et al., 2021; Khan et al., 2020; Nazarian et al., 2017), but it still varies, whether it influences directly or is mediated by other variables. Some researchers have demonstrated a direct effect (e.g., Aboramadan et al., 2020; Naranjo-Valencia et al., 2016; Zhao et al., 2018), but others have demonstrated various variables mediating the effect of OC on EP (e.g., Dirisu et al., 2018; Jeong et al., 2019; Jogaratnam, 2017; Silla et al., 2017). Meanwhile, OC is a factor underlying attitudes, including employee satisfaction (Hosseinkhanzadeh et al., 2013; Meng and Berger, 2019; Mesfin et al., 2020). Supportive OC can create satisfaction (Azanza et al., 2013). However, because OC has more impact on performance in the long run, the hypothesis proposed in this study is that the effect of OC on EP is mediated by JS, which in this case are TS and PS.

### **3. Methodological Approach and Related Outcomes**

#### **3.2. *Research Context***

This study uses a positivist approach by testing the hypothesis. Qualitative research was conducted using research data collected using a questionnaire distributed to SME employees in Indonesia, especially in Yogyakarta. Quantitative data is needed to test the relationship model, so that the respondent's answers must be given a number (Likert scale starting from 1 = strongly disagree to 5 = strongly agree). The completed and collected questionnaires were used for testing the validity and reliability of the questionnaire, testing the classical assumption of data as a requirement for testing multiple linear regression, and testing the moderation of the model using structural equation modeling (SEM) with AMOS. Testing the relationship model is expected to provide recommendations on what things should be improved in the sustainability and development of SMEs in Indonesia.

#### **3.3. *Measurement and Research Instrument***

All variables tested in this study were measured using a self-assessment with a questionnaire that was evaluated with a five-point Likert scale. The questionnaire used in this study was adapted from a questionnaire that had been used by previous researchers. The OC questionnaire was adapted by taking 12 question items from Suvaci (2018), for example, organizations support employees to innovate. Of the 12 question items, 11 items were valid (loading factor 0.556 to 0.850, KMO = 0.768) and reliable ( $\alpha = 0.881$ ), the rest were discarded. The TS questionnaire was adapted using 8 question items Landa et al. (2018), for example, training enables me to provide quality service and satisfy customers. Of the 8 question items, 7 items were valid (loading factor 0.540 to 0.813, KMO = 0.718) and reliable ( $\alpha = 0.811$ ), and the rest were discarded. The PS was adapted from the 10 question items developed by Williams et al. (2008), for example, companies provide awards and recognition for employee performance. Of the 10 question items, 9 items were valid (loading factor 0.558 to 0.865, KMO = 0.782) and reliable ( $\alpha = 0.847$ ), and the rest were discarded. Meanwhile, the EP questionnaire was adapted by taking 12 question items from Ramos-Villagrasa et al. (2019), for example, I am able to determine priorities. The 12 question items were valid (loading factor 0.507 to 0.820, KMO = 0.790) and reliable ( $\alpha = 0.912$ ).



### **3.4. Data Collection and Sample**

This research was conducted using a survey method with questionnaires distributed to employees who work at SME in Yogyakarta, Indonesia. Data collection was carried out for 2 months from January to March 2024. Based on data from the Yogyakarta Cooperative and UMKM Office, there are more than 20,000 employees working in UMKM in the city. Of the 600 questionnaires distributed, 475 completed questionnaires were successfully collected (response rate 79.17%). Determining the number of samples used multivariate criteria, namely five times the number of question items (Hair et al., 2010). This study used 42 question items. Therefore, the minimum number of samples in this study was 210. Thus, the 475 samples were believed to have fulfilled the minimum sample size requirements. Validity testing used factor analysis with varimax criteria and a loading factor of more than 0.50 or with practically significant criteria and the Kaiser-Meyer Olkin (KMO) value is more than 0.5 (Hair et al., 2010). Reliability testing was carried out using Cronbach's alpha with a value of more than 0.80 or what was called very good reliability (Zikmund et al., 2010). These valid and reliable question items were used to test the relationship model using two-step approach of SEM with AMOS (Byrne, 2010).

## **4. Results and Discussion**

The initial test after the instrument test is the relationship between variables, using correlation. The results of the correlation analysis between variables are presented in Table 1. The correlation test shows that all variables tested in this study have a significantly positive correlation. OC, TS, PS, and EP were significantly positively related. However, the relationship between variables is not very strong ( $r < 0.50$ ), except for the correlation between OC and PS which is quite strong ( $r = 0.568$ ). The correlation value does not exceed 0.80 so there is no indication of multicollinearity among the independent variables (Gujarati, 2003). The composite reliability value of the four variables is also high (greater than 0.90) which confirms that the four variables have very good reliability (Zikmund et al., 2010). The mean of the four variables is high (greater than 3.67). This shows that OC is perceived by employees well and supports them, and they also perceive their performance as very good. Employees are also satisfied with the training and rewards from the SMEs where they work.



**Table I: Descriptive Analysis and Correlation**

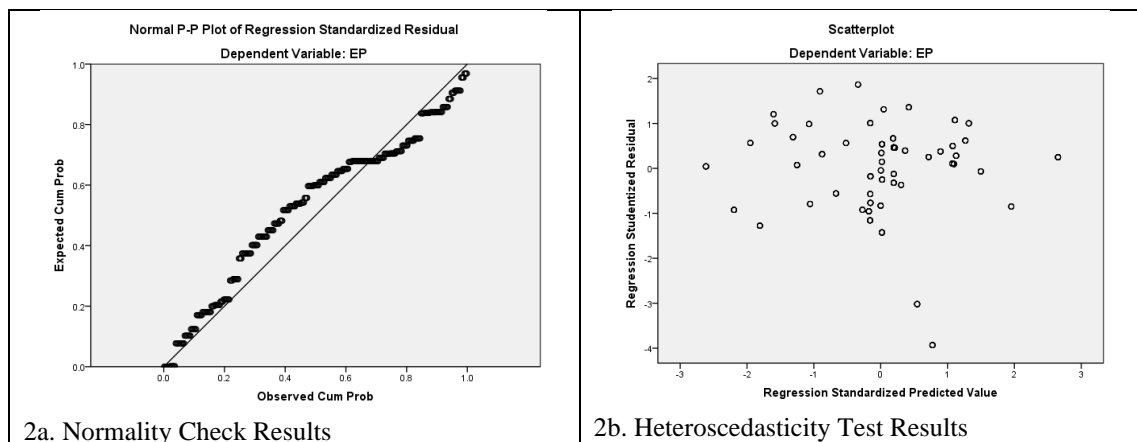
Variables	Mean	Std. Dev.	CR	OC	TS	PS	EP
OC	3.9918	0.3291	0.938	1			
TS	4.0286	0.3855	0.901	0.442**	1		
PS	3.8584	0.4251	0.925	0.568**	0.440**	1	
EP	3.7686	0.4575	0.954	0.237**	0.297**	0.342**	1

\*\* significant at  $p < 0.01$  (two tailed test)

Source: Primary Data, Processed

Furthermore, testing the influence of OC and satisfaction with HRM practices on employee performance using multiple linear regression. As a condition for testing multiple linear regression, a classical assumption test was performed to test normality, heteroscedasticity, and multicollinearity (Cooper and Schindler, 2008). The results of the multicollinearity test obtained the variance inflation factor (VIF) value for each independent variable less than 10 (VIF of OC = 1.584; VIF of TS = 1.330; VIF of PS = 1.581). These results indicate that there is no multicollinearity between the independent variables. The results of the normality test using p-plots and heteroscedasticity using scatter plots also showed results that did not violate the classical assumption test requirements. The results of normality and heteroscedasticity tests are presented in Figure 1 below.

**Figure 1: Normality and Heteroscedasticity Test Results**



Source: Primary Data, Processed

The results of the normality test (Figure 2a) show that the data is normally distributed, according to the existing normal distribution pattern. Figure 2b also shows that the data meets the heteroscedasticity rule because it does not form a specific pattern. The results of the classical assumption test in this study indicate that the requirements for multiple linear regression testing have been met and can be continued. Furthermore, Tables II, III, and IV show the results of multiple linear regression testing.

**Table II: Organizational Culture and Satisfaction on HRM Practices on Employee Performance**

Model Summary									
Model	R	R Sqr.	Adj. R Sqr.	Std. Err. of the Est.	Chg. Stat.				
					R Sqr Chg	F Chg.	df1	df2	Sig. F Chg.
1	.379 <sup>a</sup>	.144	.138	.42469	.144	26.380	3	471	.000

a. Predictors: (constant) OC, TS, PS

Source: Primary Data, Processed

**Table III: Significance of Influence of Independent Variables on Dependent Variables**

ANOVA<sup>b</sup>

Model		Sum of Sqr.	df	Mean Sqr.	F	Sig.
1	Regr.	14.274	3	4.758	26.380	.000 <sup>a</sup>
	Resid.	84.951	471	.180		
	Total	99.225	474			

a. Predictors: (Constant), OC, TS, PS  
b. Dependent Variable: EP

Source: Primary Data, Processed

Tables II and IV present the results of multiple linear regression testing the positive influence of OC and satisfaction on HRM practices on EP significantly (F-test was significant at 0.000). However, the influence of the three independent variables simultaneously is only 13.8%. There are many other variables (86.2%) that affect employee performance which was not tested in this study.

**Table IV: Significance of Influence of Independent Variables on Dependent Variables Individually**

Coeffs. <sup>a</sup>						
Model		Unstd. Coeff.		Std. Coeff.	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.781	.263		6.771	.000
	TS	.212	.058	.178	3.625	.000
	PS	.277	.058	.257	4.794	.000
	OC	.017	.075	.012	.231	.817

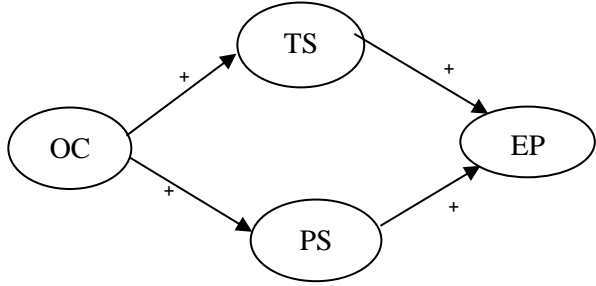
a. Dependent Variable: EP

Source: Primary Data, Processed

Table IV shows that satisfaction with HRM practices has a significant positive effect on EP, while OC has no significant effect. Even though OC and EP are significantly positively related. This result answers the research question that the effect of OC on EP is mediated by other variables. The effect of these three independent variables is indeed small, because there is one independent variable, namely OC, which has no direct effect on EP. Based on the results of previous research that the effect of OC on EP is mediated

by other variables such as JS (Dirisu et al., 2018), a mediation model test was carried out. The results of testing the mediation model using SEM with a two-step approach are presented in Table V.

**Table V: TS and PS Mediates OC on EP**

	$\beta$	CR		
OC → TS	0.475	9.561		
OC → PS	0.580	12.636		
TS → EP	0.146	2.798		
PS → EP	0.350	6.841		
Chi-Square = 47.761		Chi-Square/ df = 23.881	GFI = 0.954	CFI = 0.900

Source: Primary Data, Processed

Based on Table V, it is evident that TS and PS mediates the influence of OC on EP. The effect of OC on EP is not direct, but is mediated by satisfaction variables, namely TS and PS. In other words, JS mediates the effects of OC on EP (hypothesis supported). Table V shows that the critical ratio (CR) is above 1.96 which indicates a significant influence. The CR value is also positive which means that the influence is positive. OC can increase TS and PS, while TS and PS also increase EP. The small Chi-square value and supported by the goodness-of-fit index (GFI) above 0.90 and the comparative-fit index (CFI) value of 0.90 indicate that the model fits the data.

This study examined the relationship OC, TS, PS, and EP. This study also examined the variables of TS and PS as mediating variables in the relationship between OC and EP. The results of this study found that the four variables had positive correlation significantly. This supports the results of previous research that OC correlates with EP (e.g., Aboramadan et al., 2020; Nazarian et al., 2017; Zhang and Li, 2016). OC which is the glue between members of the organization is able to move the organization to achieve its goals, namely EP and organizational performance. The results of testing using multiple linear regression found that OC had no direct effect on EP. This supports previous studies that the effect of OC on EP is mediated by other variables (e.g., Dirisu et al., 2018; Jeong et al., 2019; Jogaratnam, 2017; Silla et al., 2017). This is supported by the results of testing using SEM with a two-step approach. The effect of OC on EP is mediated by TS and PS. This is consistent with the results of previous studies (e.g., Dirisu et al., 2018; Jeong et

al., 2019). The success of HRM practices as measured by employee TS and PS has been shown to increase EP. This study strengthens the results of previous studies which found that JS mediates the influence of OC on EP (Abawa & Obse, 2024; Dirisu et al., 2018; Gul et al., 2018; Pawirosumarto et al., 2018; Soomro and Shah, 2019).

This study also found that HRM practices, particularly TS and PS also had a positive and significant correlation, consistent with Chuang et al. (2013), Jaworski et al. (2018), Jiang et al. (2013), dan Sanchez et al. (2015). TS can increase employee self-esteem and appreciation, so that employees feel comfortable in the organization and have no intention of leaving the organization. TS program can encourage increased EP. PS can also improve EP. Compensation is indeed a source of extrinsic motivation for employees. However, this research has proven that sources of extrinsic motivation can also improve EP (Jaworski et al., 2018; Samnani and Singh, 2019). OC correlates with employee satisfaction because OC composes the values and norms that drive employee values and norms. Employee satisfaction (TS and PS) also drives employees to perform so as to improve organizational performance.

This study reinforces the previous studies that JS has an effect on EP (Goetz and Wald, 2022). The effect of OC on EP is also mediated by JS, thereby strengthening the previous research that the effect of OC on EP is not direct. The results of this study further strengthen the finding that OC does not directly improve employee or organizational performance. Its influence is mediated by various variables such as JS. This study reinforces the RBVT that performance is influenced by organizational resources, especially internal resources. Employees need coordination and direction in the form of OC. Employees who are satisfied because OC's are aligned with their values will drive performance improvements. In keeping with SCT, rewarding and rewarding training also enhance EP. OC can drive increased performance in the long term, but satisfaction can increase performance in the short term (Samnani and Singh, 2019).

Satisfaction with training and development and with compensation is an important HRM practice and a predictor of employee performance. These two HRM practices are also important to retain employees in the organization. The limited resources of SME in Indonesia make these two HRM practices not too prioritized. Although it does not have a direct effect on EP, OC is a variable that cannot be ignored, because it influences HRM practices within the company. This research reinforces the results of previous research

regarding the importance of companies paying attention to HRM practices and managing OC in order to improve EP.

Business practices always require OC for various purposes, such as aligning the diversity of values and norms in the organization, so that all employees support the organization in achieving its goals, namely performance. On the other hand, employee JS also has an impact on improving performance, both employees and organizations. Both OC and JS are multidimensional. JS is achieved through recognition, appreciation, communication, support, working conditions, and OC that are aligned and appropriate so that employees are happy and become productive.

## **5. Conclusion**

OC does not directly increase EP. There are many variables that mediate the influence. Job satisfaction, which is a multidimensional variable, is one of the many mediators. This study has proven that satisfaction with training and wages has mediated the influence of OC on EP. For companies, it is very necessary to strengthen OC to increase EP through achieving employee satisfaction. Employees who understand OC will feel the satisfaction so that they can increase EP. Work attitudes such as JS are indeed influenced by situational and dispositional variables. This work attitude has been consistently proven to have an impact on employee performance.

Employees feel satisfied because their work environment and work have been covered by OC that is in line with their values. The existence of problems in OC has an impact on EP. However, the results of this study found that OC does not directly affect EP. Positive and aligned OC can increase JS which in this study are TS and PS. Furthermore, employees who feel satisfied will perform well.

OC is important for organizations, including SMEs because it can provide direction for the progress of the organization. Research on OC still needs to be developed widely because of its enormous influence on organizational success. However, there are some limitations of this study, such as self-assessment which causes common method bias and cross-sectional data that cannot measure the mediation model, as well as SME employees who are still not involved in this study. In the future it is necessary to collect data longitudinal and use other-rating in filling out the performance questionnaire, as well as involving more SME employees in filling out the questionnaire.

In addition, there are still many work attitude variables that can be mediating variables, such as commitment, involvement, or attachment that need to be tested. Based on the results of the adjusted r-square, there are still many variables that influence employee performance that also need to be tested. Several other dimensions of JS also still require proof regarding their role as mediating variables of the influence of OC on EP. In addition, the diverse dimensions of OC also require in-depth testing of their effects on EP and JS. This is important to be able to improve employee and organizational performance.

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