

## The Influence of Organizational Culture and Knowledge Sharing on Employee Performance with Job Satisfaction as an Intervening at PT. XYZ

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### ABSTRACT

PT XYZ, a large rayon fibre producing company in Indonesia, is the site of this study. Declining production, caused by a number of internal and external issues, including declining market demand and operational issues, is the basis of this research. The effect of organisational culture and knowledge sharing on employee performance, with job satisfaction as an intermediate variable, is the purpose of this study. This study uses a quantitative method that uses Partial Least Squares-Structural Equation Modeling (PLS-SEM), which is based on data collected from 286 employees of PT XYZ. The results show that job satisfaction is a mediating variable that enhances the influence of organisational culture and knowledge sharing on performance and job satisfaction. In addition, job satisfaction is also shown to be a mediating variable that strengthens the influence of organisational culture and The main result of this study is that improving organisational culture and knowledge sharing practices is essential to increase employee satisfaction. Ultimately, this will lead to an increase in the general performance of PT XYZ employees.

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## INTRODUCTION

This study focuses on PT XYZ, a subsidiary of the Lenzing Group that has been operating as a rayon fibre producer in Indonesia for 35 years. With a production capacity of 323,000 tonnes per year, PT XYZ is the largest fibre producer in Indonesia. PT XYZ has good capacity and track record, but faces a number of internal and external issues that reduce performance and production. Due to the global pandemic and exchange rate fluctuations in recent years, the business has seen a decline in demand in the global market. This made Indonesian products less competitive. In addition, PT XYZ faced internal issues such as a decline in production quality and work efficiency. The decline in production quality was the main focus, especially in the production department which showed a significant decline in performance. For example, the second production line experienced a decline in quality in 2023, with the percentage of downgraded products reaching 18.11%. This is well above the company standard, which sets a maximum limit of 5%. This indicates that critical issues in operations and quality management need to be addressed. In addition, PT XYZ faces the challenge of ensuring that its employees are satisfied with their jobs, which has a lot to do with their performance. Data shows that PT XYZ's employee turnover rate tends to fluctuate and is quite high from year to year. A high absenteeism rate is another sign of employee dissatisfaction, which adversely affects productivity and the overall work environment. In the company's management strategy, this issue shows how important it is to improve job satisfaction and employee performance.

Based on these circumstances, this research aims to learn more about how information exchange culture and organisational culture can affect worker performance through an intermediary variable known as job satisfaction. It is expected that a strong organisational culture where corporate values are internalised by all employees can create a positive and productive work environment. In addition, knowledge exchange is an important practice that can increase productivity and innovation through the exchange of information and experience.

## LITERATURE REVIEW

### *Organizational Culture*

According to Van den Steen (2010) in Chatjuthamarad, et al. (2023), a shared system of ideas and values is referred to as corporate culture. According to Berger and Luckman (1967) in Chatjuthamarad, et al. (2023), peer influence and social construction or reality shape corporate culture. However, as Schein explains in Priansa Juni in the book business organisational behaviour (2017), organisational culture consists of various basic assumptions that are discovered, created, and developed by a particular group with the aim that the organisation can learn to cope with problems that arise as a result of successful external adaptation and internal integration. So, new members must be taught how to understand, think, and feel about various problems.

### ***Knowledge Sharing***

Knowledge has two important properties, according to Gary (1989) in Chitale (2011): a. Knowledge is highly contextualised information enriched by individual expertise and interpretation; b. Knowledge is a specialised element that everyone has and is acquired through experience, reasoning, intuition and learning. When one person's knowledge is combined with the knowledge of others, new knowledge is formed. Knowledge sharing, according to Jasphara and Prasarnphanich (2004) in Chitale (2011), is a set of actions involving the exchange of information or assistance to others. According to Tung (2018), knowledge sharing is also a process of sharing, disseminating, and exchanging information other than information between individuals, individuals to communities, and between communities to other communities to achieve better results. Knowledge dissemination is very important in an organisation or company because well-shared information through good communication between individuals and communities will enable continuous innovation and competitive advantage.

### ***Job Satisfaction***

According to Handoko (2017: 75), job satisfaction is an emotional state in which an employee views his job as pleasant or unpleasant. According to Affandi (2018: 74), job satisfaction is an employee's positive attitude towards his job, which includes feelings and behaviour towards the job, and assesses work as a respected place, which embodies one of the important values in the workplace. They believe that job satisfaction is shown by how a person treats their job. Employees who are dissatisfied with their jobs will never achieve psychological satisfaction, which in turn will lead to unpleasant attitudes or behaviours. In contrast, employees who are satisfied with their jobs will work better, be energetic, active, and perform better than employees who are dissatisfied with their jobs. Locke (2018) then explains that job satisfaction depends on the difference between what he thinks is right and what he gets from his job, they will feel satisfied.

### ***Employee Performance***

Performance, according to Sinambela et al. in Mega K. (2016), is defined as the ability of an employee to perform specific tasks. Performance is the result produced by employees from every effort they make to complete their responsibilities. Performance can be measured in terms of quantity and quality. According to Safitri, Supriyanto, and Sultoni (2018), performance is the result of employee leaders implementing work plans to achieve organisational goals. Abdullah (2014:3) explains that organisational goals have a strong relationship with results, and the relationship between worker and organisational performance can be influenced by it.

According to Sugiyono (2019: 95) in Vm Jaori (2020), a framework is a conceptual model that shows how theory interacts with various elements that have been determined as important issues. The following is a summary of the research framework that provides an overview of the thought process of this research.

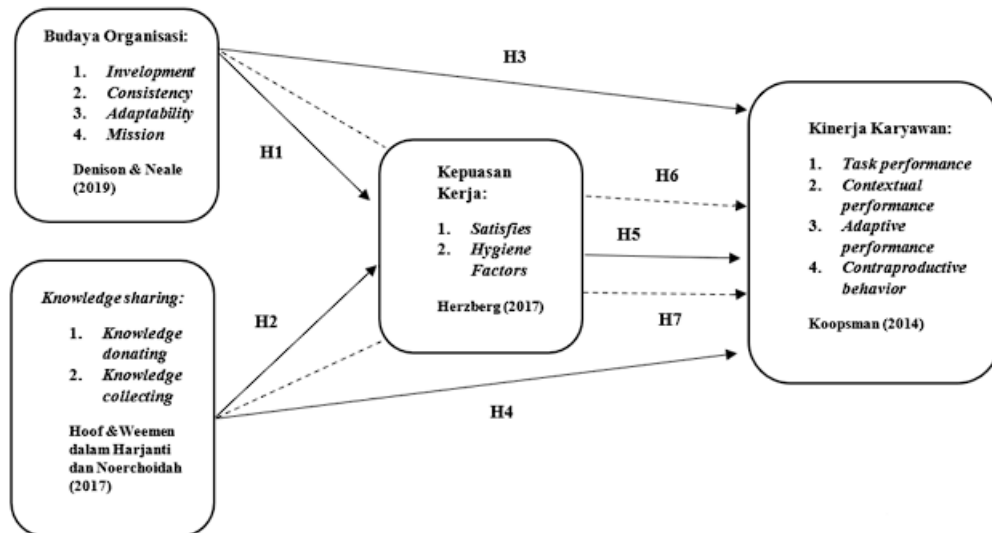


Figure 1 Conceptual Framework

## METHODOLOGY

This research uses quantitative methods and descriptive research types. This study used 286 employees of PT XYZ as the population. The SEM-PLS method is used to process data. This method includes calculations for the outer model (Validity, Reliability), calculations for the inner model (R square, Q square, and Hypothesis Test Hypothesis), and the use of the Smart PLS 3.2.9 program to process data.

## RESEARCH RESULT

### Outer Model

The external model, also referred to as the outer model, or measurement model, is a model that explains the relationship between the latent variable and the indicators cited in the reference.

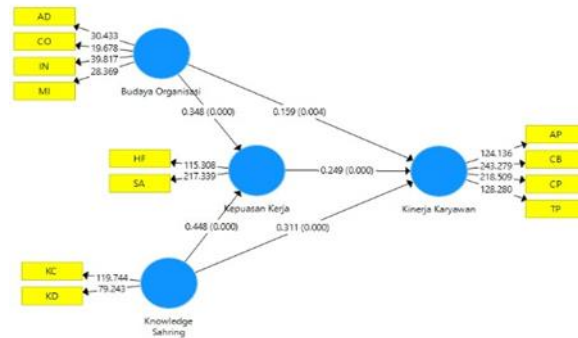


Figure 2 Path Analysis Result

### Validity

An indicator is considered valid or able to explain the construct it will form if the filling factor value and AVE (average variation extracted) value are greater than 0.5.

Table 1 Validity Test

	Average Variance Extracted (AVE)
Organizational Culture (X1)	0,662
Knowledge sharing (X2)	0,895
Employee performance (Y)	0,917
Job Satisfaction (Z)	0,901

The results of data processing using the Smart PLS programme show that each variable has an AVE value above 0.5, with the Employee Performance variable (Y) having the highest AVE value of 0.917 and the smallest AVE variable of 0.662.

### Reliability

The composite reliability value (CR) and Cronchbach alpha value (CA) can be used to determine construct reliability. If the CR and CA values of the construct are greater than 0.7, it can be concluded that the measuring construct has good accuracy, consistency, and accuracy of the instrument. The results of the examination are presented in the following summary:

Table 2 Reliability Test

	Cronbach's Alpha	Composite Reliability
OC	0,830	0,887
KS	0,883	0,945
EP	0,970	0,978
JS	0,891	0,948

Based on the results shown in the table above, it can be concluded that all indicators forming the construct are reliable, or in other words, all manifest variables have proven to have accuracy, consistency, and accuracy in measuring their constructs. This is due to the fact that the Cronchbach reliability value and the combined value are greater than 0.7 (critical value).

### *Inner Model*

The relationship between structures that are based on certain theories or assumptions can be described by an inner model.

### *Q-Square*

In the analysis process, the Q2 value is used. The resulting Q2 value greater than zero for endogenous variables indicates that exogenous constructs have predictive relevance for the selected endogenous constructs. A Q2 value greater than zero indicates that the exogenous constructs have predictive relevance for the selected endogenous constructs (Hair et al., 2017). The following table shows the test results:

Tabel 3 Q-Square Test

	SSO	SSE	Q <sup>2</sup> (=1-SSE/SSO)
<b>X1</b>	1208,000	1208,000	
<b>X2</b>	604,000	604,000	
<b>Y</b>	1208,000	850,424	0,296
<b>Z</b>	604,000	391,387	0,352

Based on the test results, it can be concluded that the research model has relevant constructs; the exogenous variables used to predict endogenous variables are appropriate, because the Q2 value > 0.05.

### *R-Square*

The coefficient of determination, or square coefficient, is a number that shows how much influence endogenous variables have on exogenous variables. The test results conducted with SmartPLS software show the following results:

Tabel 4 R Square Test

Model	R Square	R Square Adjusted
OC, KS → JS	0,401	0,397
OC, KS, JS → EP	0,329	0,322

With an R Square value of less than 0.67, the PLS model in this study shows a fairly good level of predictive accuracy (moderate).

**Hypotesis**

Tabel 5 Hypotesis Test

Model		Original Sample (O)	P Values
H1	OC → JS	0,348	0,000
H2	KS → JS	0,448	0,000
H3	OC → EP	0,159	0,004
H4	KS → EP	0,311	0,000
H5	JS → EP	0,249	0,000

All hypotheses H1 to H5 proposed in the study are acceptable because they have a P value of less than 0.05 and a T statistical value of more than 1.96.

Tabel 6 Hypotesis Effect Test

Model		Direct Effect (P1)	Indirect Effect (P2)	P Values
H6	OC → JS → EP	0,025	0,087	0,001
H7	KS → JS → EP	0,097	0,112	0,001

The above results show that organisational culture and knowledge exchange influence employee performance through job satisfaction more directly than the indirect influence. This indicates that there is a mediating influence on the model.

**IPMA**

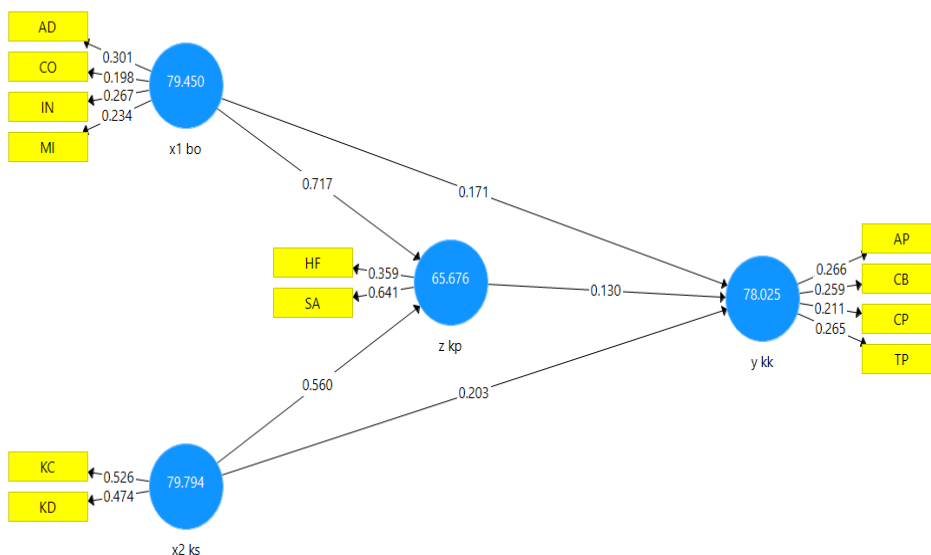


Figure 3 IPMA Test

The preceding diagram shows the relationship between various latent variables. The latent variable X1 organisational culture has a significant influence on the latent variable Z job satisfaction with a coefficient value of 0.717, which indicates that improving organisational culture significantly increases job satisfaction. The latent variable X2 knowledge acquisition also has a significant effect on job satisfaction with a coefficient value of 0.560, which indicates that knowledge acquisition within the organisation contributes to increased job satisfaction. Although this value is smaller than the effect of organisational culture and information exchange on job satisfaction, it shows that job satisfaction contributes to improving employee performance.

## **DISCUSSION**

The results of this discussion and research show that PT XYZ's organisational culture and work environment that encourage knowledge sharing significantly affect employee satisfaction and their performance. A strong and supportive organisational culture, as well as a work environment that encourages knowledge sharing, is proven to increase employee satisfaction in the workplace. Furthermore, job satisfaction serves as a mediating variable that enhances the relationship between organisational culture and knowledge sharing with employee performance. In other words, employees who are satisfied with their jobs tend to perform better, so the improvement of knowledge exchange and organisational culture can directly contribute to the overall improvement of company performance.

## **CONCLUSIONS AND RECOMMENDATIONS**

### ***Conclusions***

This study found that organisational culture and information exchange have a significant influence on employee performance at PT XYZ. In addition, this study found that job satisfaction acts as an intervention variable that strengthens the influence of organisational culture and information exchange on employee performance. This suggests that, in order to improve the performance of their employees, companies should concentrate on improving organisational culture and information exchange as well as ensuring that employees are satisfied.

### ***Recommendations***

According to the results of the IPMA Smart PLS analysis, PT XYZ should concentrate on improving organisational culture and knowledge sharing processes to improve employee satisfaction and performance. Organisational culture, especially adaptation, engagement, and mission, should be strengthened as they strongly influence job satisfaction. In addition, better knowledge sharing through increased knowledge absorption and sharing is also very important. These measures will improve job satisfaction, which in turn will improve employee performance, enabling the company to achieve overall performance improvement.

## ADVANCED RESEARCH

- a. To increase the generalisability of the research results, future researchers are expected to conduct research with larger samples and different business variations.
- b. In addition, future researchers can use a long-term approach to see how these variables change over a longer period of time.

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