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**THE ROLE OF ORGANIZATIONAL CULTURE AS MEDIATION IN THE INFLUENCE OF WORK ENVIRONMENT TO EMPLOYEE ENGAGEMENT IN A COMPANY**

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**ABSTRACT**

This study raises the issue of problems in the scope of human resources in an online shop based company where the work environment, organizational culture, and employee engagement as variables are studied. The purpose of this study is to determine how much influence the work environment has on employee engagement when mediated by organizational culture variables. The population and sample in this study are all employees in the company studied ranging from staff level to management level as many as 82 people. This research was designed using a causality research design with a quantitative approach where in this study the process begins with the preparation of theoretical models and analysis as the basis for submitting hypotheses, then continued with the preparation of operational concepts, until conclusions are obtained as research findings. Data collection in this study was carried out by distributing questionnaires to all respondents. The result of this study is that the work environment affects organizational culture and employee engagement, organizational culture affects employee engagement, and employee engagement can be mediated by organizational culture in the influence of the work environment.

**KEYWORDS:** Human resources, employee engagement, work environment, organizational culture.

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**1. INTRODUCTION**

Human resources are one of the main aspects in the success of a company or a business in achieving its vision and mission, obtaining profits, and maintaining the continuity of its business. But it is also

undeniable that if a company has a problem in terms of human resources, the company will certainly experience some losses. So that way it has become an obligation for a company to develop all the potential of its human resources towards a better direction than before. In order for companies to avoid losses obtained from human resource problems, there is an important matter that deserves special attention so that the company's foundation in the form of human resources it already has remains solid (Mahardhika et al, 2021). This is employee engagement.

Employee engagement is a high emotional and intellectual connection that employees have to their field of work, organization, manager or co-workers who exert influence to achieve maximum contribution in their work (Gibbons, 2006). A good relationship in question is a relationship to work that has become the responsibility of an individual, a relationship to a company or organization where he works, a relationship with leaders or managers who have the authority to be his superiors who provide advice and moral support, and relationships between colleagues who support each other so that someone in an organization can give his best effort to exceed the limits of eligibility of a job (Chrisdianto et al. 2019)

Of course, in this case employee engagement has several variables that can affect it, one that can affect employee engagement is the work environment. The work environment is everything around employees that can affect each individual in carrying out all the tasks they carry out (Nitisemito, 2009; Respati and Amin, 2014). Of course, a good work environment can give birth to employees who channel all their energy and mind to work optimally. A conducive, safe and comfortable work environment, as well as harmonious relationships between employees are one of the characteristics of a good work environment so that all activities and work in it can run optimally (Zoechriba et al., 2020; Prawitasari et al., 2022 )

One variable that is expected to be a mediator or liaison in problems between the work environment and employee engagement is organizational culture. Organizational culture is what employees feel and how employee perceptions create patterns of trust, values, and expectations shared with other fellow employees (Gibson et al, 2013). Organizations operate best when their values can be directed to guide employee behavior both on and off the job. In addition, organizational culture can also be used as a medium to build relationships between employees and the organization. Thus, indirectly organizational culture participates in carrying out its functions in the organization with all its complexity.

This study will be carried out in one of the online shop companies that have these problems. Seeing what happened to the company within a year of experiencing a high employee turnover rate, the management is required to improve the employee retention rate so that the number of employee turnover or employee turnover activities in and out of employees in this company can be reduced. These efforts can certainly also reduce the intention of employees to resign from the company and can improve performance to help explore the potential of these employees even better.

With this problem, researchers want to test whether organizational culture in the work environment can be one of the significant factors to increase engagement. Armed with previous studies and supporting theories from experts make this research interesting to be investigated further.

## **2. LITERATURE REVIEW**

### **2.1 Employee Engagement**

Employee engagement is defined as the positive attitude that employees have towards an organization where they work, as well as the values possessed by the organization (Robinson et al, 2004). Thus, in the concept of employee engagement there is a two-way relationship between the company and also employees. Meanwhile, according to Noe et al (2010), employee engagement leads to the extent to which employees are fully involved in a job so as to strengthen their commitment to work and the company. Some individuals who enter the job and are committed to the company will work to achieve a competitive level of advantage over the company by realizing high productivity, satisfying customer service, and reducing employee turnover.

### **2.2 Work Environment**

The work environment can be interpreted as a force that can affect either directly or indirectly the performance of the organization or company (Terry, 2006). The work environment has a great influence on employees when carrying out company operations. Good working environment conditions will support employees to be happy with their place of work. With this feeling of pleasure, it will lead to a better morale so that organizational goals will be achieved properly.

### **2.3 Organizational Culture**

Organizational culture is a mutual agreement about values or norms that are shared in organizational life and bind all individuals in it. Organizational culture is the same perception among all members of an organization about the true meaning of common life or social life (Siagian, 2002). Robbins (2002) also states that organizational culture as a system of shared meaning embraced by members that distinguishes organizations from one another. This system of shared meaning also came and was formed by themselves. This is because each individual in the organization has their own personality that distinguishes it. One of the factors that distinguishes an organization from other organizations is its culture, which is important because the culture of every organization needs to be understood and recognized (Adha et al., 2022; Zion et al.,2022)

## **3. RESEARCH METHOD AND HYPOTHESIS**

This study was designed using a causality research design to examine the possibility of a cause-and-effect relationship between one variable and another. This research is a causation that can be predicted by researchers, so that researchers can state the classification of independent, dependent, and mediated variables. The quantitative approach method is used in this study whose process begins with the preparation of theoretical models and analysis as the basis for submitting hypotheses, then continued with the preparation of operational concepts, to conclusions as research findings (Respati and Amin., 2014). In this study there are 3 variables, namely independent variables, dependent variables, and mediation variables. These variables are:

- a. Independent variables** : working environment
- b. Dependent variables** : employee engagement
- c. Mediation variables** : organizational culture

Data collection in this study was carried out by distributing questionnaires to all respondents totaling 82 people who are all Uqishop Group employees ranging from staff to management levels using non probability sampling or saturated sampling techniques because the population is not bigger than 100 people. The type of data obtained from this study is quantitative data from questionnaires that have been distributed to respondents. The research instrument uses validity tests to test the level of accuracy and reliability tests to test the extent to which measurement results will remain consistent and reliable. As for data analysis techniques, the author uses descriptive analysis and then continued by classical assumption tests that must meet heteroscedasticity-free tests, multicollinearity-free tests, autocorrelation-free tests, and normality tests.

In this study there are 4 hypotheses, namely:

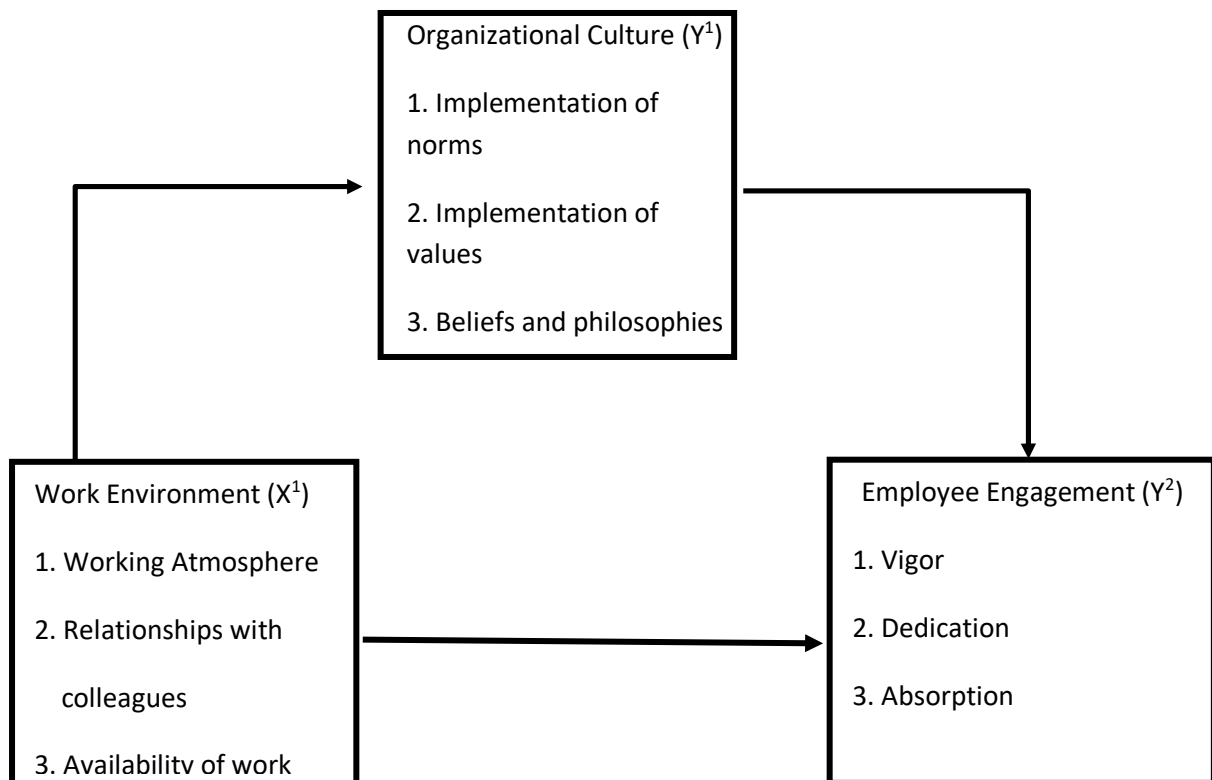
H<sub>1</sub>: It is suspected that the work environment affects the organizational culture.

H<sub>2</sub>: It is suspected that the work environment affects the employee entanglement.

H<sub>3</sub>: It is suspected that organizational culture has an influence on employee entanglement.

H<sub>4</sub>: It is suspected that the work environment affects the employee engagement through organizational culture.

**Figure 1. Conceptual Framework**



#### 4. Analysis and Discussion

In this research using respondents totaling 82 employees. The characteristics of respondents are based on gender, age, recent education, and length of service. The majority of female respondents were 54 respondents (65.9%), more than male respondents with a total of 28 respondents (34.1%). Then respondents aged 21 – 30 years with a total of 53 respondents (64.7%) dominate, followed by ages 31 – 40 years as many as 21 respondents (25.6%), then aged 16 – 20 years as many as 7

respondents (8.5%), and the last aged 41 – 50 years as many as 1 respondent (1.2%). Then respondents with the last high school education equivalent as many as 35 respondents (42.7%), followed by SI education as many as 31 respondents (37.8%), then the least S2 education as many as 1 respondent (1.2%). Furthermore, respondents had a working period of 1-2 years as many as 21 respondents (25.6%), then followed by employees with a working period of 2-3 years as many as 19 respondents (23.2%), respondents with the least number filled by respondents with the longest working period of 5-6 years as many as 6 respondents (7.3%).

**Table 1.** Statistical test result of variable research

Research Variable	Instrument	r validity	LIKE	mean
Working Environment - WE	WE1-Working Atmosphere	0,672	0,841	4,17
	WE2-Relationship with colleagues	0,656		4,23
	WE3-Work Facilities	0,702		4,13
Organizational Culture - OC	OC1-Implementation of norms	0,508	0,695	4,12
	OC2-Implementation of values	0,495		4,17
	OC3-Philosophical beliefs	0,369		3,67
	OC4-Implementation of the code of conduct	0,303		3,78
	OC5-Ceremony	0,447		3,39
	OC6-History of the organization	0,372		3,75
EmployeeEngagement - EE	EE1-Vigor	0,511	0,647	3,90
	EE2-Dedication	0,399		3,81
	EE3-Absorption	0,486		3,71

In the table above, it is explained that the greatest influence in aspects of the work environment is on the indicators of relationships with colleagues, on organizational culture the greatest influence is on the implementation of values, then on the variable of work engagement the most dominant influence on the vigor indicator.

The validity of the model in the path analysis must be carried out so that it can be known it is valid or not. There are indicators that must be considered, it is coefficient of determination (R<sup>2</sup>) and total coefficient of determination (Rm<sup>2</sup>). At this regression analysis, the explanation of the coefficient of determination (R<sup>2</sup>) equal to the total coefficient of determination (Rm<sup>2</sup>).

$$\begin{aligned}
 R2 \text{ (model)} &= 1 - \left( \sqrt{1 - R_1^2} * \sqrt{1 - R_2^2} \right) \\
 &= 1 - (\sqrt{1 - 0.840} * \sqrt{1 - 0.689}) \\
 &= 0,4209
 \end{aligned}$$

The value of the total coefficient of determination is 0.4209, it is explain the difference of data that can be described in the research model, which is 42.09% the information included in the data can be

explained in this research model. While 57.91% might be analyzed and explained by another variables which are not included in this research.

**Table 2.** Recapitulation of path analysis results

Variable	Direct Influence	Indirect Influence	Total Influence	Result
Work Environment (X1) → Organizational Culture (Y1)	0,542	-	-	H1 Accepted
Work Environment (X1) → Employee Engagement (Y2)	0,414	-	-	H2 Accepted
Organizational Culture(Y1) → Employee Engagement (Y2)	0,411	-	-	H3 Accepted
Work Environment (X 1) → Organizational Culture (Y1) → Employee Engagement (Y2)	0,425	$0,542 \times 0,411 = 0,223$	0,637	H4 Accepted

Based on table 2, it can be concluded that work environment variables have a direct influence on organizational culture with a path analysis value of 0.542 which means that H1 in this study is accepted. The work environment also managed to directly affect the employee engagement variable with a value of 0.414 which means H2 is accepted. The organizational culture variable has a direct influence on the employee engagement variable with a value of 0.411 which means H3 is accepted. Then obtained the value of the total influence of work environment variables on employee engagement of 0.637 which is greater when compared to the value of direct influence of 0.425. These results show that organizational culture has successfully become an intervening variable in the influence of the work environment on employee engagement, because the value of total influence is greater than the value of direct influence.

## 5. DISCUSSION

According to Nitisemito (2001), the work environment is everything that is around workers that can affect them in carrying out their duties. The work environment indicator that contributes the most to improving organizational culture is the relationship with colleagues which is reflected in having a high and harmonious spirit of togetherness in the company. The results of this study are also in line with the research of Dambi et al (2020) which states that the work environment affects organizational culture.

The work environment affects employee engagement which means that the better the work environment in the company increase employee engagement. The formation of a good work environment plays an important role, because with a conducive work environment and supports the success of every employee's work, it can make employees feel at home while working, which has an impact on increasing the employee's sense of engagement to the company. This research support Pranitasari et al (2016), Sukmawati (2021), and Sentoso (2019) which states that the work environment affects employee engagement.

Organizational culture affects employee engagement which means that the better the organizational culture, the more it can increase employee engagement of a company. The most dominant indicator

of organizational culture contributing to employee engagement is the implementation of values that are reflected in the attitude of employees upholding the principles adopted by the company. Employees who have firmness in holding the principles adopted by the company will have the desire to continue to be attached to the company. This encourages employees to have a high level of employee engagement. This study support the research of Soeharso and Nurika (2020) and Humairoh and Wardoyo (2017) which states that organizational culture affects employee engagement.

The work environment affects employee engagement through the role of organizational culture. This shows that the work environment in a company can increase employee engagement if it is supported by the role of good organizational culture in it. The work environment acts as a place where all forms of work activities of an employee are carried out, both physically and non-physically which can affect company performance. Work activities in a company will not run according to what has been planned if the work environment cannot support all these activities. With the synergy between the work environment supported by a good organizational culture will have a significant impact on how the employees who are members of it will feel attached to the company, so that the level of employee engagement can increase in a better direction.

## **6. CONCLUSION**

Descriptive statistical results show that the work environment is shaped by the working atmosphere, relationships with colleagues, and the availability of work facilities. The most dominant indicator that shapes the work environment is the relationship with colleagues in the company. Organizational culture is formed by the implementation of norms, the implementation of values, beliefs and philosophy, the implementation of the code of ethics, the implementation of ceremonies, and the history of the organization. The main thing that encourages organizational culture is the implementation of the values adopted by the company can be carried out by all employees who are members of it. Employee Engagement is formed by vigor, dedication, and absorption. The main form of employee engagement is vigor or can be interpreted as the involvement of high levels of energy and mental resilience of employees at work.

The work environment affects organizational culture, Which is more better the work environment in a company can foster a good organizational culture so that social engagement between fellow employees and superiors increases.

The work environment also affects employee engagement, this means that the more the creation of a good work environment can support the increase in employee engagement in a company.

Organizational culture affects employee engagement, which means that when the company has a good organizational culture, it can make the level of employee engagement in the company increase.

The work environment affects employee engagement through organizational culture, which means that employee engagement can be improved if a good work environment is created in the company so that it can support the growth of organizational culture that helps employees to increase their engagement to the company.

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