

THE IMPACT OF WORK ENVIRONMENT ON JOB SATISFACTION MEDIATED BY ORGANIZATIONAL CULTURE

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ABSTRACT

In the management literature, it has been concluded many times that the employees’ physical and mental well-being has a direct effect on the quality of work and overall business results. This is why, in the contemporary business life, most of the companies pay sincere attention to work environment, organizational culture and job satisfaction. In search of how those elements affect each other, this study aims to identify the work environment’s relationship with job satisfaction, and the mediation effect of organizational culture on this relationship. Upon a survey study, structural equation modelling (SEM) is used to test the built hypotheses and all of the three hypotheses built are confirmed.

Keywords: Work environment, Organizational culture, Job satisfaction.

1. INTRODUCTION

Job satisfaction (JS) is a very important factor for any organization to accomplish its objectives through its employees as it assists in increasing productivity within the organization [1]. Mora et al. [2] claims that JS is about how individuals value the whole package of both financial and nonfinancial returns for their works according to their own personal opinions, desires and predictions.

There is good evidence in the literature that a supportive work environment is critical to job satisfaction since it has many properties that influence both physical and mental well-being of the employees [3].

Organizational culture, on the other hand, is a very important driver for long-run success of organizations [4]. Habib et al. [5] claim that a deeper understanding of the organizational culture brings a higher job satisfaction for employees. Ahmadi et al. in [6] state that, in a situation like that, employees’ satisfaction along with powerful management leads to enhancement of employees’ spirit, motivation and devotion and consequently improves organizational performance and effectiveness.

Considering all these, this study aims to search the effect of work environment on job satisfaction, and tries to identify how organizational culture affects this relationship.

2. RESEARCH MODEL

The research model of this study, as summarized in Figure 1, aims at testing 3 hypotheses:

H1: Work environment has a significant effect on organizational culture.

H2: Organizational culture has a significant effect on job satisfaction.

H3: Organizational culture has a mediating effect on the relationship between work environment and job satisfaction.

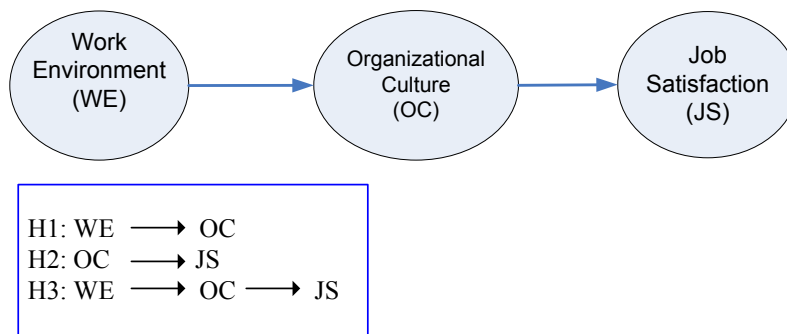


Figure 1. Proposed Model

3. METHODOLOGY

A survey instrument using a five-point Likert scale (from 1= “strongly disagree” to 5= “strongly agree”) was developed to investigate the impact of work environment on job satisfaction through organizational culture. During the development of the survey, an extant literature research was conducted. The primary data were collected through a cross-sectional postal survey using a questionnaire. During the process of establishing the survey questionnaire, a pre-test was conducted several times to ensure that the wording, format and sequence of the questions were appropriate. Various academic and business professionals who are experts in their fields evaluated the content validity of the survey instrument. Based on their suggestions, some of the questions were modified or eliminated in order to enhance the questionnaire’s comprehensiveness.

4. ANALYSIS AND FINDINGS

Data analysis was conducted in two steps. First, a confirmatory factor analysis (CFA) was employed to determine the main dimensions of the study. CFA is preferable to exploratory factor analysis (EFA) in that it is a causal indicator model that requires a-priori specifications of factor structure and allows for the specification of measurement errors [7]. Second, Structural equation modeling (SEM) was used to test the hypothesis of the conceptual model using AMOS22. Details of these steps are given below.

Table 1 summarizes the results of the CFA. The standardized regression weights for all variables that are shown in Table 1 are significant at 0.05 level. The CFA shows a good fit. The χ^2 statistic is 72.57 (degrees of freedom=31, $p < 0.05$), with the χ^2 /df ratio having a value of 2.32 that is close to 2.0 (it should be between 0 and 3 with lower values indicating a better fit). The goodness of fit index (GFI) is 0.93 and adjusted goodness of fit (AGFI) index is 0.88. These scores are very close to 1.0 (a value of 1.0 indicates perfect fit). The Comparative Fit Index (CFI) is 0.96, and Tucker-Lewis coefficient (TLI) is 0.94. All indices are close to a value of 1.0 in CFA indicating that the measurement models provide good support. Average variance extracted (AVE) of all scales turned out to be greater than the cut-off values (0.50), and composite reliability (CR) scores of each construct is over 0.7. Therefore, overall, the evidence of a good model fit, reliability, convergent validity, and discriminant validity analysis indicate that the measurement model is appropriate for testing for the hypothesis of the structural model.

The final step in the analysis is to test the path model as specified in Figure 1. The hypothesized structural equation model was tested using AMOS software package. The goodness-of-fit indices for the model [$\chi^2 = 95$ with $df = 31$; GFI = 0.90; AGFI = 0.85; NFI = 0.92; CFI = 0.95] are well within the generally accepted limits. Hence, model of the study is accepted to fit the data.

Table 1. Confirmatory Factor Analysis Results

Symbol	Description	Regression Weight	t-value	CR	AVE
Work Environment				0.83	0.55
Q5	Working conditions are good in my company	0.786	-		
Q6	The company provides enough information to discharge (perform) my responsibilities	0.737	10.621		
Q9	My company work environment is good and highly motivating	0.772	11.207		
Q10	My company offers sufficient opportunities to develop my own abilities	0.681	9.697		
Organizational Culture				0.79	0.56
Q16	I feel free to offer comments and suggestions on my performance	0.744	-		
Q17	I am proud to be working for my present company	0.839	11.612		
Q18	I am involved in making decisions that affect our work	0.657	9.016		
Job Satisfaction				0.76	0.51
Q21	I feel comfort and satisfied with my job	0.790	-		
Q23	Conditions on my job allow me to be as productive as I could be	0.703	10.425		
Q24	I feel that my work allows me to do my best in a particular area	0.651	9.512		

- Fixed for estimation.

Figure 2 shows the model that is related to the first hypothesis and is provided in the following equations.

$$OC = 0.873 WE + \zeta_1$$

There is a significant positive effect of work environment on organizational culture ($\beta = 0.87$), at significance level 0.05. This validates the first research hypothesis; the work environment has a significant effect on organizational culture.

The relationship between organizational culture and job satisfaction that is shown in Figure 2 is presented in the following equation.

$$JS = 0.81 OC + \zeta_2$$

With respect to the second hypothesis (H2), it is found that organizational culture has a significant and positive impact on job satisfaction. It is also supported with standardized regression weight $\beta = 0.81$ ($p < 0.05$).

Furthermore, a good deal of support is found for H3 that work environment has a strong positive impact on job satisfaction with a mediating effect of organizational culture. It means that WE has a stronger effect on JS (then the direct effect) when mediated by OC, because β WE-OC-JS ($0.87 \cdot 0.81 = 0.7047$) is significant. It indicates that there is a full mediation between WE and JS when considering OC as mediator, and that is also supported with Sobel test (test statistic= 4.31).

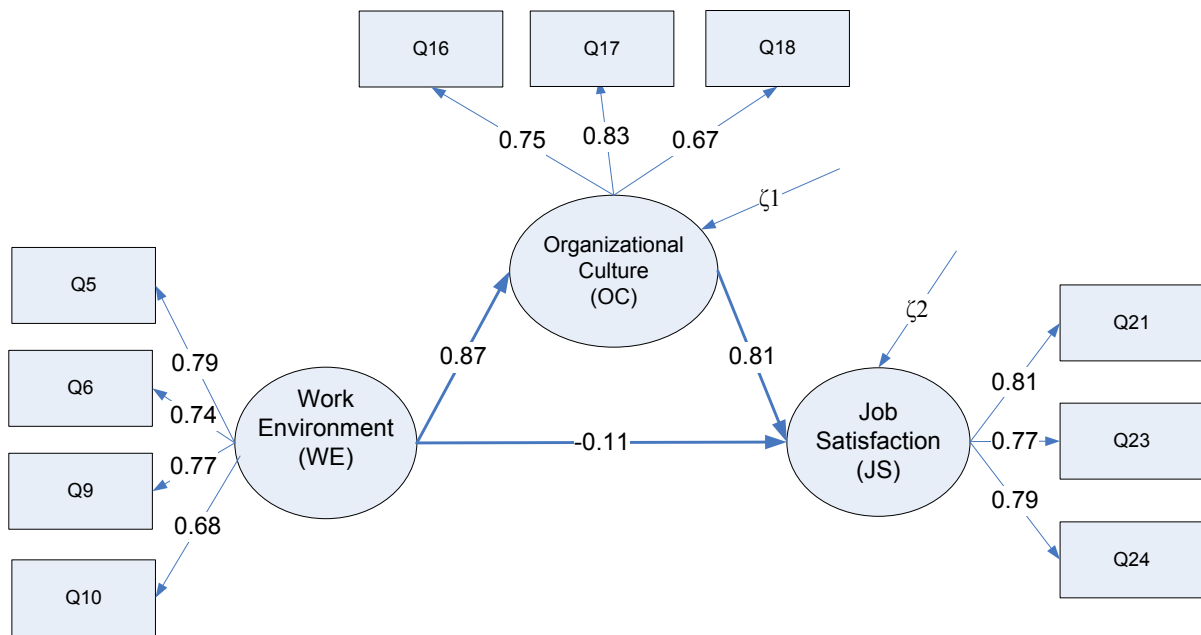


Figure 2. Results of Structural Equation Model

5. CONCLUSION

The aim of this research was to investigate the direct and indirect effects of work environment with the mediating effect of organizational culture on job satisfaction. The structural analysis showed that organizational culture has a significant and positive effect on job satisfaction, while work environment do not. Furthermore, the indirect effect of work environment with the mediating effect of organizational culture is significant and stronger than its direct impact. Although much research has been interested in the effect of WE on JS, this study indicated the importance of OC to observe the stronger impact on JS.

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