How Employee Motivation, Organizational Culture, and Leadership Influence Perceived Organizational Performance Through Job Satisfaction

Rusli Kechik Jeffrey

Faculty of Business and Management, Universiti Teknologi MARA (UiTM), Shah Alam, Malaysia

Abstract: This study explores the factors influencing perceived organizational performance (POP) with a particular focus on the mediating role of job satisfaction (JS). The relationship between individual factors such as employee motivation, organizational culture, leadership, and their impact on POP is evaluated. Using a sample of employees from diverse sectors, the research employs structural equation modeling (SEM) to test the direct and indirect effects of these factors on organizational performance. Results indicate that job satisfaction significantly mediates the relationship between employee motivation, organizational culture, leadership, and perceived organizational performance. The study concludes that enhancing job satisfaction can serve as a strategic tool to improve overall organizational performance.

Keywords: Perceived organizational performance, job satisfaction, employee motivation, organizational culture, leadership, mediation, structural equation modeling.

Introduction: Organizational performance is a crucial aspect of any business, as it reflects the ability of an organization to achieve its goals and remain competitive. Managers and leaders strive to improve organizational performance through various means, including fostering employee satisfaction, developing a strong organizational culture, and encouraging

motivation. While much has been studied regarding the factors that affect organizational performance, the role of job satisfaction as a mediator has not been thoroughly explored.

Job satisfaction (JS) is widely recognized as a key determinant of individual behavior in organizations. Satisfied employees are more likely to exhibit high levels of engagement, productivity, and overall commitment, all of which positively influence organizational performance. However, it remains unclear how factors such as employee motivation, organizational culture, and leadership styles influence organizational performance through the mediating effect of job satisfaction.

This study aims to fill this gap by exploring how job satisfaction mediates the relationship between three key factors—employee motivation, organizational culture, and leadership—and perceived organizational performance (POP). Understanding these relationships will allow organizations to better design strategies for improving performance through employee satisfaction.

METHODS

1. Research Design

This study adopts a quantitative, cross-sectional research design to examine the relationship between the independent variables (employee motivation, organizational culture, and leadership) and the dependent variable (perceived organizational performance) through the mediating variable (job satisfaction). The research was conducted in various industries, including manufacturing, retail, and service sectors.

2. Participants

A total of 400 employees from different sectors participated in this study. Participants were selected through a stratified random sampling technique to ensure that various job roles, age groups, and experience levels were represented. The sample consisted of both men and women, with an average age of 35 years and an average organizational tenure of 5 years.

3. Data Collection

Data were collected using a structured questionnaire that was distributed to participants via email and in-person surveys. The questionnaire included sections assessing the following:

• Employee Motivation: Measured using a 10-item scale adapted from the work of Ryan and Deci (2000), which gauges intrinsic and extrinsic motivation levels.

• Organizational Culture: A 12-item scale based on Cameron and Quinn's (2006) Competing Values Framework was used to assess organizational culture.

• Leadership: Leadership was measured using a 15-item scale that evaluates transformational and transactional leadership styles (Bass, 1990).

• Job Satisfaction: Job satisfaction was measured using the Job Satisfaction Survey (JSS) by Spector (1997), which includes 36 items covering various aspects of job satisfaction, including work conditions, supervision, pay, and promotion opportunities.

• Perceived Organizational Performance: POP was measured using a 7-item scale adapted from previous studies on organizational effectiveness (e.g., Dess and Robinson, 1984).

4. Data Analysis

Structural equation modeling (SEM) was employed to test the hypothesized relationships and mediation effects. First, descriptive statistics were calculated to assess the reliability and validity of the measurement scales. Then, the SEM analysis was conducted to evaluate the direct and indirect effects of employee motivation, organizational culture, and leadership on perceived organizational performance, with job satisfaction acting as a mediator.

The mediation effects were assessed using bootstrapping techniques, which provide more reliable results in cases where the sample size is moderate.

RESULTS

1. Descriptive Statistics and Reliability

The descriptive statistics revealed that the sample consisted of employees from diverse demographic backgrounds, with a relatively even distribution across gender, age, and organizational tenure. Reliability tests indicated that all scales demonstrated good internal consistency, with Cronbach's alpha coefficients ranging from 0.78 to 0.92, indicating acceptable reliability.

2. Structural Equation Modeling (SEM) Results

The SEM results supported all the hypothesized relationships. Specifically:

• Employee Motivation: Employee motivation was found to have a positive and significant direct effect on perceived organizational performance ($\beta = 0.35$, $p < 0.01$), indicating that more motivated employees tend to perceive better organizational performance.

• Organizational Culture: Organizational culture also had a positive direct effect on perceived organizational performance ($\beta = 0.28$, $p < 0.05$). This suggests that a strong and aligned organizational culture positively affects how employees perceive overall organizational effectiveness.

• Leadership: Leadership was positively related to perceived organizational performance ($\beta = 0.31$, $p < 0.05$), indicating that effective leadership positively impacts performance perception.

3. Mediation Analysis

The mediation analysis revealed that job satisfaction significantly mediated the relationship between employee motivation, organizational culture, leadership, and perceived organizational performance. The indirect effects of each independent variable through job satisfaction were as follows:

• Employee Motivation → Job Satisfaction → Perceived Organizational Performance: The indirect effect was significant ($\beta = 0.18$, $p < 0.01$), suggesting that motivated employees tend to be more satisfied with their jobs, which in turn enhances their perception of organizational performance.

• Organizational Culture → Job Satisfaction → Perceived Organizational Performance: The indirect effect was also significant ($\beta = 0.14$, $p < 0.05$), supporting the idea that a positive organizational culture leads to higher job satisfaction, which ultimately improves perceived organizational performance.

• Leadership → Job Satisfaction → Perceived Organizational Performance: Leadership was found to have a significant indirect effect ($\beta = 0.16$, $p < 0.05$), indicating that effective leadership not only directly impacts organizational performance but also improves job satisfaction, which enhances performance perceptions.

4. Model Fit

The goodness-of-fit indices for the SEM model indicated an acceptable fit to the data: Chi-square/df = 2.56, CFI = 0.94, TLI = 0.92, RMSEA = 0.06, indicating that the model sufficiently explains the relationships between the variables.

DISCUSSION

The findings from this study offer significant insights into how job satisfaction mediates the relationship between key organizational factors and perceived organizational performance. The results underscore the importance of fostering employee motivation, developing a positive organizational culture, and employing effective leadership to improve not only job satisfaction but also the perception of organizational performance.

1. The Role of Job Satisfaction

The mediating role of job satisfaction in the relationship between employee motivation, organizational culture, leadership, and organizational performance supports the idea that job satisfaction plays a central role in organizational effectiveness. Satisfied employees are more likely to engage with their work, exhibit higher levels of productivity, and contribute to a positive work environment, all of which enhance the perceived performance of the organization.

2. Practical Implications

For managers, the results suggest that investing in employee motivation, fostering a strong organizational culture, and promoting leadership that is both transformational and supportive can improve job satisfaction, which in turn enhances organizational performance. In particular, strategies aimed at improving job satisfaction should be a central focus for organizations looking to improve their competitive advantage and long-term sustainability.

3. Limitations and Future Research

This study has several limitations. First, the cross-sectional nature of the design limits the ability to establish causality. Longitudinal studies would provide more robust evidence of the causal relationships among the variables. Second, the study relied on self-reported data, which may introduce bias. Future research could include objective performance metrics or multi-source data collection to further validate these findings.

This study has provided a comprehensive analysis of the factors influencing perceived organizational performance (POP), with a particular focus on the mediating role of job satisfaction (JS). The findings demonstrate that key organizational factors such as employee motivation, organizational culture, and leadership significantly impact perceived organizational performance. More importantly, job satisfaction plays a crucial role as a mediator in the relationship between these factors and organizational performance, suggesting that improving job satisfaction could be an effective strategy for enhancing organizational effectiveness.

4. Importance of Employee Motivation, Organizational Culture, and Leadership

The results of this study underline the importance of fostering a motivating environment, cultivating a strong and positive organizational culture, and employing effective leadership practices. Motivated employees are more likely to be satisfied with their work, engage more actively, and perceive the organization's performance in a more positive light. A positive organizational culture, characterized by clear values, supportive behaviors, and shared goals, enhances job satisfaction and indirectly contributes to higher perceptions of organizational performance. Similarly, leadership, particularly

transformational leadership, directly influences employees' satisfaction levels, which, in turn, affect how employees perceive the overall performance of the organization.

Given the strong relationships between these factors and perceived organizational performance, organizations should prioritize these elements in their strategic planning. For instance, leaders should foster environments that encourage intrinsic motivation, emphasize a culture of respect and collaboration, and adopt leadership styles that promote trust, support, and open communication. These actions can help increase job satisfaction, which has been shown to improve perceptions of organizational performance.

5. Role of Job Satisfaction as a Mediator

One of the most significant findings from this research is the mediating role of job satisfaction. This suggests that job satisfaction is not just a byproduct of positive organizational factors; it actively contributes to how employees perceive their organization's overall performance. In other words, improving job satisfaction can lead to better perceptions of organizational effectiveness, even if the other factors (motivation, culture, and leadership) remain constant.

Job satisfaction appears to act as a conduit through which the positive effects of employee motivation, organizational culture, and leadership are transmitted to employees' perceptions of organizational performance. This has important implications for organizational development: efforts to improve motivation, organizational culture, and leadership should be paired with strategies to enhance job satisfaction. Fostering a work environment where employees feel valued, supported, and satisfied will not only increase individual productivity and engagement but also enhance the overall perception of organizational success.

6. Practical Implications for Organizations

For managers and organizational leaders, this study provides clear directions for improving organizational performance. By targeting key factors that influence job satisfaction—such as motivation, culture, and leadership—organizations can improve employee engagement, retention, and overall satisfaction, which, in turn, will enhance organizational performance. The practical implications of these findings suggest that organizations should:

•   Focus on Employee Motivation: Developing intrinsic and extrinsic motivation strategies can enhance employees' sense of purpose and commitment to their work. This can include recognizing achievements, providing opportunities for growth, and aligning employees' work with their personal values and goals.

•   Cultivate a Strong Organizational Culture: A positive organizational culture based on shared values, trust, and mutual respect is essential for improving job satisfaction. Creating an environment where employees feel a sense of belonging and connection can lead to improved performance perceptions.

•   Adopt Effective Leadership Practices: Transformational leadership, which emphasizes inspiring and motivating employees, is shown to be a significant driver of job satisfaction. Leaders should prioritize empathy, support, and transparent communication to improve job satisfaction and, ultimately, organizational performance.

By implementing these strategies, organizations can create a more satisfied workforce that perceives the organization's performance positively, which can result in improved organizational outcomes such as higher productivity, better employee retention, and greater innovation.

7. Limitations and Future Research Directions

While the findings of this study provide valuable insights, it is important to acknowledge the limitations of the research. The cross-sectional nature of the study means that the causal relationships between the variables cannot be definitively established. Future research using longitudinal designs would be valuable for better understanding how changes in motivation, culture, leadership, and job satisfaction over time influence perceived organizational performance.

Additionally, this study relied on self-reported data, which can be subject to biases such as social desirability or respondent perception. To enhance the reliability of future studies, incorporating objective performance measures or using multi-source data (e.g., supervisor ratings, peer reviews) could provide a more accurate picture of organizational performance.

CONCLUSION

This study provides evidence that employee motivation, organizational culture, and leadership are crucial factors affecting perceived organizational performance, with job satisfaction serving as a significant mediator. Organizations aiming to improve their performance should prioritize enhancing employee satisfaction through effective leadership, a supportive organizational culture, and strategies that foster employee motivation.

Future studies could also explore the role of other potential mediators and moderators, such as employee engagement, organizational commitment, and work-life balance, which might further explain the relationship

between organizational factors and performance. Moreover, it would be valuable to investigate the influence of external factors, such as industry type, organizational size, and geographic location, on these relationships.

In conclusion, this study has demonstrated the significant impact of employee motivation, organizational culture, and leadership on perceived organizational performance, with job satisfaction acting as an important mediator. Organizations that prioritize the well-being and satisfaction of their employees by focusing on motivation, culture, and leadership are likely to experience improvements in performance, as perceived by their workforce. The findings underscore the critical role of job satisfaction in shaping organizational perceptions and highlight its potential as a strategic lever for enhancing organizational effectiveness. By adopting a holistic approach that integrates employee satisfaction with organizational performance strategies, businesses can position themselves for long-term success and growth.

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