



## The Role Of Organizational Culture, Employee Engagement And Work Environment In Employee Performance

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**Abstract:** Employee performance constitutes a critical determinant of organizational success, particularly within the public service sector. This study examines the influence of organizational culture, employee engagement, and work environment on employee performance at Perumdam Waemami, East Luwu Regency, Indonesia. The research adopts a quantitative methodological approach. A sample of 62 employees was determined using the Slovin formula, selected through incidental sampling technique. Data collection was conducted through three methods: structured interviews, direct observation, and questionnaire surveys. The data were analyzed employing descriptive analysis and Structural Equation Modeling using Partial Least Squares (SEM-PLS). The findings reveal that organizational culture exerts no significant influence on employee performance, while employee engagement and work environment demonstrate significant positive effects on employee performance. These results indicate that while organizational culture showed limited impact, high levels of employee engagement and a supportive work environment play pivotal roles in enhancing employee performance at Perumdam Waemami, East Luwu Regency.

**Keywords:** Organizational Culture, Employee Engagement, Work Environment, Employee Performance.

### INTRODUCTION

Water is an essential natural resource that plays a vital role in sustaining human life and supporting socioeconomic development. Beyond its fundamental function for household needs, water is also indispensable for agriculture, livestock, and industry. Therefore, the management of clean and sustainable water resources has become a strategic issue in promoting community welfare and regional development. In Indonesia, clean water management is commonly entrusted to Perusahaan Umum Daerah Air Minum (Perumdam), regional government-owned enterprises responsible for providing reliable and high-quality water services to households and industrial users.

As public service institutions, Perumdams are expected to operate efficiently, transparently, and in accordance with the standards of public service excellence established by regional



governments. However, the success of such institutions does not merely depend on infrastructure or technological capabilities; it is strongly determined by the quality and commitment of human resources who serve as the core drivers of organizational performance. In this regard, employee performance plays a crucial role in determining the effectiveness and efficiency of public service delivery. (Gautam et al., 2017) emphasized, employee performance reflects how well an individual carries out assigned responsibilities to achieve organizational goals.

Nevertheless, in many public service organizations, including Perumdams, employee performance remains suboptimal due to several internal challenges, such as low motivation, limited employee engagement, weak organizational culture, and an unsupportive work environment. These three factors—organizational culture, employee engagement, and work environment—have consistently been identified in management literature as critical determinants of employee performance (Almarzooqi & Alshamsi, 2023; Chandrasekar, 2011; Shahzad et al., 2020).

Organizational culture represents the set of shared values, beliefs, and norms that shape members' behavior within an organization (Robbins & Judge, 2017). A strong and positive culture fosters harmony, a sense of belonging, and alignment between individual and organizational objectives. (Almarzooqi & Alshamsi, 2023) stated that “organizational culture plays a critical role in shaping the behaviour, performance, and engagement of employees,” indicating that a conducive culture can drive productive work behavior and enhance performance. (Sofi et al., 2022) further found that specific culture types such as clan culture and adhocracy culture positively influence individual performance, particularly when combined with participative leadership and transparent communication. Conversely, a rigid or bureaucratic culture may reduce adaptability, creativity, and morale among employees. For public service institutions like Perumdams, cultivating a culture centered on professionalism, integrity, and service excellence is fundamental to achieving public trust and satisfaction.

Employee engagement refers to the degree of an employee's psychological and emotional attachment to their job and organization (Kahn, 1990). Highly engaged employees are typically enthusiastic, committed, and willing to go beyond formal job expectations. Meta analysis of 166 independent studies and found a significant correlation between engagement and job performance, demonstrating that engagement is a robust predictor of productivity and effectiveness (Harter et



al., 2200). Similarly, (Macey & Schneider, 2008) concluded that “employee engagement directly contributes to organizational performance through enhanced motivation and discretionary effort.” In the public sector, high engagement not only improves efficiency but also encourages innovation and accountability—two qualities essential in maintaining public trust and service quality.

The work environment encompasses both physical aspects (such as workspace layout, cleanliness, lighting, and equipment) and social aspects (such as interpersonal relationships, communication, and managerial support). An enabling work environment enhances comfort, safety, and cooperation among employees, ultimately leading to higher performance. (Ajala, 2012) emphasized that a positive workplace environment fosters greater commitment and achievement striving, which directly enhance task performance. (Vischer, 2007) further observed that “a positive work environment promotes employee performance and enhances their ability to show a higher level of achievement.” Inadequate working conditions—whether physical discomfort, poor facilities, or strained interpersonal relations—tend to reduce motivation and productivity. For regional public organizations such as Perumdam Waemami, geographical constraints and infrastructure limitations often pose additional challenges in maintaining optimal work conditions, particularly in remote service areas.

Perumdam Waemami, located in East Luwu Regency, South Sulawesi, serves as the regional government’s arm in ensuring equitable access to clean water. The institution faces both operational and managerial challenges, including the need to expand service coverage, maintain water quality, and meet rising community expectations. Achieving these goals depends heavily on a workforce that is competent, disciplined, and customer-oriented. Preliminary observations indicate that the organization’s internal performance can be further optimized. Issues such as limited communication across departments, insufficient participative leadership, and moderate employee involvement in decision-making may contribute to lower engagement levels. In addition, workplace infrastructure and facilities still require improvement to ensure employee comfort and effectiveness. Therefore, strengthening organizational culture, enhancing employee engagement, and improving work environment quality are critical strategies for advancing overall organizational performance.

This study is significant for both theoretical and practical reasons. Theoretically, it contributes to the growing body of knowledge in organizational behavior and human resource



management by examining the simultaneous effects of organizational culture, employee engagement, and work environment on employee performance in a public service context. Although numerous studies have investigated these variables independently, limited empirical research has explored their combined influence within local government-owned enterprises in Indonesia, particularly in the eastern regions.

Practically, the findings of this research will provide evidence-based recommendations for Perumdam Waemami to design effective human resource strategies aimed at strengthening organizational culture, fostering employee engagement, and creating a more supportive work environment. These strategies are expected to improve employee performance, enhance public satisfaction, and ultimately contribute to better governance and service delivery. The objective of this study is to analyze the influence of organizational culture, employee engagement, and work environment on employee performance at the Perumdam Waemami Office, East Luwu Regency.

## **METHOD**

### **Research Design**

This study employs a quantitative research approach aimed at empirically examining the influence of organizational culture, employee engagement, and work environment on employee performance. A quantitative approach was chosen because it allows for the measurement of variables using numerical data and statistical analysis to test hypotheses objectively. The research design is explanatory, as it seeks to explain causal relationships among the variables based on data collected from respondents.

### **Population and Sample**

The population in this study consists of all employees working at the Perumdam Waemami Office in East Luwu Regency. A total of 62 employees were selected as research samples. The sampling technique used was incidental sampling, a non-probability sampling method where respondents are selected based on their availability and willingness to participate at the time of data collection. This technique was chosen due to its practicality in obtaining responses from employees who were present and accessible during the research period.



**Data Collection Techniques**

Data collection was conducted through three primary techniques: 1. Interviews. Conducted with selected employees and supervisors to obtain contextual information regarding organizational culture, engagement, and working conditions. 2. Observation. Carried out to directly observe the work environment, interactions among employees, and organizational dynamics within the workplace. 3. Questionnaires. Distributed to all respondents as the main instrument for quantitative data collection. The questionnaire was designed using a Likert scale to measure respondents’ perceptions of the four research variables: organizational culture, employee engagement, work environment, and employee performance. The primary data collection technique in this study was the use of questionnaires. In this research, the questionnaire consisted of a total of 34 statements, which were distributed across the following variables.

<b>Variable</b>	<b>Indicator</b>	<b>Reference</b>	<b>Information</b>
Organizational Culture	Innovativeness and risk-taking,	Sulaksono Hari (2015)	BO1
			BO2
	Attention to detail		BO3
			BO4
	Outcome orientation		BO5
			BO6
	People orientation		BO7
			BO8
	Aggressiveness at work		BO9
			BO10
	Maintaining and preserving work stability		BO11
			BO12
Employee engagement	Vigor,	Schaufeli and Bakker (2004)	EE1
	Dedication,		EE2
			EE3
	Absorption		EE4
			EE5
	EE6		
Work Environment	Work Atmosphere	Septianto (2010)	LK1
			LK2
	Relationship with Coworkers		LK3
			LK4
	Work Facilities,		LK5
			LK6
Employee Performance	Quality	Bernardin and Russell (as cited in Rahayu, 2017)	K1
			K2
	Quantity		K3
			K4
	Timeliness		K5
			K6
	Cost-effectiveness		K7



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	K8
Interpersonal impact	K9
	K10

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*Table 1. Variable and Indicator*

## Data Analysis Techniques

Data analysis in this study involved three stages:

### 1. Instrument Testing

Before hypothesis testing, the questionnaire data were subjected to validity and reliability tests to ensure the accuracy and consistency of the measurement instruments. The validity test assessed whether each indicator accurately reflected its corresponding construct, while the reliability test measured the internal consistency. A statement in the questionnaire is considered valid if the calculated r-value (r-count) is greater than the r-table value of 0.361. Meanwhile, the results of the reliability test indicate that the measurement instrument is deemed reliable if the Cronbach's Alpha value is greater than 0.60, meaning that the instrument consistently measures the intended variables.

In this study, the validity and reliability tests were conducted prior to distributing the 62 questionnaires to the actual research respondents. The tests were performed on a pilot sample of 30 respondents to ensure the accuracy and consistency of the measurement instruments. The validity test for each questionnaire item was carried out using SPSS software.

The results of the validity test showed that all items in each variable were valid, as the calculated r-value (r-count) was greater than the r-table value of 0.361. Specifically, the organizational culture variable consisted of 12 statement items, the employee engagement variable consisted of 6 items, the work environment variable consisted of 6 items, and the employee performance variable consisted of 10 items. Thus, all 34 questionnaire items were declared valid and suitable for use in this study.

Furthermore, the reliability test results indicated that the instrument was reliable, with a Cronbach's Alpha value of 0.849, which is higher than the minimum threshold of 0.6. This confirms that the questionnaire items were consistent and dependable in measuring the intended variables.



2. Descriptive Statistical Analysis

Descriptive analysis was used to summarize respondent characteristics and provide an overview of each variable’s mean, frequency, and percentage. This analysis aimed to describe the general trends in employees’ perceptions regarding organizational culture, engagement, work environment, and performance.

Range	Categori
1.00-1.80	Very Low (Strongly Disagree)
1.81-2.60	Low (Disagree)
2.61-3.40	Moderate (Neutral)
3.41-4.20	High (Agree)
4.21-5.00	Very High (Strongly Agree)

*Table 2. Range for Respondents’ Perceptions of Indicators and Variables*

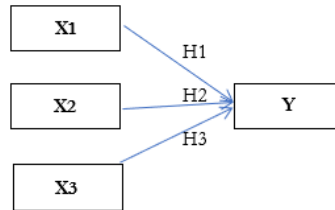
3. Structural Equation Modeling – Partial Least Squares (SEM-PLS)

The hypothesis testing and model estimation were performed using SEM-PLS with the SmartPLS software. SEM-PLS was chosen because it is suitable for small to moderate sample sizes and is robust against non-normal data distribution. The analysis was conducted in two stages:

- a. Outer Model Analysis, which evaluated the measurement model through indicator reliability, convergent validity (Average Variance Extracted/AVE), and discriminant validity. The value of the Outer Model is done by looking at the value of Convergent Validity, this is measured based on the correlation value with variables measured by a loading factor value of > 0.70 is highly recommended but the value of > 0.50 - 0.60 can still be tolerated as long as the model is still under development [35]. Composite reliability results for each construct are very good because the value is above 0.80, besides that it can also be seen from the value of Cronbach alpha value above 0.70. And the value of Average Variance Extracted (AVE), a construct with good validity because it is worth more than 0.50
- b. Inner Model Analysis, which assessed the structural relationships among latent variables by examining the path coefficients, R-square, and t-statistics using bootstrapping procedures. Hypothesis testing is based on the values contained in the structural model analysis, the level of significance of the path coefficient is obtained from the t-value and the value of the standardized path coefficient. The value of



hypothesis testing is that the t-value of factor loadings is greater than the critical value ( $\geq 1.96$ ).



*Figure 1. Research Hypothesis*

**RESULTS AND DISCUSSION**

The results of this study consist of three main sections: respondent characteristics, Analysis of Respondents’ Perceptions, and hypothesis testing results using Structural Equation Modeling–Partial Least Squares (SEM-PLS).

Variable	Item	Frequency	Percent
Gender	Male	37	59.7
	Female	25	40.3
	<b>Total</b>	<b>62</b>	<b>100</b>
Age	< 25th	1	1.6
	25-35 th	51	82.3
	36-45 th	9	14.5
	> 45th	1	1.6
	<b>Total</b>	<b>62</b>	<b>100</b>
Recent education	SMA	28	45.2
	Diploma	3	4.8
	Bachelor	31	50
	Postgraduate	0	0
	<b>Total</b>	<b>62</b>	<b>100</b>
<b>Length of Employment</b>	< 5 th	46	74.2
	5-10 th	11	17.7
	> 10 th	5	8.1
	<b>Total</b>	<b>62</b>	<b>100</b>

*Table 3: Analysis of Respondent Characteristics*

*Source: Processed Data (2025)*



Based on the collected data, the total number of respondents in this study was 62 employees of Perumdam Waemami, East Luwu Regency. In terms of gender, the respondents consisted of 37 males (59.7%) and 25 females (40.3%). This indicates that the majority of employees are male, reflecting the typical composition of human resources in the public utilities sector, where operational and field activities often involve more male workers.

Regarding age, most respondents were within the 20–35 years old category, totaling 51 employees (82.3%). This is followed by 9 employees (14.5%) aged between 36–45 years, 1 employee (1.6%) under 20 years, and 1 employee (1.6%) above 45 years old. This age distribution demonstrates that the workforce of Perumdam Waemami is predominantly young, which can contribute to higher levels of energy, adaptability, and openness to innovation.

For educational background, the majority of respondents held a Bachelor's degree (31 respondents or 50%), followed by Senior High School graduates (28 respondents or 45.2%), and Diploma holders (3 respondents or 4.8%). None of the respondents had completed postgraduate education. This indicates that most employees possess adequate formal education to perform their duties and contribute effectively to organizational performance.

In terms of length of employment, most employees had relatively short work tenures. A total of 46 respondents (74.2%) had worked for less than 5 years, 11 respondents (17.7%) had between 5–10 years of service, and only 5 respondents (8.1%) had worked for more than 10 years. This suggests that a significant proportion of employees are relatively new to the organization, which may reflect ongoing regeneration or recruitment efforts to strengthen the workforce structure.

Overall, these findings indicate that the employee profile at Perumdam Waemami is characterized by a young, moderately balanced gender composition and well-educated workforce with relatively short tenure. Such demographics provide strong potential for capacity development, innovation, and the implementation of modern management practices to enhance organizational performance.

### **Analysis of Respondents' Perceptions**

<b>Variable</b>	<b>Indicator</b>	<b>Mean</b>	<b>Category</b>
Organizational Culture	Innovativeness and risk-taking,	4.08	High
	Attention to detail	4.45	Very High
	Outcome orientation	4.30	Very High
	People orientation	4.21	Very High



	Aggressiveness at work	4.23	Very High
	Maintaining and preserving work stability	4.36	Very High
	<b>Total</b>	<b>4.27</b>	<b>Very High</b>
Employee engagement	Vigor,	4.13	High
	Dedication,	4.41	Very High
	Absorption	4.25	Very High
	<b>Total</b>	<b>4.26</b>	<b>Very High</b>
Work Environment	Work Atmosphere	4.04	High
	Relationship with Coworkers	4.30	Very High
	Work Facilities,	3.94	High
	<b>Total</b>	<b>4.09</b>	<b>High</b>
Employee Performance	Quality	4.32	Very High
	Quantity	4.21	Very High
	Timeliness	4.18	High
	Cost-effectiveness	4.24	Very High
	Interpersonal impact	4.10	High
	<b>Total</b>	<b>4.21</b>	<b>Very High</b>

**Table 4.** Analysis of Respondents' Perceptions

Table 4 presents the results of respondents' perceptions regarding the four research variables organizational culture, employee engagement, work environment, and employee performance based on each indicator's mean score and corresponding category.

For the Organizational Culture variable, the overall mean score was 4.27, which falls under the "Very High" category. This indicates that employees perceive the organizational culture at Perumdam Waemami positively. Among its indicators, attention to detail obtained the highest mean score of 4.45 (Very High), followed by maintaining and preserving work stability (4.36) and outcome orientation (4.30), all within the "Very High" category. These results suggest that employees value precision, stability, and performance results in their workplace. The innovativeness and risk-taking indicator received the lowest mean score (4.08), though it still falls under the "High" category, indicating that innovation and risk awareness are present but could still be strengthened.

The Employee Engagement variable achieved an overall mean of 4.26, also categorized as "Very High." This demonstrates that employees are generally committed, enthusiastic, and emotionally attached to their work. The dedication indicator recorded the highest mean (4.41), signifying that employees feel proud, inspired, and meaningful in their roles. The absorption indicator (4.25) and vigor (4.13) also showed high to very high levels, reflecting strong enthusiasm and concentration among employees when performing their duties.

For the Work Environment variable, the total mean score was 4.09, categorized as "High." This indicates that the overall working conditions at Perumdam Waemami are perceived positively



by employees. The relationship with coworkers indicator scored the highest (4.30, Very High), suggesting that interpersonal relationships and teamwork among employees are strong and harmonious. Meanwhile, work atmosphere (4.04) and work facilities (3.94) were categorized as “High,” implying that although employees find their work environment generally supportive, improvements could still be made in terms of physical facilities and comfort.

The final variable, Employee Performance, obtained an overall mean score of 4.21, which falls into the “Very High” category. This shows that employees believe their performance levels both individually and collectively are high. Among the indicators, quality of work scored the highest (4.32), reflecting employees’ attention to accuracy and excellence. Quantity (4.21), cost-effectiveness (4.24), and interpersonal impact (4.10) were also in the “High” to “Very High” range, demonstrating that employees complete tasks efficiently while maintaining positive relationships. Timeliness (4.18) was rated “High,” suggesting that while work is generally completed on time, scheduling efficiency can be further optimized.

### Structural Equation Modeling–Partial Least Squares (SEM-PLS)

The results of research with SEM-PLS were used to answer the research hypothesis. In this section, before answering the research hypothesis, first test the research instrument through the outer model.

#### 1. Research instrument testing (Outer Model)

##### Validity Test

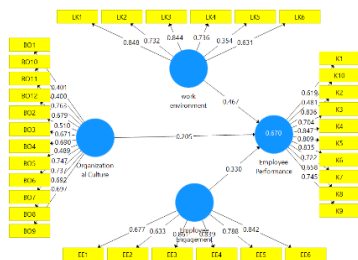


Figure 2. Outer of initial model

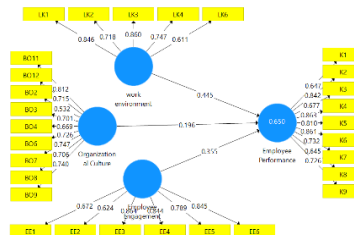


Figure 3. Outer final model

From Figure 2, it can be observed that in the initial outer model, there were five statement items with loading factor values below 0.5, indicating that these indicators did not meet the validity threshold. Specifically, three items from the organizational culture variable (BO1, BO5, and BO10), one item from the work environment variable (LK5), and one item from the employee performance variable (K10) had loading factors below the acceptable limit. Consequently, these



five items were removed from the model. After re-estimation, as shown in Figure 3, all remaining statement items achieved loading factor values greater than 0.5, indicating that every indicator used in the model was valid and capable of measuring its respective latent construct accurately.

Code	BO	EE	LK	K	Information
BO2	0.532	-	-	-	Valid
BO3	0.701	-	-	-	Valid
BO4	0.669	-	-	-	Valid
BO6	0.726	-	-	-	Valid
BO7	0.747	-	-	-	Valid
BO8	0.706	-	-	-	Valid
BO9	0.740	-	-	-	Valid
BO11	0.812	-	-	-	Valid
BO12	0.715	-	-	-	Valid
EE1	-	0.672	-	-	Valid
EE2	-	0.624	-	-	Valid
EE3	-	0.864	-	-	Valid
EE4	-	0.844	-	-	Valid
EE5	-	0.789	-	-	Valid
EE6	-	0.845	-	-	Valid
LK1	-	-	0.846	-	Valid
LK2	-	-	0.718	-	Valid
LK3	-	-	0.860	-	Valid
LK4	-	-	0.747	-	Valid
LK6	-	-	0.611	-	Valid
K1	-	-	-	0.647	Valid
K2	-	-	-	0.842	Valid
K3	-	-	-	0.677	Valid
K4	-	-	-	0.863	Valid
K5	-	-	-	0.810	Valid
K6	-	-	-	0.861	Valid
K7	-	-	-	0.732	Valid
K8	-	-	-	0.645	Valid
K9	-	-	-	0.726	Valid

**Table 5.** Validity Test Result  
Source: Data processed (2025)

**Reliability Test**

Data quality tests are carried out by looking at the value of composite reliability generated by PLS calculations from existing variables. The reliability test results can be seen in the following table.

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)	Conclusion
Organizational Culture	0,876	0,886	0,900	0,503	Reliable
Employee Engagement	0,866	0,876	0,901	0,606	Reliable



work environment Employee Performance	0,817	0,855	0,872	0,581	Reliable
Employee Performance	0,906	0,912	0,924	0,579	Reliable

**Table 6.** Reliability test

Source: Data processed (2025)

The results of the reliability test indicate that all research variables meet the required criteria for model fit. The values of Cronbach’s Alpha, Composite Reliability, and Average Variance Extracted (AVE) all exceed the recommended thresholds. The Composite Reliability values for each construct are considered excellent, being greater than 0.80, while the Cronbach’s Alpha values are all above 0.70, demonstrating strong internal consistency. Moreover, the AVE values for all constructs are above 0.50, confirming that each variable possesses good convergent validity.

2. Inner Model (research hypothesis answer)

Hypothesis testing is based on the values contained in the structural model analysis, the level of significance of the path coefficient is obtained from the t-value and the value of the standardized path coefficient. The value of hypothesis testing is that the t-value of factor loadings is greater than the critical value/T-statistics ( $\geq 1.96$ ) or P-Value under 0.05.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Organizational Culture -> Employee Performance	0,196	0,210	0,124	1,590	0,112
Employee Engagement -> Employee Performance	0,355	0,362	0,153	2,321	0,021
work environment -> Employee Performance	0,445	0,432	0,145	3,067	0,002

**Table 7.** Research hypothesis answer

Source: Data processed (2025)

Based on the table above it can be seen that:

1. Organizational Culture of employee performance has a satistic T value of  $1.590 < 1.96$  and P Value  $0.112 > 0.05$  so hypothesis 1 is REJECTED. This means that Organizational Culture does not have a significant effect on employee performance.



2. Employee Engagement to employee performance has a statistic T of  $2.321 > 1.96$  and a P Value of  $0.021 < 0.05$  so hypothesis 2 is ACCEPTED. This means that Employee Engagement has a significant effect on employee performance.
3. Work environment to employee performance has a statistic T of  $3.067 > 1.96$  and a P Value of  $0.002 < 0.05$  so hypothesis 3 is ACCEPTED. This means that work environment has a significant effect on employee performance.

### **The Influence of Organizational Culture on Employee Performance**

The non-significant effect of organizational culture on employee performance found in this study adds nuance to a literature that often assumes a direct, positive link between culture and performance. Recent evidence increasingly shows that the culture–performance relationship is context-contingent, frequently mediated or moderated by other mechanisms (e.g., engagement, perceived support, leadership, or job resources), and may therefore fail to emerge as a direct effect in certain organizational settings. A recent systematic review concludes that culture influences outcomes most reliably when it is aligned with strategy and enacted through supporting systems rather than merely espoused (Rousseau & Shperling, 2021). In a similar vein, a *Frontiers in Psychology* study demonstrates that corporate culture’s impact on work performance tends to operate through leadership and work engagement, not as an unconditional direct driver (Zeffane & Melhem, 2017).

For Perumdham Waemami, this implies several actionable insights. Firstly, having a strong or positive culture is necessary but not sufficient; the organization must ensure that that culture is operationalised through leadership, systems, capacity and resource alignment. Secondly, the organization may wish to investigate whether cultural values are genuinely embedded in daily practices or merely espoused—i.e., do employees live those values in their jobs, or are the values nominal? Several studies suggest that when there is a gap between “espoused” culture and “enacted” culture, performance improvements may not materialize. For example, (Xie et al., 2022) reported that culture-performance links were stronger when employees internalized culture and when culture aligned with mission and business strategy.

Sectoral and institutional context matters as well. In sustainability-oriented logistics firms, culture improved performance where it connected to concrete process discipline and capability



development (Hofstede & Hofstede, 2005). Likewise, a ScienceDirect article shows that discrete dimensions of culture (e.g., involvement, adaptability) influence job performance via mediators such as satisfaction or engagement (Hartnell et al., 2016). Where culture is strong but weakly operationalized—for instance, when reward systems, staffing, or technology are misaligned—the expected performance gains may not materialize. Studies in Cogent Business & Management and related outlets repeatedly report that culture’s pathway to performance is strengthened when job satisfaction or organizational support sits between culture and outcomes (Ahmad & Omar, 2019; Azanza et al., 2015).

These patterns dovetail with engagement-centered explanations. Recent work suggests that culture often exerts its influence indirectly by elevating engagement, which then translates into improved performance (Chaudhary et al., 2018). In public-sector and service organizations, the presence of supportive climates and psychological resources appears to be the proximal driver, while culture is the distal enabler (Hartnell et al., 2016). Accordingly, null direct effects can arise when engagement, support, or job resources—not culture per se—explain most of the variance in performance. A Ghanaian banking study also illustrates that even when culture differs across firms, performance differences may not follow directly, reinforcing that context and fit matter (Almarzooqi & Alshamsi, 2023). Viewed through this lens, our null finding is theoretically coherent. It suggests that at Perumdam Waemami, culture may be necessary but not sufficient for performance gains unless accompanied by concrete enablers (leadership practices, performance management, training, resource adequacy). International evidence supports this configuration: multi-study analyses observe that culture’s effects intensify when paired with supportive leadership and resource systems, while the direct path often weakens or disappears (Zeffane & Melhem, 2017; Hartnell et al., 2016; Azanza et al., 2015).

Importantly, primary work by the author and collaborators has reported compatible mechanisms in Indonesian contexts: organizational culture’s influence on performance becomes meaningful when channeled through engagement or related attitudinal variables (Sari et al., 2023), and performance in service settings is often more immediately shaped by HR practices (e.g., service quality, compensation) than by culture alone (Sudarso & Wibowo, 2022). These findings reinforce the interpretation that culture is best treated as an indirect lever whose performance



payoff emerges when organizations translate values into day-to-day management routines and employee experiences.

Taken together, the international and primary evidence suggests practical implications: rather than attempting to “strengthen culture” in the abstract, management should operationalize cultural values via (i) leadership behaviors that cultivate engagement, (ii) aligned performance systems and incentives, and (iii) targeted investments in job resources. Where these enablers are present, meta-findings indicate that culture’s performance contribution becomes observable typically as indirect or conditional effects (Rousseau & Shperling, 2021; Chaudhary et al., 2018; Azanza et al., 2015). Consequently, our null direct effect should not be read as evidence that culture is irrelevant; instead, it highlights the pathways through which culture does its work and the managerial levers required to activate those pathways in a public-utility context.

### **The Influence of Employee Engagement on Employee Performance**

The results of this study reveal that employee engagement has a significant and positive effect on employee performance at Perumdam Waemami in East Luwu Regency. This finding indicates that employees who feel enthusiastic (vigor), dedicated (dedication), and absorbed (absorption) in their work tend to achieve higher performance outcomes. It supports the growing consensus that employee engagement is not merely a psychological condition but a strategic organizational asset that directly enhances effectiveness and productivity.

According to (Schaufeli & Bakker, 2004), employee engagement represents a positive, fulfilling work-related state of mind characterized by energy, involvement, and efficacy. When individuals are emotionally and cognitively connected to their work, they display stronger commitment, greater motivation, and improved task performance. This theoretical foundation aligns with (Al-Dmour et al., 2020), who found that engagement significantly fosters productivity and innovative behavior, especially within service-oriented organizations such as public utilities. Similarly, (Christian et al., 2011) demonstrated that employee engagement positively affects performance through enhanced motivation and a stronger sense of organizational belonging. The authors emphasized that a workplace promoting pride, recognition, and shared purpose stimulates employees to exert discretionary effort. This is evident at Perumdam Waemami, where engaged employees demonstrate higher responsiveness and accountability in delivering public services. Furthermore, (Kahn, 1990) describe engagement as the “psychological engine” that drives



productive and collaborative behavior. Engaged employees are more willing to go beyond formal role expectations when they feel valued and empowered. In the public service context of Perumdam Waemami, this manifests through greater service efficiency and proactive problem-solving in water distribution and management.

Research by (Ferreira & Santos, 2023) identified employee engagement as a mediating mechanism between transformational leadership and performance. Leaders who inspire and support their subordinates foster deeper emotional connection and involvement, which subsequently enhances job performance. In Perumdam Waemami, participative leadership and open communication appear to create the psychological conditions necessary for strong engagement and performance. Likewise, (Katou, 2008) found that engagement influences performance not only by increasing motivation but also by shaping a robust professional identity. Engaged employees see their work as personally meaningful and strive for excellence beyond their job descriptions. This aligns with (Luthans et al., 2008), who reported that engagement improves job effectiveness when combined with role clarity and organizational support in public sector organizations. In a similar vein, (Rich et al., 2010) showed that employee engagement enhances service performance by strengthening emotional commitment and result orientation. In service-based organizations, this emotional bond helps employees sustain high performance under pressure and deliver consistent service quality. Meanwhile, (Saks, 2006) emphasized the sustainability dimension, arguing that engaged employees are more likely to exhibit responsible work behaviors that contribute to long-term organizational performance. (Shuck & Wollard, 2010) further support this view, showing that engagement is positively associated with team productivity, resource efficiency, and innovation.

The results of this study are consistent with (Sari et al., 2023) found that employee engagement serves as a key mediator between leadership, organizational culture, and performance within Indonesian public organizations and SMEs. Their findings demonstrated that engagement acts as a conduit through which organizational practices are translated into performance outcomes. Similarly, (Sudarso & Wibowo, 2022) reported that engagement significantly improves efficiency, motivation, and loyalty among employees in regional government institutions.

Collectively, these empirical findings reaffirm that employee engagement is a critical determinant of individual and organizational performance. Engagement not only enhances



productivity but also fosters teamwork, adaptability, and organizational commitment. Within Perumdam Waemami, engagement can be seen as a central mechanism for achieving operational excellence and improving service delivery. To sustain this effect, management should implement strategies that cultivate emotional, intellectual, and social engagement—such as career development programs, effective internal communication, and recognition-based reward systems. Thus, this study contributes both theoretically and practically to the literature by confirming that employee engagement plays a decisive role in driving performance in public-sector contexts. It strengthens prior evidence that organizations with engaged employees consistently achieve superior outcomes across efficiency, service quality, and innovation—especially within public utilities such as Perumdam Waemami.

### **The Influence of Work Environment on Employee Performance**

The results of this study indicate that the work environment has a significant and positive influence on employee performance at Perumdam Waemami in East Luwu Regency. This finding highlights that both the physical and non-physical aspects of the work environment play a crucial role in enhancing employee productivity, comfort, and overall effectiveness. A supportive work environment fosters psychological well-being, motivation, and a sense of responsibility, enabling employees to perform their duties more effectively and efficiently. According to (Ajala, 2012), the work environment encompasses all surrounding conditions that affect employees in performing their tasks, including lighting, temperature, cleanliness, atmosphere, relationships with coworkers, and managerial support.

Within Perumdam Waemami, an environment that ensures safety, comfort, and open communication among employees has proven to be a key factor in improving performance and the quality of public service delivery. This result is consistent with (Riyanto et al., 2017), who found that a supportive work environment significantly enhances performance through improved psychological well-being and employee engagement. Their study, published in *Frontiers in Psychology*, revealed that employees working in comfortable and collaborative environments are more adaptive to job stress and tend to the public.



## CONCLUSION

The findings of this study empirically demonstrate that employee engagement and work environment have a significant and positive effect on employee performance, whereas organizational culture does not have a direct significant effect on performance at Perumdam Waemami, East Luwu Regency.

These results suggest that employee performance is more strongly influenced by engagement and supportive working conditions rather than by perceived organizational culture alone. Employees who are emotionally attached, highly motivated, and proud of their work tend to exhibit higher levels of performance, productivity, and goal orientation. A conducive work environment characterized by safety, comfort, effective communication, and positive interpersonal relationships also contributes significantly to employee effectiveness and efficiency in carrying out their duties.

Although organizational culture does not have a direct impact, the findings imply that its role is indirect, operating through the creation of a positive work climate and leadership patterns that foster engagement and motivation. In other words, organizational culture serves as a foundational system of values and norms that must be operationalized through managerial practices and employee behavior to contribute meaningfully to improved performance.

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