

The Influence of Organizational Culture and Work Competence on the Performance of Baznas Employees of Riau Islands Province with Job Satisfaction as a Mediating Variable

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Abstract

This study aims to test and analyze the Influence of Organizational Culture and Work Competence on Employee Performance at Baznas Riau Islands Province with Job Satisfaction as a mediating variable. The independent variables used are Organizational Culture and Work Competence, while the dependent variable is Employee Performance. Job Satisfaction is used as a mediating variable. The data collection method in this study was carried out by distributing questionnaires to 150 respondents who were employees of Baznas Riau Islands Province. This study uses a quantitative approach with an associative research type. The data obtained were processed using the Structural Equation Modeling (SEM) analysis model based on Partial Least Square (SmartPLS). The results of the study indicate that Organizational Culture has a positive and significant effect on Job Satisfaction with a coefficient value of 0.498, and Job Competence has a positive and significant effect on Job Satisfaction with a coefficient value of 0.343. Organizational Culture has a positive and significant effect on Employee Performance with a coefficient value of 0.155, and Job Competence has a positive and significant effect on Employee Performance with a coefficient value of 0.107. Job Satisfaction has a positive and significant effect on Employee Performance with a coefficient value of 0.311. In addition, Organizational Culture has a positive and significant effect on Employee Performance through Job Satisfaction with a coefficient value of 0.444, and Job Competence has a positive and significant effect on Employee Performance through Job Satisfaction with a coefficient value of 0.180.

Keywords: *Organizational Culture; Work Competence; Job Satisfaction; Employee Performance*

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Introduction

Human Resources (HR) are strategic assets crucial to organizational success and efficiency. Their role in managing other resources positions them at the core of goal achievement. Therefore, systematic and effective HR management is essential to enhance both individual performance and organizational sustainability. Skilled HR contributes to innovation, productivity, and competitiveness. Organizations must invest in employee development through training, mentoring, and cultivating a supportive work environment that encourages creativity and collaboration.

Clear policies on recruitment, performance evaluation, and equitable rewards are key to increasing motivation and loyalty. Career development opportunities and constructive feedback further strengthen employee engagement. Beyond technical skills, a values-driven and inclusive culture is vital. Leadership that promotes empathy and work-life

balance fosters well-being and emotional attachment, helping organizations retain top talent and remain resilient amid change.

Zakat is a pillar of Islam with profound spiritual and social significance. Obligatory for Muslims who meet specific criteria, zakat benefits not only the recipients (*mustahiq*) but also the givers (*muzakki*) by purifying the soul, fostering generosity, and expressing gratitude to Allah. It reduces material attachment, promotes empathy, and ensures that wealth is cleansed of others' rightful shares.

Zakat can be distributed directly or through official zakat institutions. Utilizing such institutions offers advantages including transparency, professionalism, and efficient distribution. Social influence also plays a role, as individuals are more inclined to follow commonly accepted practices within their communities, thereby increasing trust in organized zakat management. Baznas of Riau Islands Province, a government-affiliated body, professionally manages zakat, *infaq*, and alms. With a vision to become a trusted and excellent zakat manager, Baznas empowers communities through programs in education, healthcare, economic aid, humanitarian support, and religious outreach. Its digital services make zakat payments more accessible, positioning Baznas as both a bridge between *muzakki* and *mustahiq* and a partner in regional social development.

Performance refers to the achievement of work results by individuals in fulfilling assigned tasks, both in terms of quality and quantity. It reflects a person's skills, experience, and dedication in alignment with their responsibilities and authority. Optimal performance is achieved when outcomes meet or exceed organizational standards. Hence, clear goals and success indicators are essential for effectively measuring both individual and organizational performance. Without such criteria, success cannot be properly defined or evaluated.

Preliminary observations indicate that employee performance at Baznas Riau Islands Province remains low. A study by Yuliani (2023) highlights the critical role of employee performance in determining the success of Baznas. The research found that employee performance not only influences productivity but also directly impacts goal achievement, organizational sustainability, and competitiveness. This underscores the need for Baznas to prioritize performance improvement as a strategic imperative in navigating current challenges and a dynamic operating environment.

One factor contributing to declining employee performance at Baznas may be low job satisfaction. Job satisfaction reflects employees' perceptions of their work, shaped by factors such as working conditions, compensation, relationships with colleagues and supervisors, and opportunities for professional growth. When employees feel undervalued, undercompensated, or unsupported, their motivation and performance typically decline. Initial observations indicate low job satisfaction among Baznas employees, stemming from limited recognition, inadequate facilities, and weak managerial support. This negatively impacts both motivation and productivity. Supporting this, Bahari (2019) found that job satisfaction significantly influences employee performance: satisfied employees tend to perform better, while dissatisfaction reduces motivation and harms both individual and organizational outcomes. These findings highlight the need to foster a supportive work environment to enhance job satisfaction and, in turn, improve performance.

Another factor suspected to affect declining employee performance is organizational culture. Organizational culture refers to a set of shared values, beliefs, norms, and practices internalized by members of an organization. It shapes daily interactions and guides how goals are pursued. A strong and positive culture can motivate employees, while a weak or

ambiguous culture may reduce productivity and morale. Initial observations suggest that Baznas Riau's organizational culture requires improvement, including ineffective team communication, unclear organizational norms, low employee involvement in decision-making, and insufficient emphasis on innovation and collaboration. Supporting this, Asri & Eka (2025) found that a strong and positive organizational culture enhances employee performance by boosting motivation, teamwork, and commitment to organizational goals.

In addition to job satisfaction and organizational culture, declining employee performance is also suspected to be influenced by low work competence. Work competence encompasses the knowledge, skills, and abilities required to perform tasks effectively and efficiently. A lack of understanding of work procedures, insufficient technical skills, and limited interpersonal capabilities can hinder optimal performance. Preliminary observations at Baznas Riau indicate that employee competence remains inadequate. Several employees were found to lack a proper understanding of work procedures, possess insufficient technical expertise, and struggle with communication and collaboration. This underscores the need for targeted training and skill development programs to enhance employee performance. Supporting this, Sugiono (2021) emphasized that competence significantly affects performance: employees with adequate knowledge, technical ability, and interpersonal skills are more likely to perform well and adapt to dynamic work environments. Conversely, poor competence leads to task errors, low productivity, and reduced performance quality. These findings underscore the importance of investing in competence development to achieve organizational goals.

Methods

This research adopts a quantitative associative approach to examine the relationships among four variables: organizational culture (X1) and work competence (X2) as independent variables, job satisfaction (Z) as a mediating variable, and employee performance (Y) as the dependent variable. Data were collected using a Likert-scale questionnaire, which, according to Sugiyono (2023), is commonly used to measure individuals' attitudes, opinions, and perceptions toward social phenomena.

The population in this study comprises all employees of BAZNAS in the Riau Islands Province. As defined by Sugiyono (2023), a population is a generalization region consisting of individuals or objects that possess specific characteristics determined by the researcher.

The sampling technique employed is probability sampling, specifically simple random sampling. Referring to Hair et al. (2019), the minimum sample size should be five times the number of indicators used in the model. This study involves 30 indicators, thus requiring a minimum of 150 respondents, which was achieved by distributing questionnaires to 150 BAZNAS employees.

The analysis method used in this research is Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) approach. Data analysis was conducted using SmartPLS software, enabling a comprehensive and robust evaluation of the relationships between the variables (Hair Jr et al., 2023).

Result and Discussion

In PLS analysis, the outer model serves as a tool for evaluating the reliability of the connections between latent variables and their indicators. The association between the latent variables and the indicators that stand in for the constructs is the main emphasis of this model (Hair, 2023).

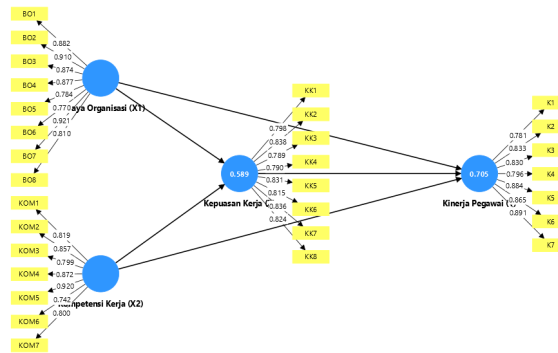


Figure 1. Outer Model

Source: Processed data (2025)

Assessing the validity and reliability of conceptions is a crucial initial step in ensuring that the indicators accurately reflect the hidden variables, according to Hair et al. (2023). The Average Variation Extracted (AVE), which indicates how much variation is captured by the construct in relation to measurement error, is used to evaluate convergent validity, while reliability measures such as Cronbach's alpha and composite reliability are used to evaluate the indicators' internal consistency. When these conditions are met, the measurement strategy and the overall study findings are more reliable.

Table 1 Reliability and Validity

		Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
Organization (X1)	Culture	0.947	0.948	0.732
Work Competence (X2)		0.928	0.929	0.665
Job Satisfaction (Z)		0.931	0.932	0.707
Employee Performance (Y)		0.925	0.928	0.691

Source: Processed data (2025)

Table 1 presents the results of the reliability and validity testing for each research variable. All variables show high internal consistency, with Cronbach's alpha and composite reliability values exceeding the threshold of 0.70, indicating strong reliability. Additionally, the Average Variance Extracted (AVE) values for all constructs are above 0.50, confirming good convergent validity. These results demonstrate that the indicators used for organizational culture, work competence, job satisfaction, and employee performance are both reliable and valid for further analysis.

The inner model in PLS analysis serves as a tool to evaluate the relationships between latent variables themselves. This model focuses on assessing the strength and significance of the structural paths, showing how the constructs influence one another within the research framework.

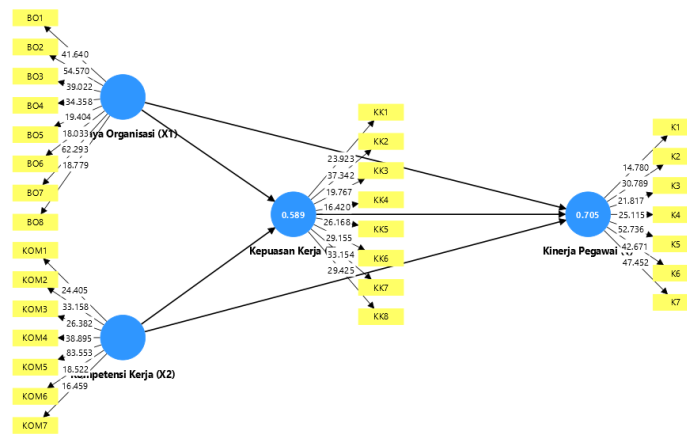


Figure 2. Inner Model

Source: Processed data (2025)

In PLS analysis, R Square shows the variance explained by the model, According to Hair et al. (2023), these metrics are essential for assessing the strength and quality of the structural model.

Table 2 R Square

	R Square	R Square Adjusted
Employee Performance (Y)	0.705	0.699
Job Satisfaction (Z)	0.589	0.584

Source: Processed data (2025)

Table 2 shows the coefficient of determination (R Square) values for the dependent and mediating variables. The R Square value for employee performance (Y) is 0.705, indicating that 70.5% of the variance in employee performance can be explained by organizational culture, work competence, and job satisfaction. Meanwhile, the R Square value for job satisfaction (Z) is 0.589, meaning that 58.9% of the variance in job satisfaction is explained by organizational culture and work competence. These values demonstrate that the model has strong explanatory power.

Hair et al. (2023) assert that in order to fully comprehend the links between constructs, it is necessary to analyze both direct and indirect impacts. While indirect effects show the influence mediated through one or more intervening factors, direct effects quantify the instantaneous impact of one variable on another. Evaluating these impacts aids in elucidating the structural model's underlying mechanisms and the strength of its linkages. An accurate assessment of direct and indirect channels strengthens the validity of the study's findings and offers a better understanding of how factors interact.

Table 3 Direct and Indirect Hypothesis Analysis

	Original Sample	T Statistics	P Values
Organization Culture (X1) -> Job Satisfaction (Z)	0.498	5.625	0.000
Work Competence (X2) -> Job Satisfaction (Z)	0.343	3.810	0.000
Organization Culture (X1) -> Employee Performance (Y)	0.155	4.713	0.000
Work Competence (X2) -> Employee Performance (Y)	0.107	2.536	0.011
Job Satisfaction (Z) -> Employee Performance (Y)	0.311	3.378	0.001
Organization Culture (X1) -> Job Satisfaction (Z) -> Employee Performance (Y)	0.444	2.494	0.013
Work Competence (X2) -> Job Satisfaction (Z) -> Employee Performance (Y)	0.180	2.817	0.005

Source: Processed data (2025)

Organizational Culture significantly influences Job Satisfaction at Baznas Riau Islands Province, with a coefficient of 0.498 and $p\text{-value} = 0.000 < 0.05$, indicating that a positive work culture enhances employee satisfaction. Similarly, Work Competence has a significant positive effect on Job Satisfaction (coefficient = 0.343; $p = 0.000$), suggesting that better skills and knowledge improve satisfaction levels. Organizational Culture also significantly impacts Employee Performance (coefficient = 0.444; $p = 0.000$), as does Work Competence (coefficient = 0.180; $p = 0.011$), meaning both culture and competence contribute directly to better performance. Job Satisfaction itself significantly affects Employee Performance (coefficient = 0.311; $p = 0.001$), demonstrating that satisfied employees perform better. Moreover, Organizational Culture affects Employee Performance through Job Satisfaction as a mediating variable (coefficient = 0.155; $p = 0.013$), and likewise, Work Competence influences Employee Performance via Job Satisfaction (coefficient = 0.107; $p = 0.005$). These findings align with prior studies by Amaral (2023), Bahari (2019), Asri Septika (2025), Arjuna Pipian (2020), Edi Sugiono (2021), Ariyanti (2024), and Dhika (2023), affirming the importance of culture, competence, and satisfaction in enhancing employee performance.

Conclusion and Suggestion

Based on the conclusions drawn from this study, it is recommended that Baznas Riau Islands Province continue to strengthen its organizational culture by fostering shared values, promoting open communication, and cultivating a supportive work environment to further enhance employee satisfaction. Additionally, the continuous development of employee competencies—through targeted training, capacity-building programs, and performance-based assessments—should be prioritized to maintain high levels of job satisfaction and performance. Management should also give close attention to employee feedback and satisfaction indicators, as these serve as critical mediating factors influencing overall performance outcomes. By addressing these areas, Baznas can foster a more productive, motivated, and high-performing workforce.

Furthermore, based on the analytical findings and conclusions of this study, it is strongly recommended that Baznas Riau Islands Province implement a series of strategic interventions across key organizational dimensions to sustainably enhance employee performance. Strengthening organizational culture should involve the systematic internalization of shared core values through ongoing institutional training, value-based leadership practices, and structured reflection sessions that actively involve all staff levels.

In terms of work competence, it is imperative to cultivate a constructive work environment by encouraging collaboration, emotional intelligence, and peer recognition—supported by character development initiatives and accessible communication platforms. Enhancing job satisfaction requires the adoption of a fair, competitive, and transparent compensation system, complemented by regular performance evaluations and participatory feedback mechanisms that align employee needs with organizational goals.

Moreover, improving employee performance necessitates strategic investments in job-relevant technical training, the provision of adequate operational resources, and the establishment of a merit-based reward system focused on work quality, consistency, and innovation. When implemented in an integrated and sustained manner, these strategies are expected to significantly enhance employee engagement, organizational coherence, and overall institutional performance.

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