Natural Resources for Human Health
eISSN: 2583-1194

Original Research

Received 20 July 2026
Revised 22 Aug 2026
Accepted 05 Sep 2026

Natural Resources for Human Health 2026, Vol. 6 (19s): 1140–1153

KEYWORDS:
Competence, Organizational Culture, Employee Engagement, Employee Performance.

The Effect of Competence and Organizational Culture on Employee Performance through Employee Engagement

Slamet Efendi[1], Lilik Kustiani[2], Bambang Supriadi[3]

[1,2,3]Universitas Merdeka Malang, Indonesia

ABSTRACT: This study aims to analyze the influence of competence and organizational culture on employee performance, analyze the influence of competence and organizational culture on employee engagement, analyze the influence of employee engagement on employee performance, and analyze the influence of competence and organizational culture on employee performance through employee engagement of Perumda Air Minum Pemalang. The population in the study were all employees of Perumda Air Minum in Pemalang, totaling 230 people. Sampling was determined using the Slovin formula so that a sample size of 147 employees was obtained. The data analysis technique used SEM-PLS. The results of the analysis showed that competence and organizational culture had a positive and significant effect on employee performance. Competence and organizational culture had a positive and significant effect on employee engagement. Employee engagement had a positive and significant effect on employee performance. The results of the mediation analysis showed that employee engagement was able to mediate the influence of competence and organizational culture on employee performance. Thus, increasing competence and strengthening organizational culture supported by high employee engagement can improve the performance of Perumda Air Minum Pemalang employees.

1. INTRODUCTION

Employee performance is a crucial aspect in determining an organization's success in achieving its stated goals. Performance is not only related to quantitative target achievement but also reflects an employee's ability to perform work in accordance with their assigned responsibilities, standards, and job demands. Mangkunegara (2019) explains that performance is the quality and quantity of work achieved by an employee in carrying out their duties in accordance with their assigned responsibilities. This view indicates that employee performance is the result of the work implementation process, which is influenced by individual abilities and conditions within the organizational environment. Therefore, efforts to improve employee performance are an important part of human resource management, especially in organizations that have direct responsibility for public service.

The job characteristics at Perumda Air Minum indicate that employees are required to possess skills appropriate to their field of work. The job requires not only general skills in carrying out tasks, but also an understanding of Perumda Air Minum's operational characteristics. Knowledge of work procedures, service systems, characteristics of the water supply and distribution process, equipment use, handling technical and administrative work, and an understanding of customer needs are all elements that can support job implementation. These conditions indicate that the match between employee competencies and job demands is one of the important aspects to consider in improving employee performance.

Based on the results of initial interviews conducted with relevant parties at Perumda Air Minum Pemalang, information was obtained that there are new employees who do not have adequate knowledge and experience regarding the characteristics of work in the Perumda Air Minum environment. This condition indicates that new employees require an adaptation process to understand the work they are doing, including understanding the procedures, work environment, task characteristics, and work implementation patterns that apply in the organization. This phenomenon does not mean that new employees do not have the

ability, but indicates a need to adjust the competencies they already have to the characteristics of the work specifically found in the Perumda Air Minum environment.

This phenomenon is relevant in performance research because an employee's ability to understand and execute their work can be linked to the achievement of work results. Employees who possess competencies aligned with job demands are better able to understand tasks, determine how to complete them, utilize their knowledge and skills, and adapt to job demands. Conversely, if there is a gap between their competencies and job demands, employees may require more time and effort to understand the job. This situation makes competency a crucial factor to examine in relation to employee performance.

Competence is essentially related to knowledge, skills, abilities, and other characteristics that support a person in carrying out their work. Competence not only describes what an employee knows but also relates to the ability to apply that knowledge and skills in carrying out their work. Competence in the Perumda Air Minum environment includes technical skills as well as abilities that support the process of adapting to job demands. Aji & Mala (2024) and Panjaitan et al. (2023) demonstrate the importance of competence in supporting work implementation and performance achievement. Therefore, competence is a relevant variable in explaining variations in employee performance.

The relationship between competence and performance has also been widely studied, including by Nuriyah et al. (2023), who found that competence influences employee performance. Research by Mangkunegara & Waris (2015) also showed that competence is a factor influencing employee performance. Findings by Lala et al. (2021) and Nisa' et al. (2025) further strengthen the argument that competence plays a role in improving employee performance. However, research results do not fully demonstrate consistency. Salvano et al. (2023) found that competence had no effect on employee performance. These differences in results indicate that the influence of competence on performance is still relevant to be re-examined in different organizational contexts, including at Perumda Air Minum Pemalang.

Besides competence, another factor that can be related to employee performance is organizational culture. Every organization has values, norms, customs, beliefs, and behavioral patterns that serve as guidelines for organizational members in carrying out their work. Research by Alfiansyah et al. (2023) found that organizational culture influences employee performance. Firman et al. (2024) also demonstrated the importance of organizational culture in supporting employee performance achievement. The findings of Siregar et al. (2024) showed that organizational culture is one of the factors that can influence employee performance. Meanwhile, Harwiki (2016) showed that organizational culture does not affect employee performance. The results of this study provide a basis for placing organizational culture as one of the variables that can explain the performance of Perumda Air Minum Pemalang employees.

The competency and organizational culture factors in this study are then linked to employee engagement. Employee engagement is a psychological state that reflects an employee's attachment and involvement to their work and organization. Schaufeli et al. (2006) define work engagement as a positive work-related condition characterized by vigor, dedication, and absorption. Vigor relates to energy levels and mental resilience while working, dedication indicates strong involvement, a sense of meaning, enthusiasm, and pride in one's work, while absorption describes the state of concentration and immersion in one's work.

Bakker & Demerouti (2017) explain that work engagement is a crucial condition related to how individuals perform their jobs. Macey & Schneider (2008) also explain that employee engagement is related to the positive conditions and behaviors of employees in carrying out their roles within the organization. This perspective shows that employees who are engaged in their work tend to exhibit greater energy, attention, enthusiasm, and involvement in carrying out their duties.

Employee engagement at Perumda Air Minum Pemalang is relevant because the process of adapting to work and the organizational environment is not only related to technical skills but also to employees' psychological involvement in carrying out their work. Employees who understand their jobs, have the opportunity to develop their competencies, and are able to adapt to the organization's values and environment can have a more supportive environment for engagement in their work. This engagement can then be reflected in sincerity, energy, concentration, and dedication in carrying out tasks.

Alfes et al. (2012) demonstrated the importance of employee engagement in relation to employee attitudes and behaviors, as well as organizational outcomes. Research by Dwiningtyas et al. (2025) and Wahyuni & Yuliana (2023) also demonstrated the relevance of employee engagement in explaining employee behavior and performance. These findings provide the basis for understanding that employee engagement can be viewed not only as an employee's psychological state but also as a mechanism linking individual and organizational factors to work outcomes.

This relationship provides a rationale for positioning employee engagement as a mediating variable in this study. Employee competencies can help them understand and perform their work, while organizational culture can provide an environment and values that guide their work. Both conditions can be related to the level of employee engagement in their work. Employees who possess competencies appropriate to their jobs and are able to adapt to the organizational culture have a better foundation for carrying out their work with full energy, dedication, and concentration. This level of engagement can ultimately be related to employee performance.

Competence and organizational culture have been widely studied as determinants of employee performance, but empirical findings are inconsistent. Mangkunegara & Waris (2015), Lala et al. (2021), Nuriyah et al. (2023), and Nisa' et al. (2025) found that competence influences employee performance, while Salvano et al. (2023) found that competence does not. A similar pattern is seen in organizational culture. Alfiansyah et al. (2023), Firman et al. (2024), and Siregar et al. (2024) proved that organizational culture influences employee performance, but Harwiki (2016) found that organizational culture does not directly influence employee performance, but only through OCB. These differences in results indicate that the influence of competence and organizational culture on employee performance is not always direct, so an intermediary variable is needed to explain the mechanism of this influence.

Employee engagement is worthy of being positioned as a mediating variable in this study. Employee engagement is defined as an employee's physical, cognitive, and emotional attachment to their work and organization, characterized by vigor, dedication, and absorption (Schaufeli et al., 2006). Competence reflects an employee's ability to perform, while performance also requires a willingness to devote full energy and attention to their work. Employees who possess adequate knowledge, skills, and work attitudes may not utilize them optimally if they lack engagement with their work. Competence functions as a personal resource that increases self-efficacy and encourages employees to be more involved in their work, which in turn improves performance. The findings of Utari et al. (2023) and Maâ et al. (2025) prove that competence influences employee engagement.

On the other hand, organizational culture shapes the psychological environment that influences employee engagement. Shared values, norms, and beliefs create a sense of meaning, security, and availability of resources that employees find valuable. Kahn (1990) is a prerequisite for engagement. A supportive and collaborative organizational culture will be reciprocated by employees with higher levels of engagement and dedication. This aligns with the findings of Singal et al. (2023) and Satyawati & Rahyuda (2022) that organizational culture influences employee engagement. Therefore, a strong organizational culture does not directly translate into performance but first builds emotional bonds and commitment, which then manifest in productive work behavior.

Research by Dwiningtyas et al. (2025), Wahyuni & Yuliana (2023), and Agatha & Go (2021) found that employee engagement influences employee performance, which is in line with the results of Harter et al. (2013). The mediating role of employee engagement has also been demonstrated in other contexts, namely Agatha & Go (2021) who found that employee engagement mediated the influence of servant leadership on employee performance, and Satyawati & Rahyuda (2022) who found that employee engagement mediated the influence of organizational culture on OCB. Employee engagement's position as a consequence of organizational competence and culture as well as an antecedent of performance makes it a strong candidate mediator conceptually and empirically.

Although numerous studies have examined the influence of competency and organizational culture on employee performance, there remains a gap in the literature that needs to be filled. Most previous studies examined the direct influence of competency and organizational culture on performance without considering the mediation that occurs. Research integrating employee engagement as a mediating variable on the influence of competency and organizational culture on employee performance is limited. Research in the Perumda Air Minum sector is still relatively limited compared to the private sector or other government organizations. Yet, Perumda Air Minum has unique characteristics as a public service company that must balance social goals with operational sustainability.

2. MATERIALS AND METHODS

2.1 Operational Definition of Variables

Employee performance is the work results achieved by Perumda Air Minum Pemalang employees, both quantitatively and qualitatively, in carrying out the tasks and responsibilities given according to their job demands. Employee performance indicators adopted from Robbins & Judge (2019) consist of: quantity of work, quality of work, timeliness, independence, efficiency and effectiveness.

Competence is the ability of Pemalang Regional Drinking Water Company employees to carry out their duties effectively and efficiently based on knowledge, skills, personal characteristics, and professional behavior that are in accordance with the demands of the job and position. Competence indicators adopted from the opinion of Spencer & Spencer (2014) consist of: motives, traits, self-concept, knowledge and skills.

Organizational culture is a set of values, beliefs, and work practices applied in Perumda Air Minum Pemalang and becomes a guideline for Perumda Air Minum Pemalang employees in carrying out work and interacting in the organizational environment. Organizational culture indicators adopted from Robbins & Judge (2019) consist of innovation and risk taking, attention to detail, results orientation, people orientation, team orientation, aggressiveness and stability.

Employee engagement is a positive psychological attachment that Perumda Air Minum Pemalang employees have to their work, which is demonstrated through enthusiasm for work, a sense of involvement and dedication to work, and concentration or immersion in carrying out work. Employee engagement indicators adopted from Schaufeli et al. (2006) consist of: vigor, dedication, and absorption..

2.2 Population and Sample

The population in this study was all 230 employees of Perumda Air Minum in Pemalang. To obtain the minimum sample size from the existing population, the Slovin formula was used. Based on the calculation, the sample size was 147 people.

2.3 Data Analysis Techniques

The collected data was analyzed using descriptive analysis and statistical analysis with the multivariate statistical method Structural Equation Modeling / SEM (Simultaneous Equation Model) with the SmartPLS software application.According to Solimun (2011) PLS is a practical approach because it is flexible across data scales, has minimal statistical assumptions, and is not tied to a specific sample size. The analysis was conducted using SmartPLS version 3 software, which supports simultaneous and effective modeling of relationships between variables.

3. RESULTS AND DISCUSSION

3.1 Respondent Description

Respondents in this study involved 147 employees, while employee characteristics based on gender, age, last education and length of service are presented in Table 1.

Table 1. Respondent Characteristics

No	Information	Amount	Percentage
	Gender		
1	Man	111 employees	75.5%
2	Woman	36 employees	24.5%
	Age		
1	28 – 35 years old	40 employees	27.2%
2	36 – 43 years old	60 employees	40.8%
3	44 – 51 years old	47 employees	32.0%
	Education		
1	Senior High School	36 employees	24.5%
2	Diploma	15 employees	10.2%
3	S1	64 employees	43.5%
4	S2	32 employees	21.8%
	Length of work		
1	1 – 10 years	33 employees	22.4%
2	11 – 20 years	66 employees	44.9%
3	21 – 30 years old	48 employees	32.7%

Source: Processed data.

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3.2 SEM PLS Analysis Results

The data analysis in this study used the SEM-PLS method. SEM-PLS consists of two main stages: evaluation of the measurement model (outer model) and the structural model (inner model). The outer model evaluation was conducted to test the validity and reliability of the constructs measured through their indicators, including tests of convergent validity, discriminant validity, and construct reliability. Meanwhile, the inner model evaluation aims to examine the relationship between latent variables in the research model, including testing the path coefficient, R-square value, and the significance of the influence between variables through bootstrapping tests. The use of SEM-PLS in this study allows researchers to comprehensively analyze the influence of competence and organizational culture on employee performance through employee engagement, both directly and indirectly. Thus, the results of this analysis are expected to provide a more accurate picture of the relationship between the variables studied.

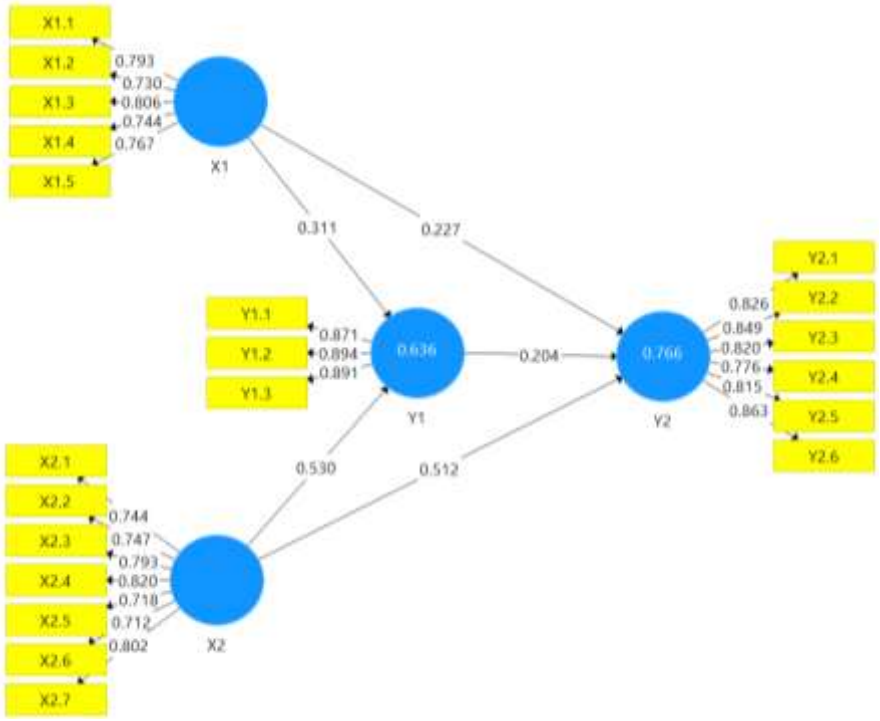


Figure 1. Results of the Conceptual Equation Model

Information:

X1	:	Competence	X2.2	:	Attention to Detail
X2	:	Organizational culture	X2.3	:	Results Orientation
Y1	:	Employee Engagement	X2.4	:	People Orientation
Y2	:	Employee performance	X2.5	:	Team Orientation
X1.1	:	Motif	X2.6	:	Aggressiveness
X1.2	:	Characteristic	X2.7	:	Stability
X1.3	:	Self-concept	Y1.1	:	Vigor
X1.4	:	Knowledge	Y1.2	:	Dedication
X1.5	:	Skills	Y1.3	:	Absorption
X2.1	:	Innovation and Risk Taking	Y2.1	:	Quantity of work

Y2.2 : Quality of work
Y2.3 : Punctuality
Y2.4 : Presence
Y2.5 : Efficiency
Y2.6 : Effectiveness

3.3 Evaluation of Measurement Model (Outer Model)

The evaluation of the measurement model (outer model) in this study aims to test the validity and reliability of the indicators in measuring the latent constructs used: competency, organizational culture, employee engagement, and employee performance. This testing is essential to ensure that each indicator accurately and consistently represents the measured variable.

Table 2. Results of Convergent Validity Test Through Outer Loading and AVE

Variables	Indicator	Outer Loading	Cut Off	Results	AVE	Results
Competence (X1)	Motive	0.793	0.70	Valid		
	Characteristic	0.730	0.70	Valid		
	Self-concept	0.806	0.70	Valid	0.591	Valid
	Knowledge	0.744	0.70	Valid		
	Skills	0.767	0.70	Valid		
Organizational culture (X2)	Innovation and Risk Taking	0.744	0.70	Valid		
	Attention to Detail	0.747	0.70	Valid		
	Results Orientation	0.793	0.70	Valid		
	People Orientation	0.820	0.70	Valid	0.583	Valid
	Team Orientation	0.718	0.70	Valid		
	Aggressiveness	0.712	0.70	Valid		
	Stability	0.802	0.70	Valid		
Employee engagement (Y1)	Vigor	0.871	0.70	Valid		
	Dedication	0.894	0.70	Valid	0.784	Valid
	Absorption	0.891	0.70	Valid		
Employee performance (Y2)	Quantity of work	0.826	0.70	Valid		
	Quality of work	0.849	0.70	Valid		
	Punctuality	0.820	0.70	Valid	0.681	Valid
	Presence	0.776	0.70	Valid		
	Efficiency	0.815	0.70	Valid		
	Effectiveness	0.863	0.70	Valid		

Source: Processed data.

The composite reliability test aims to measure the internal consistency of indicators within a construct. Unlike Cronbach's Alpha, composite reliability is considered more accurate in SEM-PLS because it does not assume that all indicators have equal

weight (Hair et al., 2019). A construct is considered reliable if it has a composite reliability value ≥ 0.70, indicating that the indicators are able to consistently measure the same latent variable.

Table 3. Results of Cronbach's Alpha and Composite Reliability Tests

Variables	Cronbach's Alpha	Composite Reliability	Cut off	Results
Competence	0.829	0.878	0.70	Reliable
Organizational culture	0.881	0.907	0.70	Reliable
Employee engagement	0.863	0.916	0.70	Reliable
Employee performance	0.906	0.927	0.70	Reliable

Source: Processed data.

3.4 Hypothesis Testing Results

Hypothesis testing in this study was conducted using the SEM-PLS method through a bootstrapping procedure. In SEM-PLS, hypothesis testing is performed by examining the path coefficient, t-statistic, and p-value.

Table 4. Direct, Indirect, and Total Influence

Variables Exogenous	Intervening Variables	Endogenous Variables	Direct Effect	p-value	Indirect Effect	p-value	Total Effect	Results
Competence	-	Employee performance	0.227	0.003	-	-	-	Significant
Organizational culture	-	Employee performance	0.512	0.000	-	-	-	Significant
Competence	Employee engagement	-	0.311	0.000	-	-	-	Significant
Organizational culture	Employee engagement	-	0.530	0.000	-	-	-	Significant
-	Employee engagement	Employee performance	0.204	0.012	-	-	-	Significant
Competence	Employee engagement	Employee performance	0.227	0.003	0.311 x 0.204 = 0.064	0.000	0.291	Mediating
Organizational culture	Employee engagement	Employee performance	0.512	0.000	0.530 x 0.204 = 0.108	0.000	0.620	Mediating

Source :Data processed.

3.4 Discussion

The Influence of Competence on Employee Performance

Competence has a positive and significant impact on employee performance at Pemalang Regional Drinking Water Company (Perumda Air Minum Pemalang). This finding indicates that the higher the employee's competency, the higher their performance. Competence, which consists of motives, traits, self-concept, knowledge, and skills, has been shown to improve employees' ability to complete work effectively and efficiently. Employees with high competence tend to have a better understanding of their duties and responsibilities, are able to work according to established standards, and have the ability to solve work problems. This has a direct impact on improving the quality and quantity of work results, the timeliness of task completion, and their contribution to achieving organizational goals.

Self-concept indicators contribute significantly to improving employee performance. This indicates that confidence in one's abilities and understanding of one's work role are dominant factors in improving employee performance. Employees with a strong self-concept are more confident in their work, willing to take initiative, and take a high level of responsibility for their work. This motivates employees to work more optimally and achieve better performance.

This finding is in line with the opinion Spencer & Spencer (2014) which states that competence is a basic individual characteristic that is directly related to effective or superior performance. Individuals with high competence will be able to demonstrate better work performance because they possess the skills, knowledge, and work attitudes that align with job demands.

The results of this study support Mangkunegara & Waris (2015), who found that competence significantly influences employee performance, where increased competence is followed by increased work results. Furthermore, Lala et al. (2021) and Nuriyah et al. (2023) also stated that competence has a positive influence on employee performance because competence reflects an individual's ability to perform work optimally. Furthermore, Nisa' et al. (2025) showed that competence is an important factor in increasing employee productivity and work effectiveness. However, these results do not support the findings of Salvano et al. (2023), who stated that competence does not significantly influence employee performance.

Theoretically, the relationship between competence and performance is further strengthened by Mangkunegara (2019) opinion, which states that performance is a work result influenced by ability and motivation. Competence, as part of an individual's abilities, is a key factor in determining an employee's success in carrying out their duties.

At Pemalang Regional Drinking Water Company (Perumda Air Minum Pemalang), employee competence is reflected in their ability to understand work procedures, complete tasks on time, and provide quality service to the public. Highly competent employees are also able to adapt to job demands and contribute significantly to improving organizational performance.

The Influence of Organizational Culture on Employee Performance

Organizational culture has a positive and significant impact on employee performance at Perumda Air Minum Pemalang. This finding indicates that the better the organizational culture implemented, the higher employee performance will be. An organizational culture consisting of innovation and risk-taking, attention to detail, results orientation, people orientation, team orientation, aggressiveness, and stability can shape employee work behaviors that align with organizational goals. A strong organizational culture will provide guidelines for employee actions, improve work coordination, and create a conducive work environment. This has an impact on improving work quality, timeliness, and effectiveness in completing tasks.

The people-oriented indicator contributes the most to improving employee performance. This indicates that the organization's attention to employee well-being and leadership's concern for employees are dominant factors in improving performance. Employees who feel cared for and appreciated tend to have higher work motivation, stronger loyalty, and a commitment to completing their work optimally. This directly impacts employee performance.

This finding aligns with Robbins & Judge (2019) opinion, which states that organizational culture is a system of shared meaning that shapes the behavior and attitudes of organizational members. A strong organizational culture influences how employees work, interact, and contribute to achieving organizational goals. Employees are more likely to adapt and work effectively when they have shared values and norms.

The results of this study support Satyawati & Rahyuda (2022), who found that organizational culture has a positive and significant effect on employee performance, where strong organizational values can increase work productivity. Furthermore, Singal et al. (2023) also stated that a conducive organizational culture can improve employee performance by increasing motivation and teamwork. However, these results disagree with Harwiki (2016) findings, which stated that organizational culture has no significant effect on employee performance.

At Perumda Air Minum Pemalang, an organizational culture focused on employees, teamwork, and achieving results has been proven to drive performance improvements. Employees work in a supportive environment, enjoy harmonious working relationships, and understand the organizational values they must uphold. This environment motivates them to perform optimally and make their best contribution to the organization.

The Influence of Competence on Employee Engagement

Competence has a positive and significant influence on employee engagement. This shows that when employees feel competent and possess adequate qualifications, knowledge, and skills, they tend to have higher levels of self-efficacy. Consequently, work challenges are no longer perceived as daunting burdens but rather as opportunities to prove their potential. This sense of self-confidence directly contributes to employees' willingness to invest extra energy, time, and creativity into organizational tasks, a key indicator of strong employee engagement. Spencer & Spencer (2014) competence is defined as a person's basic characteristics related to effective job performance, including motives, traits, self-concept, knowledge, and skills. When employees possess competencies that align with the demands of their jobs, they tend to feel a sense of alignment between their capabilities and the workload they carry, thus encouraging higher employee engagement.

Self-concept indicators contribute significantly to increasing employee engagement. This is reflected in employees' strong confidence in their abilities and their understanding that their work plays a crucial role in the organization's success. A strong self-concept encourages employees to be more confident, have a strong sense of responsibility, and demonstrate deeper involvement in their work. Therefore, self-concept contributes significantly to employee engagement, as employees who are confident in themselves are more likely to engage emotionally and cognitively with their work.

Competencies act as a catalyst in creating a fit between individuals and their jobs, minimizing the potential for stress or frustration caused by unpreparedness for the task. When employees perceive that their competencies align with role demands, they experience a more positive work experience, which in turn triggers a stronger psychological attachment to the organization. This demonstrates that corporate investment in training and development is not merely an effort to increase technical productivity, but rather a crucial strategy for fostering sustainable employee engagement (Firmansyah, 2024).

The results of this study align with those of Utari et al. (2023), who showed that the higher an employee's competency level, the higher their work engagement. This finding confirms that competency is not merely a technical requirement for task fulfillment, but rather a psychological driver that strengthens employees' emotional and cognitive attachment to their work. Competency development through training and continuing education is a key strategy for increasing employee engagement, particularly in organizations operating in the public service sector, where repetitive work is characteristic and at risk of burnout.

This finding is supported by Maâ et al. (2025), who found that competency has a significant direct influence on employee engagement. Competencies relevant to the work context can encourage employees to take initiative, innovate, and proactively contribute to organizational goals, which are tangible manifestations of engaged employees. Employees who feel their competencies are recognized and optimally utilized by the organization demonstrate significantly higher levels of dedication than those who feel their competencies are not optimized.

As a regional company engaged in the management and distribution of drinking water, the influence of competence on employee engagement has a very practical and strategic dimension. Perumda employees are faced with complex technical challenges, ranging from maintaining distribution pipe infrastructure, water quality management, to handling customer complaints, which require multidimensional competencies. When employees have adequate technical competencies, such as a deep understanding of piping systems, the ability to read water discharge and pressure data, and skills in installation maintenance, employees will be more confident, feel more meaningful in their work, and tend to show higher engagement.

The Influence of Organizational Culture on Employee Engagement

Organizational culture is one of the fundamental elements that shape the psychological environment in which employees work every day. The organizational culture of the Perumda Air Minum Pemalang not only serves as a formal behavioral guide in a public organization, but also serves as a social glue that unites the shared values, beliefs, and norms held by all members of the organization. This is in accordance with Schein (2010) view that states organizational culture as a pattern of basic assumptions created, discovered, or developed by a group in facing problems of external adaptation and internal integration, which has proven successful enough to be considered valid and taught to new members as the correct way to think, feel, and behave. When the values and norms contained in the organizational culture are positive, supportive, and oriented towards individual growth, employees will feel appreciated, recognized, and motivated to give their best contribution, which ultimately gives rise to a strong and sustainable condition of employee engagement.

The dominant indicator of organizational culture influencing employee engagement is people-centricity. This is reflected in the organization's attention to employee well-being and leadership's concern for the impact of decisions made. A culture that places employees as a primary asset can increase employee appreciation and trust in the organization. This fosters a sense of belonging, pride in the organization, and greater engagement in work.

These findings align with Robbins & Judge (2019) opinion, which states that organizational culture is a system of shared meaning held by organizational members that distinguishes the organization from other organizations. A strong organizational culture will shape employee behavior, create shared perceptions, and increase commitment and attachment to the organization. The results of this study are supported by Alfiansyah et al. (2023), who found that organizational culture has a positive and significant influence on employee engagement, where strong organizational values can increase employee involvement in work. Furthermore, Firman et al. (2024) stated that a conducive organizational culture, particularly one that emphasizes teamwork and attention to employees, can increase employee engagement. In addition, Siregar et al. (2024) also found that organizational culture plays a significant role in building employee engagement by creating a supportive and harmonious work environment.

At Perumda Air Minum Pemalang, the influence of organizational culture on employee engagement is highly relevant, given the characteristics of a regional company engaged in essential public services. Perumda organizational culture, which emphasizes the values of integrity, excellent service, and social responsibility, should be a strong source of intrinsic motivation for employees, as they can directly see the tangible impact of their work on the lives of communities dependent on clean water services. When these values are not only written down in vision and mission documents, but are truly brought to life in daily work practices through exemplary leadership, a fair reward system, and open communication mechanisms, then organizational culture will be a significant driving force for creating high employee engagement across all levels of the organization.

The Influence of Employee Engagement on Employee Performance

Employee engagement has a positive and significant impact on employee performance at Perumda Air Minum Pemalang. This finding indicates that higher levels of employee engagement lead to improved employee performance. Employee engagement, which consists of indicators of vigor, dedication, and absorption, has been shown to drive improved employee performance. Employees with high levels of engagement tend to demonstrate vigor, dedication, and deep involvement (absorption). This condition impacts the quality and quantity of work, as well as timeliness and effectiveness in achieving organizational goals.

The dedication indicator makes the greatest contribution to improving employee performance. This indicates that pride in the organization and a belief that work is meaningful are dominant factors in improving employee performance. Employees with high dedication work responsibly, demonstrate strong commitment, and strive to deliver the best results for the organization. This dedication is a key driver in achieving optimal performance.

This finding aligns with Schaufeli et al. (2006) opinion, which states that employee engagement is a positive psychological state characterized by enthusiasm, dedication, and full involvement in work. Engaged employees demonstrate high levels of enthusiasm, energy, and emotional and cognitive involvement in their work, which directly impacts performance improvement.

This research finding is supported by Dwiningtyas et al. (2025), who found that employee engagement significantly impacts employee performance, with high engagement improving employee performance. Furthermore, Wahyuni & Yuliana (2023) stated that employees with high levels of engagement tend to be more responsible, have a strong organizational commitment, and are able to perform optimally. Furthermore, Agatha & Go (2021) also found that employee engagement has a positive influence on employee performance.

As a regional company engaged in essential public services, the influence of employee engagement on employee performance has very strategic and practical implications. Perumda employees with a high level of engagement will demonstrate greater dedication in ensuring the smooth distribution of clean water, greater responsiveness in handling customer complaints, greater accuracy in maintaining pipe infrastructure, and stronger initiative in identifying and resolving operational problems before they develop into service disruptions that have a broad impact on the community. Employees not only work to fulfill their obligations but also strive to make optimal contributions to the organization. This is very important in supporting quality public services, especially in the provision of clean water to the community.

The Influence of Competence on Employee Performance through Employee Engagement

Competence has a positive and significant impact on employee performance through employee engagement at Perumda Air Minum Pemalang. Employee competence not only directly impacts performance but also increases employee engagement with their work, ultimately strengthening their performance. Employees with high competence tend to be more confident, able to complete tasks well, and have a clear understanding of their roles and responsibilities. This condition encourages pride, work enthusiasm, and high involvement (employee engagement), which in turn impacts improved employee performance.

The self-concept indicator contributes the most to improving employee performance, while the dedication indicator dominates the employee engagement variable. This suggests that confidence in one's abilities and pride in one's work are crucial factors in strengthening the relationship between competence and employee performance. Employees with a strong self-concept are more likely to develop dedication to their work, thereby increasing work engagement, which ultimately leads to optimal performance.

This finding is in line with the theory Spencer & Spencer (2014) which states that competence is a basic individual characteristic that influences effective performance. However, in practice, the influence of competence on performance often does not occur directly, but rather through psychological mechanisms such as employee engagement. This is also supported by Schaufeli et al. (2006), who stated that work engagement is a positive psychological condition that can improve individual performance.

Pemalang Regional Drinking Water Company employees who possess high competency, particularly in self-concept, demonstrate self-confidence, a strong understanding of their duties, and an awareness of the importance of their role within the organization. This fosters high levels of dedication and work engagement, enabling employees to deliver optimal performance.

The Influence of Organizational Culture on Employee Performance Through Employee Engagement

Organizational culture has a positive and significant impact on employee performance through employee engagement at Perumda Air Minum Pemalang. A strong organizational culture not only directly impacts employee performance but also increases employee engagement with their work and the organization. An organizational culture that embraces values such as people-centeredness, teamwork, and concern for employee well-being creates a comfortable and supportive work environment. This encourages employees to feel valued, feel a sense of belonging, and become emotionally engaged in their work, ultimately improving employee performance.

The people-oriented indicator contributed the most to improving employee performance, while the dedication indicator was the most dominant variable in employee engagement. This indicates that organizational attention to employees and pride in their work are important factors in strengthening the relationship between organizational culture and employee performance. Employees who feel cared for are more likely to develop dedication to their work, thereby increasing work engagement, which in turn leads to better performance.

These findings align with Robbins & Judge (2019) opinion, which states that organizational culture is a system of shared meaning that shapes employee behavior and attitudes within the organization. A strong organizational culture creates shared values and norms that encourage employees to perform optimally. Furthermore, Schaufeli et al. (2006) state that employee engagement is a positive psychological state that can improve performance through employee emotional and cognitive involvement.

The Perumda Air Minum Pemalang employee-oriented, teamwork-oriented, and good communication culture creates a conducive work environment. Employees feel valued and supported in their work, thus increasing work enthusiasm, dedication, and involvement in their work. This condition ultimately has an impact on improving employee performance, both in terms of quality, quantity, and work effectiveness. The Perumda organizational culture that emphasizes the values of integrity, excellent service, and social responsibility towards communities that depend on clean water services should be a very strong source of employee engagement, because employees can see directly and tangibly how their work impacts the lives of thousands of families who need access to safe and affordable clean water. When the organizational culture successfully internalizes awareness of the real social impact of each employee's work to all members of the organization, the employee engagement that is formed is not merely a transactional engagement, but a missionary and deeply meaningful engagement, which ultimately encourages employee performance that not only meets the minimum standards set formally, but consistently strives to exceed expectations in providing excellent service to the community.

4. CONCLUSION

Competence and organizational culture have a positive and significant influence on employee performance. Organizational culture shows a more dominant influence than competence. This finding indicates that employee performance is determined not only by individual abilities, knowledge, and skills, but also by the value system, norms, relationship patterns, and work environment that develops within the organization. A strong organizational culture can shape work behavior that is more disciplined, collaborative, responsible, and results-oriented, making the existence of organizational culture a stronger factor in explaining variations in employee performance than competence.

Competence and organizational culture have a positive and significant influence on employee engagement. Organizational culture shows a more dominant influence than competence. These findings indicate that employee engagement with work and the organization is formed more through the work environment, organizational values, relationships between members, and the attention and support employees feel. Competence provides employees with the ability to perform their jobs, while organizational culture creates conditions that can strengthen employees' sense of comfort, togetherness, belonging, and involvement in their work.

Employee engagement has a positive and significant impact on employee performance. Employees with high levels of engagement demonstrate greater work ethic, dedication, attention, and involvement in carrying out their work. This engagement encourages employees to make more optimal contributions, which is reflected in increased quality, quantity, and effectiveness of work implementation. These findings indicate that employee engagement is a crucial factor explaining employee performance at Perumda Air Minum Pemalang.

Employee engagement acts as a mediating variable in the relationship between competency and organizational culture on employee performance. These findings indicate that competency and organizational culture are not only directly related to performance but also through employee engagement with their work and organization. Organizational culture has a stronger mediating effect than competency, so the influence of organizational culture on performance is even stronger when accompanied by employee engagement. This suggests that employee engagement is an important mechanism linking individual and organizational factors to employee performance.

AUTHOR CONTRIBUTIONS

Slamet Efendi: Conceptualization, Investigation, Data Collection, Writing & Editing.

Lilik Kustiani: Methodology, Validation, Supervision.

Bambang Supriadi: Data Curation, Formal Analysis, Writing.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest.

ETHICS STATEMENT

Ethical approval was not required for this study.

DATA AVAILABILITY STATEMENT

Data supporting the findings of this study are available from the corresponding author upon reasonable request.

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