



Service competency in shaping organisational culture and performance: SEM evidence



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Orientation: Non-bank financial institutions play a crucial role in economic development, but most studies on organisational culture and service competency focus on banking institutions.

Research purpose: To analyse the influence of service competency on shaping organisational culture and its impact on organisational performance, with job satisfaction as a mediating variable at non-bank financial institutions in West Sumatera.

Motivation for the study: Most previous studies place organisational culture as a determinant of service competency. This study adopts a new approach by analysing service competency to shape organisational culture and its impact on organisational performance by mediating job satisfaction.

Research approach/design and method: This quantitative study used structural equation model (SEM) with AMOS for data analysis, with a sample size of 246 employees at branch office non-bank financial institutions in West Sumatera, Indonesia.

Main findings: Service competency significantly affects organisational culture, which contributes to increasing job satisfaction. Job satisfaction influences organisational commitment, ultimately increasing organisational performance. However, organisational culture and service competency do not directly affect organisational performance but are mediated by job satisfaction.

Practical/managerial implications: Organisations should prioritise the development of service competency to foster a client-oriented culture. Moreover, cultural efforts must genuinely enhance job satisfaction to drive performance.

Contribution/value-add: This study contributes to the science of organisational behaviour and a new paradigm of the role of service competency in shaping organisational culture and improving organisational performance through job satisfaction.

Keywords: organisational culture; service competency; job satisfaction; organisational commitment; organisational performance; non-bank financial institutions.

Introduction

Organisations are dynamic entities that evolve by adapting to internal and external changes through their organisational culture (Shafritz et al., 2014). As a reflection of shared values, norms and behaviours, culture plays a crucial role in driving innovation, relevance and competitiveness (Zien et al., 2024). Therefore, managing organisational culture is vital for sustaining long-term organisational success (Silverthorne, 2004).

While many studies have explored how organisational culture shapes employee behaviour and competencies, this study takes a novel, reverse approach, examining how service competency can shape organisational culture. This bottom-up perspective is particularly relevant in service-based sectors where front-line employees interact directly with customers, potentially influencing internal values, expectations and workplace norms.

Competency is a core component of organisational culture, reflecting individuals' or teams' abilities, knowledge and attitudes in delivering quality service to customers and stakeholders. McClelland (1973) and Spencer and Spencer (1993) argued that competencies such as attitudes, knowledge and personality are stronger predictors of job performance than intelligence. In the service industry, employee-customer interactions directly affect satisfaction, loyalty and organisational reputation (Wu et al., 2015). Developing service competencies not only ensures

better service delivery but also has the potential to foster a strong, adaptive culture from the ground up.

A well-managed organisational culture fosters a positive work environment where employees feel valued, supported and motivated, thereby enhancing job satisfaction (Hazavehei et al., 2019; Körner et al., 2015; Ugwa et al., 2014). Elements such as openness, collaboration and managerial support significantly enhance employees' satisfaction (Nguyen, 2012). Satisfied employees are more likely to develop organisational commitment, especially when their jobs meet personal needs and expectations (Idris et al., 2019). A supportive, innovative and inclusive culture nurtures engagement and deepens employee commitment (Silverthorne, 2004). Conversely, a negative culture marked by poor communication, unclear roles and a lack of appreciation undermines satisfaction. Therefore, organisations must build positive culture, ultimately boosting employee productivity, retention and performance (Ahmed, 2016; Ahmed & Nawaz, 2015; Hazavehei et al., 2019; Medina, 2015).

This study focuses on non-bank financial institutions in West Sumatera, Indonesia, a sector that is underrepresented in the literature. Unlike banks with standardised procedures, these institutions operate informally, relying on trust-based service and employee initiative (Firdausy, 2018). Their unique structure makes them an ideal context for examining how grassroots service competencies influence internal culture and broader organisational outcomes.

Accordingly, this study investigates how service competency shapes organisational culture and how this culture affects job satisfaction, organisational commitment and performance. By addressing this reverse relationship in an emerging market context, the study provides a new lens for understanding the dynamics of service organisations and contributes to both theory and practice in competency and culture research.

Literature review and hypothesis development

Organisational culture is a shared system that distinguishes one organisation from others (Robbins, 2001); it functions to provide identity for the members, dedication to the organisation's objective and make standards of conduct clearer and stronger (Greenberg & Baron, 2005). Competency helps someone do something well; reference criterion or better performance at work is determined by motives, traits, self-concept, knowledge and skill factors that distinguish superior and average performance or good and bad performance.

Job satisfaction is the state of mind an employee is in while working towards their job and how they feel about it (Spector, 1997). It encompasses intrinsic internal elements, such as success, acknowledgement and accountability and

external influences, such as the working environment, social relationships and organisational policies (Herzberg et al. 2011). A high level of job satisfaction is associated with a positive attitude towards work, while dissatisfaction tends to result in a negative outlook (Robbins, 2001; Wexley & Yukl, 1984).

The Latin word 'Committere', meaning 'to join, unite, believe and do', is the root of the English word 'commitment' (Snyder, 2010). The term 'organisational commitment' describes workers' dedication, pride and participation for their employer. Individual principles and group values form organisational commitment (Finegan, 2000).

Performance is the documented outcome of a specific job function or activity over a certain period (Bernardin & Russell, 1992). Organisational (business) and individual (employee) performance evaluation levels are necessary. The Balanced Scorecard is one method to evaluate business performance. By considering financial, customer, internal process and learning and development metrics, among others, the Balanced Scorecard offers a holistic framework for assessing performance. The phrase 'balanced scorecard' refers to combining the concepts of scorecard and balanced. A scorecard keeps track of how well an individual has done. The term 'balanced' refers to the fact that the metrics used to evaluate employee performance consider both short-term and long-term goals and internal and external factors (Kaplan & Norton, 1996).

Although the competency theory developed by Spencer and Spencer (1993) is still the primary reference in explaining the relationship between individual characteristics and performance, recent empirical studies provide a broader perspective, especially in the context of non-financial institutions. For example, Chureemas et al. (2021), who studied competency in insurance companies, found that competency that includes knowledge, skills and personal attributes is an essential element in supporting quality and effective performance. Competency development will improve service quality, customer trust and achievement of organisational targets. In line with that, Yang et al. (2016) showed that competency in front-line employees significantly increases creativity, positively impacting new service development in the banking sector, primarily when associated with a specific organisational context through a contingency theory approach. Furthermore, Adefe et al. (2019) proved that the systematic application of the competency framework in the Nigerian banking sector aligned organisational strategy with human resource development and drove overall business performance improvement. Although not explicitly mentioning competency, a study by Afrin et al. (2023) in the Bangladeshi insurance industry indicated that factors such as compensation, job satisfaction, work environment, leadership style and motivation that influence employee sustainable performance also play a role in supporting implicit competency development, primarily through training and development. Thus, these four studies consistently emphasise that competency is important in

improving organisational performance in the non-bank financial sector, such as insurance, banking and cooperatives.

Service competency and organisational culture

Service competencies directly influence the formation and reinforcement of organisational culture, especially in service-oriented institutions. Unlike the dominant literature exploring how culture shapes competency, recent perspectives argue that the development of individual competencies actively contributes to shaping organisational values, norms and behaviours. Organisational culture is constructed through the collective characteristics and behaviours of its members.

Organisational culture is constructed through its members' collective characteristics and behaviours (Jones, 2013). The characteristics of organisational members, ethics and structure are components of competency, so competency is related to organisational culture. Jabłońska-Wołoszyn (2015) investigated the role of organisational culture based on competency in the public service sector, focusing on implementing the competency model in customs services. The research found that competency influenced organisational culture, improved service efficiency and ensured employee behaviour aligned with the organisation's values and goals. Quality service is a holistic approach involving the active participation of all employees, which fosters a culture of quality and teamwork (Ossisto, n.d.). Delivering high-value service to customers requires customer service capabilities (Kandampully, 1998). Recent studies emphasise the importance of developing core competencies such as tolerance for ambiguity, curiosity, resilience, humility, the ability to build relationships and the ability to take the perspective of others in creating a resilient and adaptive workforce (Caligiuri, 2025). These competencies support decision-making and collaboration and encourage the formation of an innovative and responsive work culture to change. In service organisations, service competencies such as empathy, interpersonal communication and problem-solving skills will be reflected in organisational norms and practices. When these competencies are developed consistently, an organisational culture will be formed that supports superior service and continuous performance improvement. Furthermore, Social Exchange Theory (Homans, 1958) explains that when organisations invest in service competency development, a reciprocal relationship will emerge through positive behaviours such as employee loyalty, initiative and voluntary contributions (Organisational Citizenship Behaviour). Thus, the relationship between service competencies and organisational culture is mutually reinforcing and contributes to achieving the organisation's strategic goals.

One of the distinctive characteristics of West Sumerian society lies in its strong adherence to social values such as *cooperation* [*gotong royong*], hospitality and a deep sense of kinship. These cultural traits are reflected in everyday interactions and naturally influence how services are delivered. When consistently applied within organisational settings, these

values can gradually shape an organisational culture emphasising collective responsibility, empathy and service-oriented behaviour:

H1: Service competency influences organisational culture.

Organisational culture and job satisfaction

Many studies, such as Hazavehei et al. (2019) and Körner et al. (2015), have tried to prove the effect of organisational culture on job satisfaction, and they revealed that to achieve better job satisfaction, companies need to develop positive and supportive organisational culture. Most employees desire a friendly work environment, mutual trust, informal relationships between coworkers, attention to personal ambition and appreciation for teamwork to achieve job satisfaction (Belias et al., 2015). A growth-oriented organisational culture can increase job satisfaction and individual fit, ultimately improving performance (Xiong et al., 2022). A supportive organisational culture, including an innovative and supportive culture, increases employee job satisfaction. Employees who feel comfortable and supported are likelier to have a high job satisfaction (Silverthorne, 2004):

H2: Organisational culture influences job satisfaction.

Job satisfaction and organisational commitment

Kreitner and Kinicki (2008) argue that organisational commitment measures an individual's identification with and dedication to the organisation's mission and values. Job satisfaction is strongly correlated with organisational commitment. Workers who are happy in their jobs are more invested in the company they work for and have a stronger rapport with management. Job satisfaction can be an effective strategy to increase organisational commitment (Ahsan & Khalid, 2024). A high satisfaction level can make employees feel 'tied' to the organisation, reducing their chances of leaving their jobs and avoiding detrimental actions to the organisation and providing real support, such as rewards, recognition and good communication (To & Huang, 2022). Job satisfaction, either in terms of responsibility, recognition, work environment or financial rewards, makes employees very committed to the company on an emotional level and eager to stay put (continuance commitment) (Camara et al., 2015). Employees who feel their jobs meet their needs and expectations are more likely to commit to organisational goals and values (Silverthorne, 2004):

H3: Job satisfaction influences organisational commitment.

Organisational commitment and organisational performance

Employees with a high commitment to the organisation will perform well because they are more responsible and work with the best skills and abilities (Nurmala & Jasin, 2021; Suharto & Hendri, 2019). Organisational performance is the sum of all individual performances; when individuals perform well, the organisation will also perform well. Commitment is a key factor influencing organisational performance (Cho & Kim, 2022; Tang et al., 2022):

H4: Organisational commitment influences organisational performance.

Organisational culture and organisational performance

Theoretically, organisational behaviour scholars such as Robbins (2001), Luthans (2005), Heib et al. (2024) and Schein (2017) emphasise how important company culture is for moulding actions and raising output. Graham et al. (2022) found that a strong organisational culture enhances decision-making, fosters innovation and improves productivity, ultimately contributing to increased corporate value. Similarly, Shi and Veenstra (2021) argue that culture cultivates shared values that drive positive organisational outcomes. Constructive cultures marked by collaboration, innovation and empowerment have consistently been linked to higher effectiveness, while defensive cultures often result in low morale and suboptimal performance.

To strengthen contextual relevance, evidence from non-Western and developing contexts provides additional insights. In Palestine, for example, Aboramadan et al. (2020) found that values such as teamwork, openness and flexibility within banks improved performance by enhancing organisational culture, even in a conflict-affected environment. Likewise, Shahzad (2012) revealed that alignment between employees' values and organisational norms significantly enhances goal achievement in Pakistani organisations. In Malaysia, a study by Lee et al. (2018) confirmed that an adaptive and customer-oriented culture positively affects firm performance, particularly in the manufacturing sector.

There is no universal agreement among researchers that company culture has any effect on productivity. In highly regulated or bureaucratic environments, structural rigidity and top-down governance may limit the influence of cultural values on behaviour and outcomes. In such contexts, other factors – such as leadership style, market volatility, or public policy – may act as mediating or moderating variables. For example, Nikpour (2017) and Gelashvili et al. (2024) argue that it is not merely the presence of strong cultural values but their practical implementation that drives performance. Akpa et al. (2021) also emphasise that performance improves when individual goals are aligned with the organisation's strategic direction – an alignment often challenged by external pressures and stakeholder demands. Moreover, organisational structure, management strategy and environmental turbulence are critical contextual variables that can influence the impact of culture on performance (Shaikh, 2016). These findings suggest that while culture often acts as a performance driver, its influence is neither uniform nor automatic.

Therefore, understanding how organisational culture functions in specific local contexts – such as West Sumatera – is crucial for theoretical refinement and practical implementation. Cultural constructs in this region, shaped by communal values such as *gotong royong*, kinship and collective identity, may create unique pathways through

which organisational culture influences performance. As such, context-sensitive studies are needed to develop more nuanced models that capture the complexity of culture-performance relationships across diverse organisational and institutional landscapes:

H5: Organisational culture influences organisational performance.

Job satisfaction and organisational performance

Many studies have proven the influence of job satisfaction on performance. People who are satisfied with their jobs tend to have a positive attitude towards them, ultimately leading to better employee performance. Another study also revealed that job satisfaction influenced employee performance (Nurrohmat & Lestari, 2021):

H6: Job satisfaction influences organisational performance.

Service competency and organisational performance

Spencer and Spencer (1993) clearly explained the relationship between competency and performance, where competency consists of motive, trait, self-concept and knowledge and if applied correctly, they will improve performance. This statement is supported by a previous study by Secchi and Roth (2020) that investigates the effect of service improvisation competency (Serv-IC) on hotel performance, particularly employees' adaptation and response to unexpected situations in the context of service. Secchi and Roth (2020) revealed a positive relationship between Serv-IC and hotel performance, indicating that employees' ability to improvise can increase customer satisfaction and organisational performance. A study in the banking sector reported that employee competencies, such as social competency, teamwork and communication, influence organisational performance (Salman et al., 2020). Training can improve service competency, which in turn enhances service quality and overall organisational performance (Upadhyay et al., 2022). Overall, competency serves as the foundation for high performance in the organisation. Investing in employee skills and knowledge development improves individual performance and increases organisational success (Karwowski & Ahram, 2012):

H7: Service competency influences organisational performance.

Job satisfaction mediates the relationship between organisational culture and organisational performance

When an organisation's culture is strong and united, it boosts morale, promoting productivity because employees are more invested in the company's mission and values. Prior research has shown that contentment in one's work mediates the relationship between an organisation's development culture and its performance (Xiong et al., 2022). According to other research, organisational commitment and job satisfaction mediate the relationship between company culture and performance (Arifin & Matriadi, 2022; Wua et al., 2022):

H8. Job satisfaction mediates the correlation between company ethos and output.

Research design

Organisational culture, work satisfaction, commitment and performance are the dependent variables in this quantitative research, which evaluates service competence as an independent variable.

Measurement

Service competency from Spencer and Spencer (1993) with eight indicators (impact and influence, self-confidence, self-control, other personal effectiveness competencies, customer service orientation, teamwork and cooperation, flexibility, directiveness and assertiveness) with an 8-item questionnaire. Organisational culture is adopted from Robbins (2001), using seven indicators: innovation and risk-taking, attention to detail, outcome orientation, people orientation, team orientation, aggressiveness and stability. It is measured using a 13-item questionnaire. Work satisfaction, adopted from Wexley and Yukl (1984), consists of 6 indicators (work itself, work condition, teamwork, supervision, promotion and wage/salary) measured using a 15-item questionnaire. Organisational commitment, adopted from Allen and Meyer (1990), consists of 3 indicators (affective, continuance and normative), measured using a 17-item questionnaire. Organisational performance adopted from Kaplan and Norton (1996) consists of 4 indicators (financial perspective, customer perspective, business internal process and growth) measured using a 22-item questionnaire.

Research model

The path structure relationship between variables is presented in Figure 1.

Sampling method and data analysis

This study used primary data, which were collected by distributing questionnaires designed using a Likert scale (1–5). The population of this research is employees of the branch offices of finance companies in West Sumatera. There are 39 finance companies with 181 branch offices in West Sumatera Province. The Unit Analysis is 10 finance companies spread across the cities of Padang, Payakumbuh, Bukittinggi,

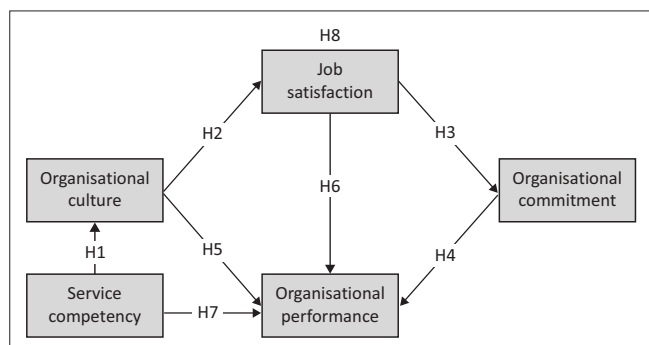


FIGURE 1: Research model.

Pariaman, Pasaman and Muara Labuh. The companies are PT. Adira, NSC, BAF, Kredit Plus, Mega Finance, WOM, Spectra, FIF and Mandala. These companies were chosen because they have a significant market share, a good reputation and people in West Sumatra familiar with these brands. The sample size is based on the statistical test (Structural Equation Model [SEM]). One of the requirements of the SEM technique is a large sample size ranging from 100 to 200 or the number of indicators multiplied by 5–10. In this study, the formula is: Number of indicators $(29) \times 8 = 232$. The sample size was increased to 250 to anticipate damaged, incomplete, or unreturned questionnaires. A total of 246 completed questionnaires were deemed usable for analysis. Employees who had a minimum of two years of tenure in the marketing or comparable divisions were selected using purposive sampling.

AMOS software and the SEM approach were used because it can analyse complex relationships between latent variables simultaneously, test structural models involving several latent constructs, calculate component reliability and validity, examine construct-path analysis links and consider measurement errors to improve analysis results. Structural Equation Model can be used to evaluate the model's overall fit using measurements such as χ^2 - statistics, root mean square error of approximation (RMSEA), GFI, AGFI, CMIN/df, Tucker–Lewis Index (TLI) and Comparative Fit Index (CFI) (Hair et al., 1998).

Ethical considerations

Ethical clearance to conduct this study was obtained from the University of Politeknik Negeri Padang Ethics Committee (03/17/2025).

Results

Normality, reliability, outlier testing and multicollinearity testing

Critical ratio skewness value requirements of 2.58 at significance level 0.01 were used for normality testing. The crucial ratio skewness value below 2.58 indicates a normal distribution (Ghozali, 2004). All indicators' crucial ratio skewness values are below 2.58, indicating a normal distribution. Thus, all data are usually dispersed. Outlier checking evaluates extreme data based on the farthest observation from the centroid. Checking for outliers involved comparing data from observations farthest from the centroid table to the Chi-square (χ^2) critical value. The outlier cut-off was determined using 28 indicators and 0.001 degrees of freedom. Above 56.89, values are eliminated or become outliers. Outlier verification revealed data points over 56.89 from respondent numbers 119, 22, 84, 87, 91, 23, 140, 66, 25, 230 and 73. No analysis was performed on the data. Table 1 shows reliability testing results for construct reliability.

Based on Table 1, each variable's reliability value is considered in the good category because all reliability values are >0.7 (Ghozali, 2004).

TABLE 1: Construct reliability.

Variable	Reliability
Organisational culture	0.80
Competency	0.83
Job satisfaction	0.85
Organisational commitment	0.79
Organisational performance	0.74
Organisational culture	0.80

The multicollinearity test results demonstrate the absence of multicollinearity issues in this model. The tolerance levels for each variable exceed 0.1, and the variance inflation factor (VIF) values are below 10. Consequently, each independent variable in the regression model demonstrates minimal association with one another, signifying that the model is suitable for further study.

Confirmatory factor analysis

Confirmatory factor analysis (CFA) was conducted to test whether each latent variable – organisational culture (X1–X7), service competency (K1–K7), job satisfaction (KP1–KP7), organisational commitment (KO1–KO3) and organisational performance (Y1–Y4) – is unidimensional and accurately represented by its observed indicators. The analysis used AMOS software, with a loading factor threshold of > 0.5 considered valid (Ghozali, 2004).

In the first stage of CFA, several indicators (X2, X4, X7, K1 and K2) had standardised loading values below 0.5 and were thus removed. Their exclusion was based not only on statistical criteria but also on conceptual overlap. For example, X2 (*attention to detail*) showed weak loading and did not contribute meaningfully compared to other items. X4 (*people orientation*) overlapped conceptually with job satisfaction indicators such as *coworker* and *supervisor support*, reducing measurement clarity. Similarly, K1 (*impact and influence*) was dropped because of its similarity with *customer service orientation* to avoid redundancy.

Removing these indicators improved the model's accuracy and interpretability. Additionally, as the data were collected via self-report questionnaires, potential biases such as social desirability and common method bias were considered. By ensuring respondents' anonymity and confidentiality and conducting a pilot test to ensure clarity, we were able to mitigate these concerns. After removing invalid indicators, CFA proceeded to the second stage. The results are presented in Table 2.

The second stage of analysis shows that all indicators are valid, the results of the AMOS test are presented in Figure 2.

Figure 2 shows that most of the tested criteria have met the requirements and the RMSEA value, which requires a fit value of <0.08. In other words, the model is considered fit, with an RMSEA score of 0.53 <0.08. In Table 3, you can see the outcomes of the goodness-of-fit criteria.

TABLE 2: Standardised regression weights.

Description	Estimate
Organisational_Culture <--- Service_Competyency	0.80
Job_Satisfaction <--- Organisational_Culture	0.60
Organisational_Commitment <--- Job_Satisfaction	0.70
Organisational_Commitment <--- Organisational_Culture	-0.14
Organisational_Performance <--- Organisational_Commitment	0.27
Organisational_Performance <--- Job_Satisfaction	0.30
Organisational_Performance <--- Service_Competyency	0.06
Organisational_Performance <--- Organisational_Culture	0.28
X6 <--- Organisational_Culture	0.68
X5 <--- Organisational_Culture	0.60
X3 <--- Organisational_Culture	0.53
X1 <--- Organisational_Culture	0.55
K7 <--- Service_Competyency	0.58
K6 <--- Service_Competyency	0.67
K5 <--- Service_Competyency	0.65
K3 <--- Service_Competyency	0.50
KP1 <--- Job_Satisfaction	0.66
KP2 <--- Job_Satisfaction	0.71
KP3 <--- Job_Satisfaction	0.68
KP4 <--- Job_Satisfaction	0.59
KP5 <--- Job_Satisfaction	0.58
KP6 <--- Job_Satisfaction	0.57
KP7 <--- Job_Satisfaction	0.59
KO1 <--- Organisational_Commitment	0.64
KO2 <--- Organisational_Commitment	0.66
KO3 <--- Organisational_Commitment	0.50
Y1 <--- Organisational_Performance	0.59
Y2 <--- Organisational_Performance	0.67
Y3 <--- Organisational_Performance	0.76
Y4 <--- Organisational_Performance	0.94

Hypothesis testing

Hypothesis testing uses the composite reliability (CR) value from AMOS 16. A hypothesis is accepted at a significance level of $p < 0.05$ if the CR value is higher than 1.96. We reject the null hypothesis if the CR value is less than 1.96 and $p > 0.05$. Table 4 displays the outcomes of the estimate.

Table 4 shows that H1, H2, H3, H4 and H6 are supported/accepted because. The p -value is less than 0.05 and the CR value is more than 1.96. Because the p -value is more than 0.05 and the CR value is less than 1.96, H5 and H7 are neither supported nor rejected. The eighth hypothesis was tested using the Sobel test programme. With a two-tailed probability value of 0.014 (less than 0.05), work satisfaction mediates the association between organisational culture and performance, as shown in Figure 3, the findings of this test.

Discussion

The result of testing H1 shows that service competency influences organisational culture at non-bank financial institutions in West Sumatera, because service-based organisations rely heavily on direct interaction between employees and clients; developing service competencies is not merely an operational need but a strategic foundation in shaping organisational culture. This aligns with

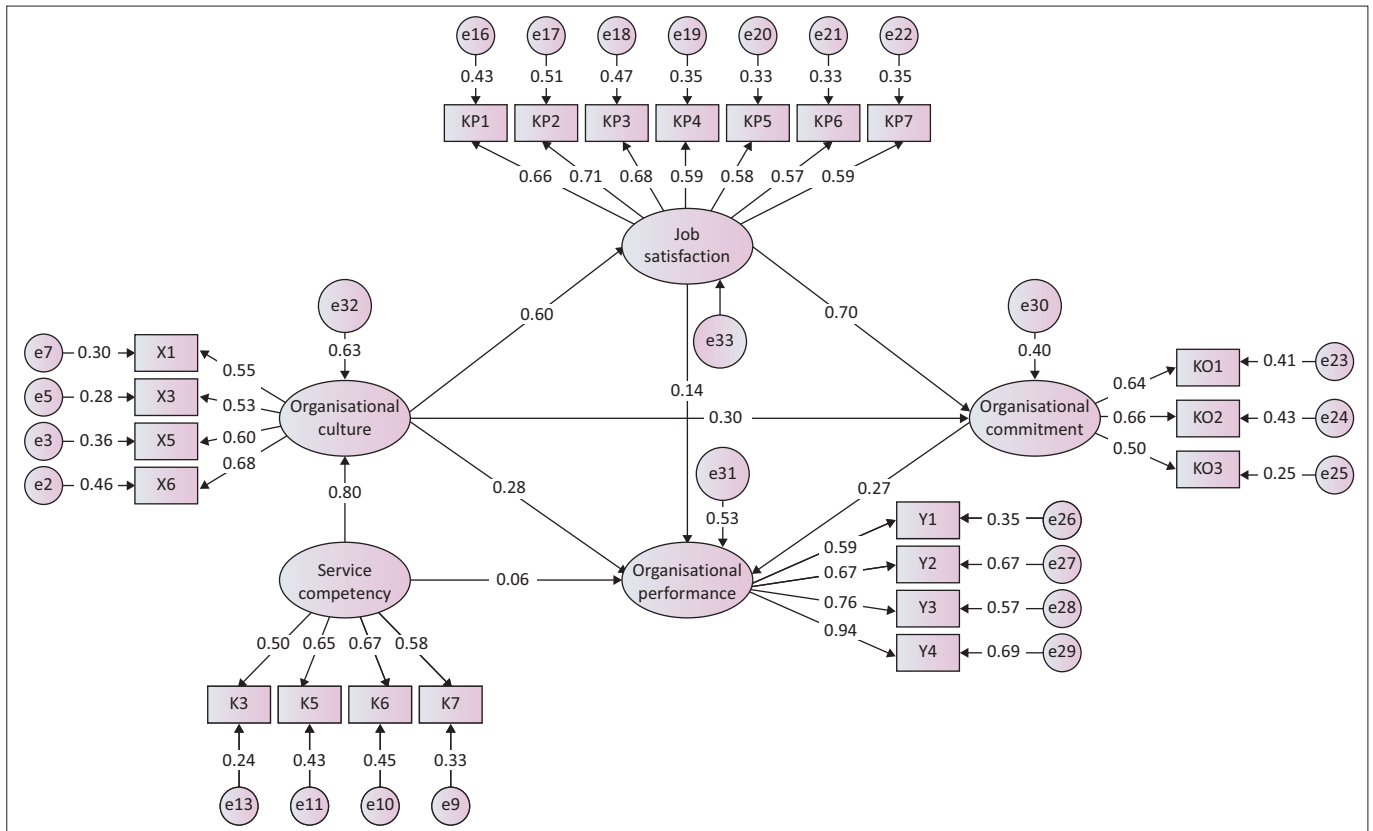


FIGURE 2: Full Model Testing.

TABLE 3: Goodness-of-fit criteria.

Goodness of fit	Cut-off value	Result	Description
Chi-square	Expected to be small	326.64	Marginal
Probability	≥ 0.05	0.00	Marginal
CMIN/df	≤ 2.00	1.76	Very good
CFI	≥ 0.90	0.90	Very good
TLI	≥ 0.90	0.89	Good
IFI	≥ 0.90	0.91	Very good
NFI	≥ 0.90	0.81	Good
RMSEA	≤ 0.08	0.05	Very good

Note: Bold values indicate a significance level of $p < 0.05$.

CMIN/df, minimum discrepancy; CFI, Comparative Fit Index; TLI, Tucker–Lewis Index; IFI, Incremental Fit Index; NFI, Normed Fit Index; RMSEA, root mean square error of approximation.

previous studies (Caligiuri, 2025; Jabłońska-Wołoszyn, 2015; Jones, 2013; Kandampully, 1998) that strong service competency encourages a service-oriented organisational culture. This competency integrates the values of excellent service to be a part of a work culture that supports innovation and operational efficiency. Excellent service competency develops into collective norms and values that shape organisational behaviour. Consistently applied service standards will shape the organisation's identity and become habits inherent in internal and external interactions. When employees are continuously trained and rewarded for superior service, it will be an organisational culture that leads to increasing customer satisfaction, increasing loyalty and strengthening the long-term organisation's competitiveness. In terms of novelty, this study highlights that service competency is not only an operational element but also a factor in forming an

organisational culture that provides a competitive advantage and ensures long-term business sustainability.

The result of testing H2 shows that organisational culture influences job satisfaction at non-bank financial institutions in West Sumatera. This finding supports a previous study that organisational culture influences job satisfaction, meaning that when employees wholeheartedly accept and implement organisational culture, it will increase job satisfaction levels. Hazavehei et al. (2019), Körner et al. (2015) and Visvanathan et al. (2018) argued that better job satisfaction can be realised by developing a positive and supportive organisational culture. Most employees desire a friendlier work environment, with mutual trust, informal relationships between coworkers, attention to personal ambition and appreciation for teamwork to achieve job satisfaction (Belias et al., 2015).

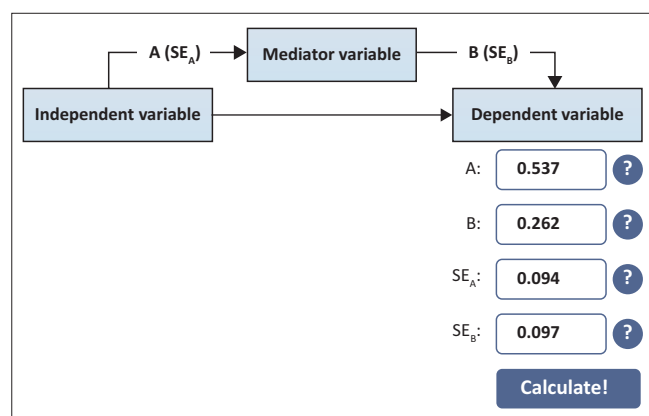
The results of testing H3 show that job satisfaction significantly influences employee organisational commitment in non-bank financial institutions in West Sumatera. This supports Kreitner and Kinicki's (2008) assertion that an individual's level of organisational commitment is proportional to their level of identification with and attachment to the organisation's objectives. Satisfied employees develop stronger emotional bonds with their organisation, increasing loyalty. This aligns with Meyer and Allen's (1997) three-part commitment model: emotional, continuation and normative. Satisfaction in one's work-life is most closely correlated with affective commitment, which

TABLE 4: Hypothesis testing.

Hypothesis	Influence of independent on dependent variable			Estimate	SE	CR	<i>p</i>	Note
H1	Organisational_Culture	<---	Service_Competency	0.91	0.16	5.71	***	Supported
H2	Job_Satisfaction	<---	Organisational_Culture	0.54	0.09	5.69	***	Supported
H3	Organisational_Commitment	<---	Job_Satisfaction	0.36	0.06	5.70	***	Supported
H4	Organisational_Performance	<---	Organisational_Commitment	0.36	0.15	2.43	0.015	Supported
H5	Organisational_Performance	<---	Organisational_Culture	0.20	0.13	1.56	0.118	Not Supported
H6	Organisational_Performance	<---	Job_Satisfaction	0.26	0.10	2.70	0.007	Supported
H7	Organisational_Performance	<---	Service_Competency	0.05	0.13	0.41	0.681	Not Supported

SE, standard error; CR, composite reliability.

***, significance level of $p < 0.05$.



Note: Sobel test statistic = 2.44185272; One-tailed probability = 0.00730605; Two-tailed probability = 0.01461211.

A, Organisational culture; B, Organisational performance; SE, standard error.

FIGURE 3: Job satisfaction mediates between organisational culture and performance.

originates from an emotional bond. When employees feel satisfied with relationships with superiors, rewards, the work environment and work–life balance, they are more likely to exhibit affective commitment. Job satisfaction fosters pride and personal involvement in the organisation, reducing turnover and enhancing productivity. As shown by Ahmad et al. (2022). Satisfied employees are more motivated to remain with the organisation, even under stress. Thus, job satisfaction translates into organisational loyalty and reflects the strength of positive employee–management relationships.

The result of testing H4 shows that organisational commitment affects organisational performance. This aligns with Robbins (2001) and Luthan (2005) that the better the employee commitment, the better the organisation's performance. Employees with a high level of emotional attachment to the organisation tend to exhibit extra work behaviour to increase the efficiency and effectiveness of the organisation. This finding aligns with Ahmad et al. (2022) that organisations with high levels of employee commitment tend to achieve sustainable performance. Employees with a level of commitment often take the initiative to complete tasks without close supervision and share new ideas to improve products, processes, or services that improve organisational performance.

The result of testing H5 shows that organisational culture does not influence organisational performance at non-bank financial institutions in West Sumatera. This finding may reflect contextual challenges specific to the region, such

as limited managerial commitment to consistently implementing organisational culture across all levels. In many cases, organisational culture exists only as a corporate-level slogan without concrete integration into operational practices. Cultural values will not have an impact without real implementation in operational activities. This result contrasts with Robbins (2001), who suggested a positive link between culture and performance, but is in line with Nikpour (2017) and Gelashvili et al. (2024) that organisational culture does not always determine performance; implementation of the organisational value is important. According to Akpa et al. (2021), organisational performance tends to increase when the goals of organisational members are aligned with the strategic direction of management and/or organisational culture. However, competitive challenges and demands from stakeholders often hinder this achievement. Organisational structure, management strategy and external conditions that may affect overall organisational performance must also be considered (Shaikh, 2016). Practically, this suggests that non-bank financial firms in West Sumatera must move beyond symbolic culture to measurable actions. Leaders must foster cultural reinforcement mechanisms such as training, role modelling and performance-based incentives.

Furthermore, non-significant results may also be caused by bias in the questionnaire responses that might provide answers that do not fully reflect the actual conditions. Respondents in this research consist of the 10 finance companies with different values, norms and practices. Of course, understanding and the level of respondents' awareness of organisational culture are not the same. Compared to similar studies in other non-bank financial sectors where organisational culture showed a positive effect (e.g. Bashayreh, 2014; Garjito et al., 2024; George & Nancy, 1992), this result underlines the uniqueness of West Sumatera's institutional and managerial landscape. It is also possible that organisational culture affects performance indirectly, such as through mediating factors like job satisfaction, as discussed later in hypothesis 8.

The result of testing H6 shows that job satisfaction influences organisational performance at non-bank financial institutions in West Sumatera. Employees with a high level of satisfaction tend to work enthusiastically, eventually increasing their productivity. Satisfied employees feel that the organisation has met their expectations, so they reciprocate by showing dedication and better performance. This is reflected in

increased efficiency, innovation and service quality in the organisational context. Satisfied employees tend to be more motivated to complete their tasks efficiently and make extra efforts beyond their job descriptions, ultimately driving increased revenue. In service-based organisations, employees with a high level of job satisfaction tend to provide a better customer experience, which increases customer loyalty and organisational reputation, leading to increased organisational performance.

The result of testing H7 found that service competency does not significantly affect organisational performance in non-bank financial institutions in West Sumatera. This contradicts Spencer and Spencer (1993), who argue that properly applied competencies improve performance. Several contextual factors may explain this result. Many institutions operate under strict procedures and focus on financial targets rather than interpersonal skills. Training is often technical, with little emphasis on customer service. According to OJK (2022), West Sumatera's financial literacy rate is below the national average (40.7% vs. 49.68%) (Public relation Unand, 2022), indicating that clients have lower expectations of service quality and are more concerned with accessing funds. Most clients also come from communities not fully integrated into the formal banking system, lowering their service expectations. Even if employees possess good service skills, these are often underutilised because of mismatches between job roles and qualifications, limited training, or a lack of alignment between organisational strategy and service quality. Some institutions prioritise cost efficiency over service innovation, making service quality stagnant. External factors such as changing customer preferences and fintech disruption also weaken the influence of service competency. Compared to findings from more studies (Rahmati & Darestani, 2022; Upadhyay & Adhikari, 2021) where service skills drive performance, this highlights the importance of context. Therefore, to improve outcomes, non-bank financial institutions in West Sumatera should better integrate HR development with business strategy, align job roles and foster service innovation that meets evolving customer needs.

The result of testing H8 demonstrates that job satisfaction is a mediator between organisational culture and performance in West Sumatera's non-bank financial institutions. This aligns with Wua et al. (2022) and Arifin and Matriadi (2022). A positive organisational culture encourages open communication, provides rewards and recognition and creates a sense of psychological safety, which are important foundations of job satisfaction. Employees with high job satisfaction tend to be more productive and innovative. They exhibit positive behaviours beyond formal job descriptions, which directly improve the efficiency and quality of organisational output. The model indicates that a good organisational culture may not directly improve organisational performance but increase employee job satisfaction. Employees who feel valued by a positive organisational culture will contribute more to the organisation. The significant mediation

finding ($p = 0.002$) also supports Xiong et al. (2022); it asserts that contented workers are the ones who will allow organisational culture to have an impact on performance. This is an important insight for managers who are driving cultural change initiatives that, without creating job satisfaction first, cultural change will not automatically positively impact organisational performance.

Research limitation

This study's limitation is the measurement indicator for organisational performance, particularly for the financial aspect, which only uses ordinal data. It would be better to also use interval data sourced from the organisation's financial statement.

Recommendation

Theoretical implication

Empirically, this study shows that organisational competency and culture do not influence organisational performance. Future studies can explore why organisational competency and culture do not influence organisational performance. Future research is suggested to use financial performance data sourced directly from the organisation's financial statements to provide more accurate and in-depth analysis results related to organisational performance. The scope of the study can be expanded to non-bank financial institutions outside the West Sumatera region or even to other industrial sectors to test the consistency of the findings in different contexts. Future research can also consider additional mediating or moderating variables, such as leadership style, innovation capability or employee engagement, to comprehensively enrich the understanding of the mechanisms that influence organisational performance.

Practical implication

Based on the findings of this study, it is recommended that non-bank financial institutions in West Sumatera improve organisational performance by strengthening service competency, building a positive organisational culture, increasing job satisfaction and strengthening organisational commitment. Service competency can be improved through routine training programmes oriented towards soft or hard skills, especially in customer service. Management needs to actively build organisational culture by strengthening the organisation's core values that are consistently communicated by the leadership so that organisational culture is well socialised to each member of the organisation. To improve job satisfaction, non-bank financial institutions in West Sumatera need to pay attention to factors such as work itself, work conditions, teamwork, supervision, promotion and wage/salary. Organisational commitment can be improved through employee involvement in decision-making, supportive leadership and creating a sense of belonging to the organisation. This recommendation applies specifically to the context of non-bank financial institutions in West Sumatera and needs to be adjusted if applied in other regions or sectors.

Conclusion

Based on the results and analysis of the study, in the context of non-bank financial institutions at non-bank financial institutions in West Sumatera, service competency plays an important role in shaping organisational culture, which ultimately positively impacts job satisfaction. Moreover, job satisfaction contributes to increasing organisational commitment, which has been proven to significantly affect organisational performance. Meanwhile, service competency and organisational culture do not directly affect organisational performance. This indicates that job satisfaction is more mediated by improving organisational performance in non-bank financial institutions. The results of this study are only applicable to non-bank financial institutions in West Sumatera.

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Authors' contributions

F.W., the corresponding author, has contributed to supervising and analysing data, interpreting the results and preparing the manuscript. H.H. has contributed to data collection and data processing.

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Data availability

The data that support the findings of this study are available from the corresponding author, F.W., upon reasonable request.

Disclaimer

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