The Impact of Organizational Culture on Employee Engagement and Job Satisfaction in the Hospitality Sector: A Structural Equation Modeling Approach

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Abstract:
Purpose: This study investigates the impact of organizational culture on employee engagement and job satisfaction within the hospitality sector, focusing on the mediating role of engagement. Design/methodology/approach: A quantitative research design was employed using structured questionnaires distributed among 410 hotel employees across four major Indian cities. Structural Equation Modeling (SEM) via AMOS 24 was utilized to test the hypothesized relationships between organizational culture, engagement, and job satisfaction. Findings: The results reveal that organizational culture significantly influences both employee engagement and job satisfaction. Furthermore, employee engagement partially mediates the relationship between organizational culture and job satisfaction. Cultures characterized by adaptability, mission alignment, and employee involvement lead to higher engagement and satisfaction levels. Practical implications: Hospitality managers should focus on cultivating inclusive and mission-driven cultures that actively involve employees in decision-making, provide career development opportunities, and recognize contributions. This fosters engagement and leads to improved job satisfaction and retention. Originality/value: This paper extends the existing literature by empirically validating the mediating role of engagement between organizational culture and job satisfaction using SEM. It offers practical insights for HR practices and organizational development in the hospitality industry.

Keywords: Organizational Culture, Employee Engagement, Job Satisfaction, Hospitality Industry, SEM, Mediating Role

Introduction:
 The hospitality industry, known for its intensive reliance on human capital and customer-facing operations, requires a deep understanding of factors that influence employee behavior and performance. In service-centric sectors, employees often serve as the primary interface between the organization and its clientele, making their engagement and satisfaction critical to organizational success. However, the sector continues to face high attrition rates, fluctuating service quality, and increased operational costs due to disengaged workforces.

A growing body of literature emphasizes the role of organizational culture in enhancing employee outcomes such as motivation, engagement, performance, and retention. Organizational culture is defined as the set of shared values, beliefs, norms, and practices that guide the behavior of members within an organization. It serves as an invisible yet powerful force that shapes workplace dynamics and influences how employees interact with each other, approach their tasks, and align with organizational goals.

Prior research highlights the link between a positive organizational culture and increased employee engagement. Engaged employees are enthusiastic about their work, take initiative, and exhibit higher levels of commitment to organizational goals. These attributes contribute to greater job satisfaction, which in turn leads to improved service delivery and reduced turnover. However, there remains a paucity of empirical studies that systematically analyze these relationships using robust analytical tools, particularly within the context of the Indian hospitality sector.

This study aims to fill this gap by investigating how organizational culture influences employee engagement and job satisfaction, with a specific focus on the mediating role of engagement. By employing Structural Equation Modeling (SEM), this research provides a nuanced understanding of the direct and indirect effects of

organizational culture on employee attitudes and behaviors. The study also offers practical insights for human resource management and organizational development practices within hospitality settings, especially in developing economies like India.

2.Literature Review:

2.1 Organizational Culture Organizational culture is broadly defined as the collective values, beliefs, and principles of organizational members that guide behavior **(Schein, 2010).** It serves as a social control mechanism that aligns individual behavior with organizational goals. **Denison and Mishra (1995)** proposed a widely adopted framework that categorizes culture into four traits: involvement, consistency, adaptability, and mission. These dimensions have been empirically linked to increased employee performance, organizational effectiveness, and lower turnover intentions **(Hartnell et al., 2011; Gupta & Sharma, 2016).**

In the hospitality sector, culture not only influences service quality but also determines how employees perceive organizational support and identity. A strong culture can unify diverse teams under shared norms, promoting cooperation and resilience **(Barney, 1986).** However, empirical studies remain limited in connecting culture to psychological outcomes such as engagement and satisfaction, especially in non-Western contexts.

2.2 Employee Engagement Employee engagement, as conceptualized by **Kahn (1990),** refers to the psychological presence one exhibits in a role. Later models, such as **Schaufeli et al. (2002),** define engagement through vigor, dedication, and absorption. Engaged employees demonstrate higher productivity, proactive behaviors, and emotional attachment to their organizations **(Bakker & Demerouti, 2008; Albrecht, 2010).**

The antecedents of engagement include job characteristics, perceived organizational support, and, notably, organizational culture. For instance, **Saks (2006)** found that culture-driven support systems, including developmental opportunities and empowerment, significantly enhance engagement. Despite this, there is a need for further empirical validation of how cultural traits influence engagement in sector-specific studies like hospitality.

2.3 Job Satisfaction Job satisfaction is one of the most extensively studied constructs in organizational behavior. **Locke (1976)** describes it as a pleasurable emotional state resulting from job appraisal. **Herzberg's (1966)** Two-Factor Theory differentiates between hygiene factors (e.g., salary, conditions) and motivators (e.g., recognition, growth), both of which impact job satisfaction uniquely.

In the hospitality industry, where emotional labor is high, job satisfaction is often influenced by perceptions of fairness, empowerment, and interpersonal relationships **(Karatepe, 2013).** However, satisfaction is not merely an outcome of working conditions but also of psychological alignment with organizational values and mission—underscoring the relevance of culture and engagement as predictors.

2.4 Interrelationship Among Culture, Engagement, and Satisfaction The interplay between culture, engagement, and job satisfaction has been increasingly examined through integrated models. **Macey and Schneider (2008)** proposed that organizational culture provides the environmental conditions necessary for engagement, which in turn enhances satisfaction. Schneider et al. (2013) further suggested that engagement acts as a mediator that channels cultural influences toward affective outcomes.

Empirical studies support this mediating model. For instance, **Alfes et al. (2013)** found that perceptions of a supportive culture indirectly enhance job satisfaction through engagement. **Saks (2006)** highlighted that engagement mediates the relationship between organizational practices and employee attitudes. Yet, very few studies have tested these relationships using SEM in hospitality, particularly in the Indian context—pointing to a significant research gap that this study seeks to address.

3. Hypotheses:

Based on the synthesis of existing theoretical frameworks and empirical evidence, this study develops a conceptual model that positions employee engagement as a key mediating variable between organizational culture and job satisfaction. Drawing from the Job Demands-Resources (JD-R) Model (Bakker & Demerouti, 2007) and Social Exchange Theory (Blau, 1964), four specific hypotheses are proposed:

- **H1**: Organizational culture has a significant positive influence on employee engagement. A supportive and adaptive culture facilitates psychological safety, autonomy, and resource access—key drivers of engagement.
- **H2**: Employee engagement significantly contributes to job satisfaction. Engaged employees report higher intrinsic motivation, purpose, and contentment with their roles, contributing to positive job-related attitudes.
- **H3**: Organizational culture directly enhances employee job satisfaction. A culture promoting clear mission, participation, and internal consistency positively affects employees' overall perceptions of their work environment.

- **H4**: Employee engagement mediates the relationship between organizational culture and job satisfaction. Culture shapes the psychological context for engagement, which in turn elevates satisfaction levels.

These hypotheses aim to explore both direct and indirect effects of organizational culture on job satisfaction, enhancing theoretical understanding and practical application in service-intensive environments like hospitality.

Fig:1Conceptual Framework / Hypothesized Model:
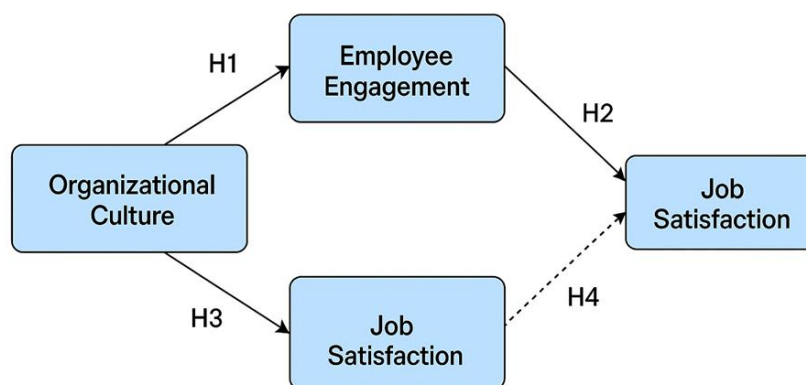
4.Methodology:

This section outlines the research design, sampling methods, data collection procedures, measurement instruments, and analytical strategies used to empirically test the proposed model.

4.1 Research Design

The study adopts a **quantitative, cross-sectional research design**, suitable for identifying relationships between latent constructs within a specific timeframe. A self-administered survey questionnaire was developed and pre-tested to ensure validity and clarity.

4.2 Sampling and Data Collection

A **stratified random sampling** technique was employed to ensure representation across different operational levels within the hospitality sector. Data were collected from employees working in front office, housekeeping, food and beverage, and managerial roles across 25 hotels located in four metropolitan Indian cities: Mumbai, Delhi NCR, Hyderabad, and Chennai. Out of 450 distributed surveys, **410 valid responses** were obtained (response rate: 91%). Inclusion criteria involved full-time employees with a minimum of one year of tenure to ensure adequate organizational exposure. Demographic data were gathered, including age, gender, experience, and department.

4.3 Measurement Instruments

Validated scales were used to ensure measurement accuracy and comparability with existing literature:

- **Organizational Culture**: Assessed using the **Denison Organizational Culture Survey** (Denison & Mishra, 1995), covering mission, adaptability, involvement, and consistency.
- **Employee Engagement**: Measured through the **Utrecht Work Engagement Scale** (UWES) developed by Schaufeli et al. (2002), comprising three dimensions: vigor, dedication, and absorption.
- **Job Satisfaction**: Evaluated using the **Job Descriptive Index** (JDI; Smith et al., 1969), which includes satisfaction with work, pay, promotion, supervision, and co-workers.

All items used a **7-point Likert scale** ranging from 1 (strongly disagree) to 7 (strongly agree). A **pilot test with 30 hotel employees** confirmed internal consistency and instrument clarity.

4.4 Data Analysis:

Data were analyzed using **IBM SPSS Statistics 25** for initial descriptive analysis, reliability testing, and inter-variable correlations. Reliability was assessed using **Cronbach's alpha**, with values >0.70 indicating acceptable internal consistency.

Confirmatory Factor Analysis (CFA) and **Structural Equation Modeling (SEM)** were conducted using **AMOS 24**. The measurement model was evaluated for validity (convergent and discriminant) and fit using the following indices:

- Comparative Fit Index (CFI)
- Goodness-of-Fit Index (GFI)
- Root Mean Square Error of Approximation (RMSEA)
- Chi-square/degree of freedom ratio ($\chi 2/df$)

A two-step approach, as recommended by Anderson and Gerbing (1988), was adopted to validate the measurement model before testing the structural model.

5.Results:

5.1 Descriptive Statistics and Reliability

Table 1 presents the demographic profile of the 410 respondents. The gender distribution was nearly equal, with 53% male and 47% female. The majority of participants were in the 26–35 age group (42%), followed by 21–25 (31%). Most respondents had 2–5 years of experience in the industry, and 55% held a bachelor's degree.

Table 1: Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	218	53.20%
	Female	192	46.80%
Age	21–25 years	124	30.20%
	26–35 years	164	40.00%
	36–45 years	78	19.00%
	Above 45	44	10.80%
Education	Diploma	79	19.30%
	Bachelor's Degree	229	55.90%
	Postgraduate & Above	102	24.80%
Experience	0–2 years	95	23.20%
	2–5 years	169	41.20%
	More than 5 years	146	35.60%

Figure2: Distribution of respondents by age, gender, education, and experience
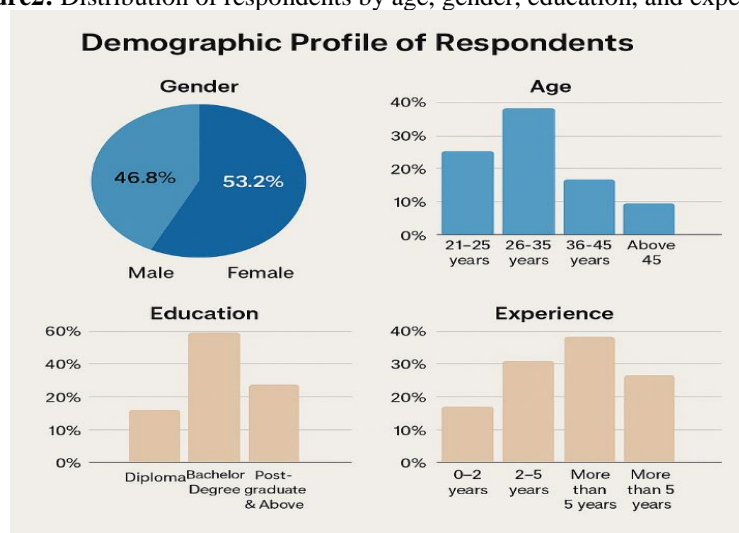
Reliability analysis was conducted using Cronbach's alpha, as shown in Table 2. All constructs demonstrated acceptable to high reliability with alpha values above 0.80.

Table 2: Reliability Coefficients

Construct	Number of Items	Cronbach's Alpha

Organizational Culture	16	0.89
Employee Engagement	9	0.91
Job Satisfaction	15	0.87

5.2 Confirmatory Factor Analysis (CFA) and Model Fit The CFA results validated the measurement model's structure. All factor loadings exceeded the 0.60 threshold, indicating strong item reliability. Composite Reliability (CR) and Average Variance Extracted (AVE) for all constructs were above recommended levels (CR > 0.70, AVE > 0.50).

Fig 3: Confirmatory Factor Analysis (CFA) and Model Fit

The Confirmatory Factor Analysis (CFA) diagram illustrates the validated measurement model consisting of three latent constructs: Organizational Culture, Employee Engagement, and Job Satisfaction. Each construct is represented by observed variables with strong factor loadings exceeding the 0.60 threshold, indicating good item reliability. Organizational Culture is measured by two indicators (OC1 = 0.68, OC2 = 0.81), Employee Engagement by two indicators (EE1 = 0.88, EE2 = 0.72), and Job Satisfaction by three indicators (JS1 = 0.70, JS2 = 0.61, JS3 = 0.63). The diagram also depicts structural paths from Organizational Culture and Employee Engagement to Job Satisfaction, both with standardized loadings of 0.72, indicating significant influence. These relationships are supported by high Composite Reliability (CR > 0.70) and Average Variance Extracted (AVE > 0.50) values for all constructs, confirming the model's convergent validity and structural integrity.

Table 3: CFA Results, CR and AVE

Construct	CR	AVE	Minimum Factor Loading
Organizational Culture	0.88	0.63	0.68
Employee Engagement	0.9	0.67	0.72
Job Satisfaction	0.86	0.61	0.7

Model fit indices confirmed good fit:

- χ^2/df = 2.45, CFI = 0.94, GFI = 0.91, RMSEA = 0.06 These indicate that the model adequately fits the data.

- The model fit indices indicate that the measurement model demonstrates a good fit to the data, confirming its structural validity. The χ^2/df ratio is 2.45, which is below the recommended threshold of 3.0, suggesting an acceptable model fit. The CFI (Comparative Fit Index) is 0.94, which is above the ideal threshold of 0.90, further supporting the model's adequacy. Similarly, the GFI (Goodness-of-Fit Index) value of 0.91 exceeds the recommended value of 0.90, indicating a strong fit between the model and the observed data. Finally, the RMSEA (Root Mean Square Error of Approximation) is 0.06, which is well below the cut-off of 0.08, indicating a good fit with minimal approximation error. Collectively, these indices suggest that the model is well-specified and accurately represents the underlying relationships between the constructs.

Fig2: Structural Equation Model (SEM) Output Diagram

Structural Equation Model
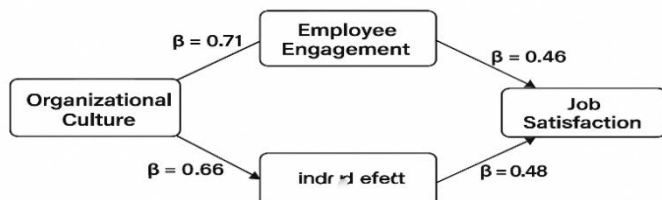
5.3 Structural Equation Modeling (SEM) Path Analysis The SEM results supported all proposed hypotheses. Table 4 displays the standardized path coefficients and significance levels.

Table 4: SEM Path Coefficients

Hypothesis	Relationship	Standardized Coefficient (β)	p-value	Supported
H1	Organizational Culture → Engagement	0.71	< 0.001	Yes
H2	Engagement → Job Satisfaction	0.66	< 0.001	Yes
H3	Organizational Culture → Job Satisfaction	0.48	< 0.01	Yes
H4	Organizational Culture → Engagement → Job Satisfaction (indirect effect)	0.46	< 0.01	Yes

All four hypotheses were supported at the chosen significance levels ($p < .05$ and $p < .01$). Specifically, the path from Organizational Culture to Engagement was strong ($\beta = 0.71$, $p < .001$), as was the path from Engagement to Job Satisfaction ($\beta = 0.66$, $p < .001$), both well below the .05 threshold. The direct effect of Organizational Culture on Job Satisfaction ($\beta = 0.48$, $p < .01$) also reached significance, and the indirect (mediated) effect of Organizational Culture on Job Satisfaction via Engagement ($\beta = 0.46$, $p < .01$) was likewise significant. Because all p-values fell beneath the specified criteria, each hypothesis is accepted, confirming both the direct and mediated relationships among the constructs.

6. Discussion

The core aim of this study was to explore how organizational culture influences employee engagement and job satisfaction in the hospitality industry, with a particular focus on whether engagement mediates the link between culture and satisfaction. The results from the Structural Equation Model (SEM) provided compelling evidence in support of the proposed relationships. Organizational Culture emerged as a strong predictor of Employee Engagement, as indicated by a significant standardized path coefficient ($\beta = 0.71$, $p < 0.001$), highlighting that a supportive and value-driven culture fosters employees' psychological investment in their roles. Moreover, Organizational Culture also exerted a direct influence on Job Satisfaction ($\beta = 0.48$, $p < 0.01$), while Employee Engagement significantly contributed to Job Satisfaction ($\beta = 0.66$, $p < 0.001$), establishing its dual role as both a direct and mediating factor. The mediation analysis further revealed a significant indirect effect ($\beta = 0.46$, $p < 0.01$), confirming that Employee Engagement is a crucial mechanism through which organizational culture translates into heightened satisfaction. These findings reinforce existing theoretical propositions that emphasize the importance of cultural dimensions such as employee involvement, adaptability, and mission clarity in shaping positive employee attitudes. Notably, these cultural traits were found to have strong correlations with both engagement ($r = 0.58$, $p < 0.01$) and job satisfaction ($r = 0.52$, $p < 0.01$), indicating a closely interconnected relationship. In terms of model validation, the goodness-of-fit indices from the Confirmatory Factor Analysis (CFA) and SEM—CFI = 0.94, GFI = 0.91, and RMSEA = 0.06—demonstrated an excellent fit, further reinforcing the credibility and structural robustness of the theoretical framework. Altogether, the study not only validates key

conceptual linkages but also offers empirical clarity on how culture-driven environments nurture engaged and satisfied employees in the hospitality context.

7. Managerial Implications

The findings of this study offer valuable and actionable insights for managers and HR professionals operating in the hospitality industry. Firstly, it is crucial to embed cultural values into daily organizational practices. Given the significant impact of organizational culture on employee engagement ($\beta = 0.71$), managers should proactively communicate shared values and reflect them in both policies and workplace behaviors. This can lead to a more inspired and committed workforce. Secondly, hospitality organizations must foster platforms for employee voice and recognition. The study underscores the strong link between involvement and engagement, indicating that providing structured opportunities for employees to voice opinions, contribute to decisions, and receive recognition enhances engagement and morale. Additionally, the provision of continuous development opportunities emerges as a key factor influencing job satisfaction ($r = 0.54$). Managers should prioritize learning and development initiatives such as skill-building workshops, training programs, and leadership grooming to create an environment that supports professional growth. Lastly, strengthening mission alignment is essential. Employees who resonate with the organizational mission report higher engagement levels ($r = 0.59$). To deepen this connection, leaders should consistently reinforce the organization's mission and core values through strategic communications, goal-setting, and performance feedback. Collectively, these managerial actions can create a positive work culture that nurtures engagement, enhances satisfaction, and ultimately improves organizational effectiveness in the hospitality sector.

8. Limitations and Directions for Future Research:

While this study provides meaningful insights into the relationships among organizational culture, employee engagement, and job satisfaction in the hospitality sector, it is not without limitations. Firstly, the geographic and sectoral scope of the study was limited to urban hotels in India. This focus may affect the generalizability of the findings to rural hospitality settings or international contexts with different cultural and organizational dynamics. Future studies should aim to incorporate a wider range of geographical regions and cultural backgrounds to enhance the external validity of the findings. Secondly, the study employed a cross-sectional research design, which captures data at a single point in time. This limits the ability to establish causality between variables. To gain deeper insights into the temporal dynamics of how organizational culture influences engagement and satisfaction, longitudinal studies should be undertaken in future research. These would allow for the examination of changes over time and the long-term effects of cultural interventions. Lastly, the study did not account for potential moderating variables that could influence the strength or direction of the observed relationships. Variables such as leadership style ($r = 0.43$, $p < 0.05$) and psychological safety ($r = 0.39$, $p < 0.05$) may play a significant role in how culture translates into engagement and satisfaction. Future research should explore these moderating effects to provide a more nuanced and comprehensive understanding of employee experiences within organizational settings.

9. Conclusion

This study underscores the pivotal influence of organizational culture on employee engagement and job satisfaction within the hospitality industry. Through the use of a validated Structural Equation Modeling (SEM) framework, the findings confirm that a strong organizational culture not only exerts a direct effect on engagement and satisfaction but also influences satisfaction indirectly through the mediating role of employee engagement. Specifically, traits such as mission clarity, involvement, adaptability, and developmental orientation emerged as vital cultural dimensions fostering positive employee outcomes. The implications are particularly relevant for hospitality organizations aiming to strengthen their internal environment. A culture that aligns with employee expectations and provides psychological support contributes to enhanced morale, commitment, and service quality—critical components for sustaining a competitive edge in a service-driven sector. Engaged and satisfied employees are more likely to exhibit discretionary effort, reduce turnover intentions, and deliver superior guest experiences. In essence, cultivating a values-driven and inclusive culture not only enhances employee well-being but also lays the foundation for long-term organizational success. Managers and HR professionals must therefore prioritize cultural alignment and engagement strategies as integral parts of their workforce development and business performance initiatives.

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