

The Influence of Employee Engagement and Corporate Culture on Employee Performance in the Telecommunications Industry (Case Study: PT Dayamitra Telekomunikasi Tbk)

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ABSTRACT: The purpose of this study is to examine how corporate culture and employee engagement influence the performance of employees at PT Dayamitra Telekomunikasi Tbk (Mitratel). The research is motivated by the crucial role of fostering strong employee engagement and cultivating a positive corporate culture to support optimal employee performance, particularly within the telecommunications infrastructure sector, which is highly dynamic and competitive. To achieve this objective, this study employs a quantitative research approach, with data analysed using the Structural Equation Modelling-Partial Least Squares (SEM-PLS) method facilitated by SmartPLS software. Based on the findings, it can be concluded that employee performance at PT Dayamitra Telekomunikasi Tbk (Mitratel) shows significant improvement when employees experience higher levels of engagement and operate within a supportive and well-developed corporate culture. This positive relationship underscores the vital role of employee engagement and corporate culture as strategic levers in enhancing organizational performance. Theoretically, this study is expected to contribute to the enrichment of organizational behavior literature by providing empirical evidence on the interplay between cultural factors and employee engagement in driving performance outcomes. Practically, the results of this research can serve as a valuable reference for managers and policymakers in designing and implementing effective strategies to strengthen employee engagement and cultivate a positive work environment that supports sustainable performance improvements.

KEYWORDS: Corporate Culture, Employee Engagement, Employee Performance, Telecommunications Industry

INTRODUCTION

Organizations must adjust to the quickly evolving digital technologies of today in order to be competitive in the commercial sector. Human resources are among the key elements that enable companies to withstand business competition and respond to external changes. According to Bohlander, human resources represent the capability to integrate individual mindsets and physical skills, which can help companies maintain competitiveness [1]. HRM is essential to play a critical role in ensuring that organizations can adapt to dynamic environments and cultural shifts in society. Organizations that fail to align their human resource strategies with external changes risk stagnation and a decline in competitiveness [2]. Effective HRM ensures that companies develop, manage, and retain talent capable of supporting the achievement of strategic goals.

Recent developments in technology further emphasize the need for HRM innovation. Indiyati et al. (2024) highlight that integrating emerging technologies such as blockchain can strengthen HRM processes by enhancing data security, ensuring transparency in employee records, and streamlining administrative workflows [3]. These advancements help build trust between employees and the organization, which ultimately supports higher engagement and stronger performance crucial aspects for companies aiming to maintain a competitive advantage in the digital era.

Within an organization, the quality of human resources significantly affects business growth and sustainability. Companies must implement effective strategies to ensure that employees perform their duties professionally, ethically, and efficiently. Employee quality and performance determine whether an organization can compete effectively with its industry peers. Among the key factors influencing employee performance are employee engagement and corporate culture, which interact and complement each other in driving organizational success. Mitratel has set a lofty goal to dominate the Asia-Pacific market for digital infrastructure companies. To achieve this, Mitratel is expected to focus on enhancing the quality of its human capital by developing both soft and hard skills. Mitratel conducts annual employee performance evaluations, which classify employee outcomes into three categories: Outstanding Performance (P1), Meet Target (P2), and Below Target (P3). Over the past two years, the distribution of employees in each category



has shown a shift that indicates a potential misalignment with the company's performance expectations. While the total number of evaluated employees has nearly doubled, the proportion of employees achieving the highest performance category has slightly decreased, accompanied by a slight increase in the percentage of employees falling into the lowest performance category. This pattern suggests that despite the company's efforts to support high performance, a considerable portion of employees remain concentrated in the 'meet target' range, with only a limited share consistently achieving outstanding results. Moreover, the modest but noticeable increase in employees categorized as underperforming points to underlying challenges related to employee engagement, motivation, and alignment with performance standards. These trends highlight the need for Mitratel to strengthen its approach to employee development, performance management, and the cultivation of a corporate culture that drives employees to excel beyond basic expectations.

In the last two years (2023–2024), employee engagement in Mitratel was measured by three primary dimensions: Say, Stay, and Strive. The Say aspect is about the perception of the company that employees have when they talk positively about it to the outside world. Stay shows employees' dedication and how likely they are to stay in the company. Strive captures employees' zeal and willingness to go that extra mile beyond just the basic job requirements. Overall, survey responses have steadily dwindled year after year, which suggests a disconnect between the level of engagement and the delivery of performance results. Alongside employee engagement, corporate culture plays its own role in bringing the best out of employees. A shared system of beliefs and perceptions among the members of the organization, which distinguishes one organization from another, is known as corporate culture [4]. Thus, it is important for new employees to be socialized and assimilated into the organization's existing culture for consistency and coherence.

LITERATURE REVIEW

A. *Concepts of Managing Human Resources*

The strategic approach to managing an organization's human capital in a way that gives it a competitive edge is known as human resource management (HRM) [5]. HRM practices ensure that organizations can avail themselves of a potential workforce and retain this, and by extension, develop its capacity through learning and development for higher performances [6]. According to Dessler (2020), HRM can be defined as a set of strategies and practices designed to manage an organisation's workforce effectively. These typically cover processes such as hiring, selecting, training, compensating, and appraising employee performance [2]. An effective HRM system is essential to make sure the organization has the strong employee support to achieve strategic goal organization. Human resources as a strategic asset for sustainable growth of the business. A statement made by Wright and McMahan (2011) is that human resources are a critical strategic asset that propels the sustainable growth of the business. It is essentially the process of preparing and arranging employees, either individually, in groups, or as a whole organization [7].

B. *Understanding Organizational Behavior in Context*

Organizational behavior, as a branch of management science, examines individual and group actions within organizations and analyzes how these behaviors impact the realization of organisational goals [8]. Robbins and Judge (2019) define organizational behavior as a field of study which is a specific tool to take a thorough look into the attitudes, behaviors, and personal interactions of actors that form groups and organizations and the organizational structure itself as well [9]. Anitha (2014) emphasizes that the behavior of an organization is essential to create a suitable work environment with good leadership, clear communication, and a sound work culture to maximize employee performance [10]. This view emphasizes the need to shape the organization so that the individual's motivations are linked to the common objectives of the company. Understanding organizational behavior enables the design of effective work systems, the promotion of teamwork, conflict resolution, and the development of a culture characterized by trust and engagement. This aspect is particularly important in dynamic industries, where employee behavior needs to be in line with corporate values in order for the organization to continue to perform well and remain competitive.

C. *Employee Engagement*

Employee engagement embodies a beneficial psychological state that leads employees to devote themselves to their tasks and add significant value toward the organization's goal accomplishment [11]. In essence, employee engagement reflects an employee's emotional bond and cognitive commitment to supporting the organization's mission and targets [12]. Engagement contributes to goal attainment for organizations and improves their attractiveness as employers [12]. Employee Engagement as a catalyst for

corporate performance and organisational appeal, Schaufeli refers to the main engagement components: vigor, dedication, and absorption [13]. Vigor can be described as the presence of robust energy and resilience among staff, which is evident in their determination to work diligently and withstand difficulties. Dedication is that one attribute that creates pride and purpose, which motivates people to devote time and effort to fulfill organizational expectations. Absorption is considered to be a state of full concentration, pleasure, and engagement in the work to the extent that time may appear to pass short and disengaging from the work is a struggle.

D. Corporate Culture

The concept of organizational culture encompasses the beliefs, norms, and core values that support the sustained learning and professional advancement of all individuals within the organization [14]. Corporate culture and organizational culture are often used interchangeably to describe the shared values, beliefs, and practices that shape behavior in organizations [15]. It reflects the behaviors of individuals and groups within a company. A strong culture enhances work quality and performance effectiveness. According to Emron (2016), cultural criteria supporting work patterns include self-awareness, aggressiveness, personality, performance, and orientation [16]. Additionally, according to Schein (2010), corporate culture defines the sense of organizational identity, encourages the conduct of the employer, and mobilizes the members around the goals and guiding values [15]. In line with these perspectives, various scholars emphasize that organisational culture encompasses the collective understanding and practice of core values and beliefs by all members of an organisation. This is captured in the following definition: Organisational culture can be defined as the collective understanding and practice of core values and beliefs by all organisational members, serving both as behavioural guidelines and as a reflection of the organisation's unique identity [3]. Understanding corporate culture is therefore crucial, as it provides the foundation for shaping employee attitudes, influencing engagement levels, and ultimately supporting the achievement of organisational goals. Robbins and Judge also suggest that corporate culture is a social glue that helps to build greater solidarity and cooperation among employees [9].

E. Employee Performance

The term employee performance describes the degree to which workers meet their job obligations and help accomplish the objectives of the organization [2]. According to Khan (2010), employee performance can be evaluated using several measurable indicators, including the amount of work completed, the quality of output, timeliness in task execution, attendance consistency, and the ability to collaborate within teams [17]. These are key performance dimensions by which to judge whether or not the employees have reached the desired standard of performance and efficiency. These five dimensions—amount of work completed, quality of work produced, punctuality, presence, and the ability to collaborate—are imperative to understand the comprehensive dimension to assessing employee performance in contemporary organizations [18]. Furthermore, Al-Mamary et al. emphasize that clear performance standards not only enable accurate assessment but also drive employees to synchronize their work behavior with the organization's objectives [19]. Having a structured Performance Appraisal Process allows the management to spot the gaps, provide savory feedback, and develop enhanced and transparent reward and recognition systems that might ultimately positively impact employee engagement and job satisfaction.

RESEARCH METHOD

A quantitative research approach employing a verificative design was utilised to evaluate the hypotheses and substantiate the interrelationships between the examined variables. The primary variables of interest in this study are Employee Engagement (X1), Corporate Culture (X2), and Employee Performance (Y). The Employee Engagement variable is measured based on the dimensions Vigor, Dedication, and Absorption [11]. The variable Corporate Culture is the dimension of Emron (2016), which includes dimensions of Self-awareness, Aggressiveness, Personality, Performance, and Orientation [16]. The Employee Performance variable is measured using indicators from Indiyati, Ghina, & Romadhona (2021), covering Work Quantity, Work Quality, Timeliness, Attendance, and Teamwork Ability [18].

The main data in this research were collected using a structured questionnaire filled in by 103 employees of PT Dayamitra Telekomunikasi Tbk (Mitratel). Data were analyzed through the application of Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) method, utilising SmartPLS software version 3.2.8 as the primary analytical tool.



The measurement instruments employed in this research were evaluated to confirm their construct validity and reliability. Validity of the constructs was tested by examining the Average Variance Extracted (AVE), where an AVE greater than 0.50 suggests that at least half of the variance is captured by the indicators [20]. Reliability was confirmed via Cronbach’s Alpha and Composite Reliability (CR), with satisfactory levels indicated by coefficients exceeding 0.70 [20]. These tests ensure that the measurement items are consistent and stable across different samples and periods.

The assessment of the model included an Outer Model (Measurement Model) and an Inner Model (Structural Model). The Outer Model was concerned with confirming the associations between latent variables and their measurement indicators, ensuring Convergent and Discriminant Validity as well as indicator reliability. The SEM’s Inner Model was examined to formulate the structural relationships between latent constructs and to compute the R-Squared values, Q-Squared Predictive Relevance, Path Coefficient, T-Statistics, and P-Values using the Bootstrapping method. These cross-validation procedures help ensure that the model demonstrates strong fit, construct and criterion validity, and reliability, generating robust findings that inform theory development and managerial applications.

RESULTS & DISCUSSION

A. Validity Test

To ensure the precision of the data, the validity of the instrument was assessed to verify its capacity to produce consistent and dependable results. Discriminant validity was examined using the Average Variance Extracted (AVE) approach, with a minimum acceptable AVE value of 0.5 [21].

Table 1. Results of Validity Analysis for Measurement Model

	Average Variance Extracted (AVE)
X1	0,710
X2	0,682
Y	0,620

B. Reliability Test

Reliability is the degree to which a questionnaire measures a subject, meaning the questionnaire measures the same way each time it is used under the same condition. Responses to a tool that are consistent across multiple occasions of administration indicate that a tool is reliable. In SmartPLS, reliability is measured by Cronbach's Alpha, and it should be greater than 0.60 [21].

Table 2. Composite Reliability and Cronbach’s Alpha Results

	Cronbach's Alpha	Composite Reliability
X1	0,954	0,961
X2	0,966	0,970
Y	0,942	0,950

C. Outer Model

Each construct, including engagement, corporate culture, and performance, is represented by its respective indicators within the Outer Model (Measurement Model). This model demonstrates how the latent variables relate to their indicators and was generated using SmartPLS software.

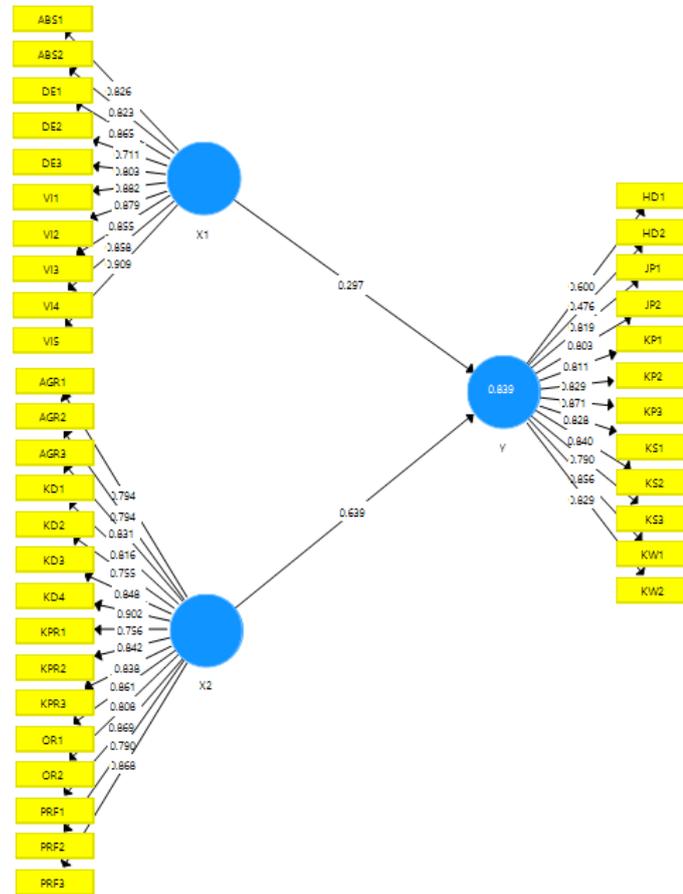


Figure 1. Structural Representation of the Outer Model

D. Coefficient of Determination (R^2)

According to Hair et al. (2021), bootstrapping is employed to estimate the coefficient of determination, or R-squared, which reflects the proportion of variance in the dependent variable that is accounted for by the regression model [21].

Table 3. R-Square (Coefficient of Determination) Values

	R Square	R Square Adjusted
Y	0,839	0,836

These results show that E.E and C.C explain 83.9% of the Employee performance variability, and 16.1% remains to the other variables outside of this model. The adjusted R^2 does confirm that this is still a lot of explanatory power, even while controlling for the complexity of the model and how many predictors there are. The results showed that the joint effect of Employee Engagement and Corporate Culture significantly contributes to enhancing employee performance in PT Dayamitra Telekomunikasi Tbk. As such, the model is robust and trustworthy for the explanation of the dependent variable.

E. Influence of Employee Engagement (X1) on Employee Performance (Y)

The following table presents the statistical results derived from the SmartPLS 3.2.8 analysis, illustrating the effect of employee engagement on employee performance.



Table 4. Impact of Employee Engagement on Employee Performance: SEM Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
X1 -> Y	0,297	0,295	0,128	2,317	0,021

The hypothesis of this study is:

H0: Employee engagement does not partially affect Mitratel employees' performance.

H1: Employee engagement significantly affects Mitratel employees' performance.

The results show that the p-value is 0.021, which is lower than the significance level of 0.05. In addition, the T-statistic value is 2.317, which exceeds the threshold of 1.98. Therefore, it can be concluded that the variable Employee Engagement has a significant positive influence on Employee Performance. The path coefficient is 0.297, indicating that an increase in Employee Engagement at Mitratel by one unit will increase Employee Performance by 0.297 units, or approximately 29.7% in relative terms, and vice versa. Thus, the hypothesis stating that Employee Engagement has a significant positive effect on Employee Performance is accepted. These findings align with Prabowo & Wahyuningtyas (2025), emphasizing the crucial role of engagement in boosting productivity and organizational outcomes [22].

F. Influence of Corporate Culture (X2) on Employee Performance (Y)

The following table presents the statistical results derived from the SmartPLS 3.2.8 analysis, illustrating the effect of corporate culture on employee performance.

Table 5. Impact of Corporate Culture on Employee Performance: SEM Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
X2 -> Y	0,639	0,644	0,123	5,194	0,000

The hypothesis of this study is:

H0: Corporate culture does not partially affect Mitratel employees' performance.

H1: Corporate culture significantly affects Mitratel employees' performance.

The results show that the p-value is 0.000, which is smaller than the 0.05 significance level. The T-statistic is 5.194, which is greater than 1.98. This confirms that the Corporate Culture variable significantly influences Employee Performance. The regression coefficient is 0.639, meaning that an increase in Corporate Culture by one unit will increase Employee Performance at PT Dayamitra Telekomunikasi by 0.639 units, or approximately 63.9% in relative terms, and vice versa.

Therefore, the hypothesis stating that Corporate Culture has a significant positive effect on Employee Performance is accepted. These results are consistent with Permaisuri & Sary (2022), who also found a significant positive influence of corporate culture on employee performance [23].

CONCLUSION

Based on the analytical results, this research concludes that employee engagement significantly and positively affects employee performance, demonstrated by a path coefficient of 0.297, indicating that increased engagement directly enhances outcomes. In parallel, the findings confirm that corporate culture has a strong positive relationship with employee performance, with a higher path coefficient of 0.639, underscoring the dominant role of a strong and cohesive culture in driving employee success. These findings emphasize that fostering a high level of engagement and reinforcing a supportive corporate culture are essential strategies for sustaining high performance at PT Dayamitra Telekomunikasi Tbk. Moreover, these results highlight the importance for management to continuously invest in programs and policies that nurture employee motivation, strengthen shared values, and build a work environment that encourages collaboration and trust. By prioritizing these factors, the company can maintain a competitive



advantage, enhance employee satisfaction and retention, and ultimately achieve its strategic objectives more effectively. Therefore, it is recommended that PT Dayamitra Telekomunikasi Tbk integrates employee engagement initiatives and cultural development into its long-term human resource planning to ensure sustainable organizational growth.

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