

Organizational Culture, Remuneration Quality, and Engagement as Predictors of Employee Performance

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ABSTRACT

This study investigates the predictive influence of organizational Culture, remuneration quality, and employee engagement on employee performance. Using multiple regression analysis, the findings reveal that the combined variables significantly predict performance, with the model explaining 65.8% of the variance ($R^2 = 0.658$, $F = 126.721$, $p < .000$).

Among the sub-dimensions, Mission ($\beta = .396$, $p < .000$) and Adaptability ($\beta = .385$, $p < .000$) within organizational Culture emerged as the strongest positive predictors, underscoring the importance of strategic clarity and responsiveness to change. Engagement dimensions, specifically Absorption ($\beta = .264$, $p < .000$) and Dedication ($\beta = .106$, $p = .027$), also contributed positively, highlighting the role of deep involvement and commitment in driving favorable outcomes. Conversely, Consistency in organizational Culture ($\beta = -0.159$, $p = .013$) and Direct Remuneration ($\beta = -0.112$, $p = .011$) demonstrated significant negative effects, suggesting that rigid adherence to norms and excessive reliance on financial incentives may hinder performance. These results affirm the multidimensional nature of organizational behavior constructs and emphasize the need to examine sub-variables individually.

The study concludes that fostering mission clarity, Adaptability, and employee engagement are crucial for enhancing performance, while overemphasis on uniformity and direct pay may undermine intrinsic motivation. Findings contribute to organizational behavior literature by offering nuanced insights into the complex dynamics between Culture, remuneration, engagement, and employee outcomes.

Keywords: Engagement, Remuneration Quality, Organizational Culture, Employee Performance

INTRODUCTION

Employee performance remains a critical determinant of organizational success, influencing productivity, innovation, and competitiveness in dynamic business environments. Scholars have consistently emphasized that performance outcomes are not solely dependent on individual capabilities but on organizational factors such as Culture, remuneration quality, and employee engagement (Barajas, n.d.).

A strong organizational culture fosters shared values, collaboration, and commitment, which in turn enhance employee satisfaction and performance (Wicaksono & Almadana, 2025). Similarly, remuneration quality—beyond mere financial compensation—signals fairness, recognition, and investment in employees, thereby motivating higher levels of effort and loyalty.

Engagement, defined as the emotional and cognitive connection employees have with their work, has been identified as a vital predictor of performance, enabling organizations to sustain competitive advantage (Harun & Ling, 2020).

Although extensive research has examined each of these variables independently, the combined predictive power of these variables for employee performance has received limited attention. Investigating the interactions among organizational Culture, remuneration quality, and engagement offers valuable insights for managers aiming to

develop comprehensive strategies that enhance workforce effectiveness. (Pham et al., 2024) Accordingly, this study explores the extent to which these three factors predict employee performance, thereby contributing to both theoretical discourse and practical applications in human resource management.

LITERATURE REVIEW

Organizational Culture and Employee Performance

Organizational Culture is one of the determinants of employee performance. A strong culture fosters alignment between organizational goals and employee actions, creating an environment conducive to collaboration and innovation. (Organizational Culture and Employee Motivation, 2023) Wicaksono and Almadana (2025) found that organizational Culture significantly influences employee performance, with engagement acting as a mediating factor.

Their study highlights that Culture not only shapes workplace norms but also enhances employees' psychological commitment, thereby improving performance outcomes.

Remuneration Quality and Employee Performance

Compensation systems that emphasize fairness, transparency, and recognition are critical in motivating employees. (Konjen, 2025) Remuneration quality extends beyond financial rewards to include perceptions of equity and adequacy. (Dittrich & Carrell, 1979, pp. 29-40) Studies suggest that remuneration satisfaction, engagement, and organizational identity are positively correlated, which in turn drive performance outcomes (Jing, 2024).

High-quality remuneration practices signal organizational support, fostering loyalty and sustained effort among employees (Gatan et al., 2024).

Employee Engagement and Performance

Employee engagement, defined as the emotional and cognitive connection employees have with their work, has been consistently identified as a strong predictor of performance. Motyka (2018) concluded in a systematic literature review that engagement enhances productivity, innovation, and organizational competitiveness. Similarly, Deepalakshmi et al. (2024) emphasized that engagement is a critical human resource strategy for improving organizational performance, as engaged employees demonstrate higher levels of energy, dedication, and resilience.

While each variable independently contributes to performance, recent studies emphasize their interrelated nature. Organizational Culture influences engagement, remuneration quality strengthens both engagement and cultural alignment, and engagement directly drives performance. (Hernandez & Acosta, 2024, pp. 1591-1601) This integrated perspective suggests a holistic framework that considers the interplay of Culture, Remuneration Quality, and engagement in defining employee performance to understand it better (Daud, 2020)

However, most studies have treated these variables in isolation, focusing either on Culture, compensation, or engagement as singular predictors. Few empirical investigations have integrated these three dimensions into a unified framework to assess their combined and interactive effects on employee performance. (Gatan et al., 2024) Thus, this leaves a gap in understanding how organizational culture, remuneration quality, and engagement collectively shape workforce outcomes.

Moreover, while prior research has emphasized their importance in Western and corporate contexts, few studies have examined these relationships across diverse organizational settings, particularly in developing economies and public-sector institutions (Gatan et al., 2024).

This study addresses this gap by examining the predictive power of organizational culture, remuneration quality, and engagement simultaneously, offering a holistic perspective on employee performance. By integrating these variables, the research contributes to both theory and practice, providing managers with evidence-based insights into how to design organizational systems to maximize workforce effectiveness.

Conceptual Framework

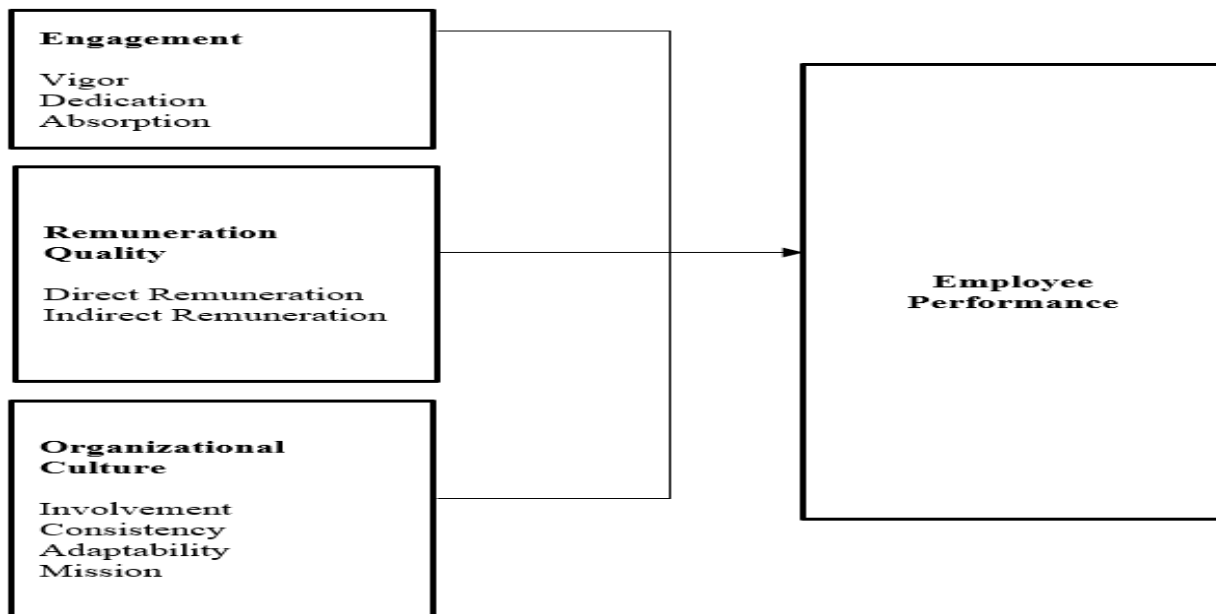


Figure 1 Schematic Presentation of the Interplay of Variables in the Study

RESEARCH METHODOLOGY

Research Design

This study utilized a quantitative, correlational research design to examine the predictive relationships among organizational Culture, remuneration quality, and employee engagement on employee performance. Data were collected through a survey-based approach, enabling statistical analysis of the hypothesized relationships.

Respondent/Participants

The study focused on regular employees of a cooperative in Bukidnon, categorized as primary, multipurpose, and compliant with the Cooperative Development Authority (CDA) requirements as of 2024, operating in the Province of Bukidnon. The participating cooperatives were Agdao (Valencia City Branch) (3); Associated Bukidnon Sugarcane Farmers MPC (12); AIMCOOP (Valencia City Branch) (5); BUGEMCO (Malaybalay & Valencia Branches) (75); BUPHARCO (Valencia City Branch) (27); Bukidnon Progressive

Planters Multipurpose Cooperative (Malaybalay Branch) (5); BSU EMC (12); BUKTRAMCO (10); BSU MPC (2); CSCI Officers and Employees MPC (4); FIBECO Primary Multipurpose Cooperative (Maramag Branch) (7); FICCO (Valencia & Malaybalay Branch) (14); KING Multipurpose Cooperative (Malaybalay Branch) (2); Lamac Multipurpose Cooperative (Maramag & Valencia Branches) (7); MACEMPC (17); Makilala Multipurpose Cooperative (Valencia and Malaybalay City Branches) (4); Mediatrrix Multipurpose Cooperative (Valencia Branch) (13); MSWU MPC (13); OIC (Maramag, Don Carlos, and Valencia Branches) (63); Panabo MPC (Valencia Branch) (13); PERA MPC (Valencia and Malaybalay Branches) (8); PITAC

(35); SILDEMCO (6); Silangan MPC (Valencia City Branch) (4); SIFAMCO MPC (Valencia City Branch) (4); Sta. Monica Bukidnon Multipurpose Cooperative (Pangantucan Branch); Sugarcane Farmers of Bukidnon MPC (14); and Tagum MPC (Malaybalay and Valencia Branch) (10). A total of 405 samples were successfully retrieved from the 24 cooperatives using a stratified random sampling to ensure adequate representation of subgroups in a heterogeneous population (Creswell, 2014; Etikan & Bala, 2017).

Instruments of the Study

The survey questionnaire used in this study was a modified, researcher-developed instrument that integrated elements from established performance evaluation systems and relevant studies, with sections designed to assess specific constructs grounded in theoretical frameworks. They are the adapted Utrecht Work Engagement Scale

(Carmona-Halty et al., 2019), the researcher-made Remuneration Questionnaire, the adapted Denison Organizational Culture Survey (Abane et al., 2022), and the researcher-made Employee Performance Questionnaire. Validity, defined as the extent to which the instrument accurately measured the intended constructs (Cohen, Manion, & Morrison, 2017), was ensured through expert input from Leadership and Management practitioners. Reliability was established through a pilot test conducted with individuals outside the main participant pool, with internal Consistency analyzed using Cronbach's alpha in SPSS, meeting the standards for effective measurement (Rahman & Muktadir, 2021).

Procedure

The researcher obtained approval from relevant offices at the university before the start of the study, followed by coordination with the Cooperative Development Authority Region X (CDA-X) and selected multipurpose cooperatives, primary and compliant, operating within Bukidnon Province, Philippines, as of 2024, as stipulated in the Cooperative Development Authority (CDA) requirements. Eligible participants were full-time regular employees of the cooperative. The researcher sent invitations through official cooperative channels and gave employees sufficient time to review the study details before completing a short 15–20minute survey. The survey was distributed online and in print based on participant preference. After data collection, responses were anonymized and forwarded to a statistician for analysis. Findings were shared with stakeholders, including the Cooperative Development Authority (CDA) Region X, the Cooperative Union of Bukidnon (CUB), and the respective cooperatives, to facilitate improvements. A dissemination plan ensured results by presenting through academic publications and conferences, with summary results made available to the university.

Data Analysis

The study assessed employee performance with a focus on employee engagement, remuneration quality, and organizational Culture across primary, compliant, and multipurpose cooperatives. The mean and standard deviation described the engagement, remuneration quality, organizational Culture, and employee performance, while the Pearson Product-Moment Correlation analysis determined the relationships among these variables.

Ethical Considerations

Prior to commencing the study, the researcher obtained ethical approval from the relevant offices. Participation was entirely voluntary, and the researcher strictly observed ethical standards. Regular employees provided informed consent after being briefed on the study's purpose, procedures, potential risks, and benefits. To ensure confidentiality, the researcher assigned identification codes, secured all data in passwordprotected digital files, and locked physical storage. The survey took 15–20 minutes to complete and posed minimal risk to participants. The researcher provided no monetary incentives, although participants could request a summary of the study findings. The research protocol was thoroughly reviewed by field experts and approved by the Research Ethics Review Committee to ensure compliance with ethical research standards.

RESULTS

Figure 1. Normal P-P Plot of Regression on Standardize Residual

Normal P-P Plot of Regression Standardized Residual

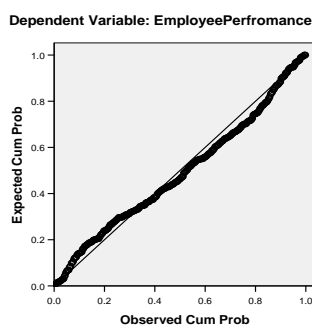


Figure 2. Scatterplot

Scatterplot

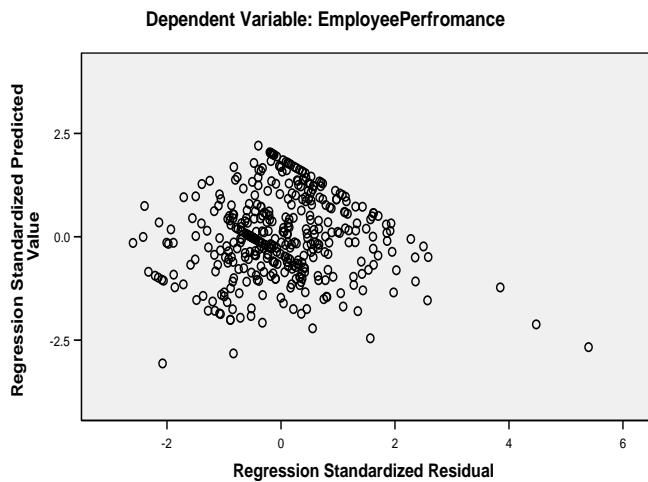


Table 1. Summary of the Table of Cronbach’s Alpha

Variable	Number of Items	Cronbach’s Alpha	Interpretation
Engagement	60	0.98	Excellent
Remuneration Quality	40	0.98	Excellent
Organizational Culture	78	0.99	Excellent
Employee Performance	24	0.97	Excellent
Overall Scale	202	0.99	Excellent

In this study, Cronbach’s alpha values ranged from 0.97 to 0.99 across the five scales, indicating excellent internal consistency. However, the extremely high values suggest potential redundancy among items, warranting further review of scale content.

Table 2. Model Summary

Model Summary				
Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
	.811 ^f	.658	.652	.32838

Table 3. Anova Table

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	81.990	6	13.665	126.721	.000 ^g
	Residual	42.703	396	.108		
	Total	124.693	402			

Table 4. Residuals Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.8530	5.1392	4.1832	.43388	403
Residual	-.91020	1.89194	.00000	.34925	403
Std. Predicted Value	-3.066	2.203	.000	1.000	403
Std. Residual	-2.596	5.397	.000	.996	403

Dependent Variable: Employee Performance

Table 5. Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Engagement	Remuneration Quality	Organizational Culture
1	1	3.977	1.000	.00	.00	.00	.00
	2	.016	15.756	.46	.01	.12	.02
	3	.005	29.031	.51	.95	.11	.01
	4	.003	39.001	.03	.05	.77	.96

Dependent Variable: Employee Performance

Table 6.

Results of Multiple Regression Analysis for the Variables that Singly or in Combination Best Predict Employees' Performance

Variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Interpretation
	B	Std. Error	Beta			
(Constant)	.643	.140		4.581	.000	Significant
Mission-Organizational Culture	.358	.064	.396	5.631	.000	Significant
Adaptability-Organizational Culture	.359	.067	.385	5.358	.000	Significant
Consistency-Organizational Culture	-.146	.059	-.159	-2.482	.013	Significant
Absorption-Engagement	.282	.047	.264	5.987	.000	Significant

Dedication-Engagement	.113	.051	.106	2.213	.027	Significant
Direct Remuneration-Remuneration Quality	-.080	.031	-.112	-2.553	.011	Significant
	R=.811	R²=.658	F=126.721	P=.000		

Table 6 shows the multiple regression analysis, which reveals that the combined variables of engagement, remuneration quality, and organizational Culture significantly predict employees' performance.

The regression model:

$$(Y' = 0.643 + 0.358X_1 + 0.359X_2 + (-0.146X_3) + 0.282X_4 + 0.113X_5 + (-0.080X_6).$$

The results indicate that Mission (Organizational Culture)=X₁ (β = 0.358, p < 0.000), Adaptability (Organizational Culture)=X₂ (β = 0.359, p < 0.000), Consistency (Organizational Culture)=X₃ (β = (-0.146), p = 0.013), Absorption (Engagement)=X₄ (β = 0.282, p = 0.000), Dedication (Engagement)=X₅ (β = 0.113, p = 0.027), & Direct Remuneration (Remuneration Quality) =X₆ (β = (-0.080), p = 0.011), significantly influence Employees' Performance.

The model is statistically significant, as indicated by an F-statistic of 126.721 and a p-value of 0.000. The multiple correlation coefficients R is 0.811, indicating a strong positive relationship between the independent variables and employee performance. Furthermore, the R² of 0.658 signifies that these three factors collectively account for approximately 65.8% of the variance in employees' performance. A detailed examination of the individual predictors reveals that Mission-Organizational Culture (B = .358, β = .396, p = .000) and Adaptability-Organizational Culture (B = .359, β = .385, p = .000) are the best predictors, with a standardized coefficient (β) of 0.396 and (β) of 0.385, which is statistically significant (p < .000). This indicates that an increase of clarity in Mission-Organizational Culture and increase in adaptability-organizational Culture are the most influential factors in predicting a corresponding increase in employee performance. Similarly, Absorption-Engagement (B = .282, β = .264, p = .000) and Dedication-Engagement (B = .113, β = .106, p = .027) were significant positive contributors, underscoring the importance of employee immersion and dedication in driving favorable outcomes.

A more nuanced examination of the model reveals a surprising and counterintuitive finding regarding Consistency-Organizational Culture and Direct Remuneration-Remuneration Quality. While the model is a significant predictor as a whole, Consistency-Organizational Support and Direct Remuneration-Remuneration Quality are the least predictive and show significant negative relationships with employee performance, as indicated by standardized coefficients (β = -0.159, p = .013) and (β = -0.112, p = .011), respectively. The result suggests that as employees' perceptions of Consistency, organizational Culture, and direct remuneration, and remuneration quality increase, their employee performance tends to decrease. A possible explanation for this unexpected finding is that excessive emphasis on uniformity may hinder performance, and focusing heavily on direct pay may reduce intrinsic motivation or engagement. This result contrasts with Mission-Organizational Culture, Adaptability-Organizational Culture, Absorption-Engagement, and Dedication-Engagement, which are strongly and positively associated with a desire to improve employee performance. Mission-Organizational Culture, Adaptability-Organizational Culture, Absorption-Engagement, and Dedication-Engagement are crucial for fostering employee performance; excessive Consistency and abundance of direct remuneration may have the opposite effect, highlighting a complex dynamic between humans and organizations.

The researcher examined residual statistics to assess the regression assumptions. The predicted values for employee performance ranged from 2.85 to 5.14 (M = 4.18, SD = 0.43). The residuals ranged from -0.91 to 1.89, with a mean of 0.00 and a standard deviation of 0.35, which is consistent with the expectation that residuals in ordinary least squares regression average to zero. Standardized residuals ranged between -2.60 and 5.40, with a mean of 0.00 and a standard deviation close to 1.00, indicating that most residuals fell within the acceptable range, though a few outliers were present.

The visual inspection of histograms and Q-Q plots suggests normally distributed residuals. The scatterplot of standardized residuals against predicted values showed no clear pattern, supporting the assumption of

homoscedasticity. Collinearity diagnostics indicated that condition indices and variance proportions were within acceptable limits, suggesting no serious multicollinearity among predictors.

Based on the multiple regression analysis, the null hypothesis is rejected.

DISCUSSION

The regression analysis underscores the multidimensional nature of organizational Culture, engagement, and remuneration quality in shaping employee performance. Disaggregating these constructs into sub-dimensions reveals how certain traits reinforce intrinsic motivation and strategic alignment, while others may inadvertently act as barriers.

Positive predictors such as Mission and Adaptability within organizational Culture, alongside Absorption and Dedication in engagement, highlight the importance of clarity of purpose, flexibility, and deep involvement in work. A well-defined mission provides employees with direction and meaning, while Adaptability ensures responsiveness to change (Khan et al., 2020). Similarly, absorption reflects the energizing effect of being fully immersed in tasks, and dedication captures the motivational force of commitment (Wafula & Agoi, 2020). Together, these traits align with Self-Determination Theory, which emphasizes autonomy, competence, and relatedness as drivers of intrinsic motivation (Deci & Ryan, 1985).

In contrast, Consistency within organizational Culture and Direct Remuneration emerged as negative predictors. Excessive Consistency may signal rigid adherence to norms, limiting autonomy and stifling creativity (Starkute, 2023). Likewise, overreliance on financial incentives risks crowding out intrinsic motivation, shifting focus from mastery and purpose to external rewards (Agustiningsih et al., 2016; Anggraini, 2018). These findings caution managers against assuming that uniformity or higher pay alone will sustain performance, highlighting the paradox that excessive structure or an emphasis on extrinsic rewards can undermine resilience and innovation.

With these results, the manager may strengthen mission clarity and cultivate Adaptability to align employees with organizational goals while maintaining flexibility. They could also foster deep engagement by encouraging absorption and dedication, ensuring employees find meaning and energy in their tasks. There is also a need to balance cultural clarity with flexibility, avoiding rigid Consistency that may hinder responsiveness. And lastly, the management should design remuneration strategies that support intrinsic drivers rather than substitute for them, pairing fair compensation with recognition, growth opportunities, and collaboration.

Residual analysis confirmed good model fit, with a standard error of estimate (0.32838) indicating relatively small deviations between predicted and actual values. The analysis reinforces the model's robustness and the practical relevance of the findings. Overall, employee performance is best enhanced by cultivating purpose, Adaptability, and deep engagement, while carefully managing structural clarity and compensation practices to avoid unintended negative effects.

CONCLUSION

Specific sub-dimensions of organizational Culture, engagement, and remuneration quality emerged as significant predictors of employee performance. Mission clarity and Adaptability within organizational Culture were identified as critical drivers, while Consistency suggested that rigid adherence to norms may hinder outcomes. Engagement, absorption, and dedication contributed more substantially to performance than emotional commitment alone. Direct remuneration, meanwhile, indicated that financial incentives alone may not enhance performance and could even reduce intrinsic motivation. These findings led to the rejection of the null hypothesis.

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