



Exploring Effects of Organizational Culture, Reward Mechanisms, and Mood on Employee Performance in Service-Based Industries

Shinta Ayu Alifa* and Muh. Yunus Amar

Hasanuddin University, Makassar, Indonesia

*alifasa24a@student.unhas.ac.id

Abstract. This study explored the impact of organizational culture, reward mechanisms, and employee mood on employee performance in service-based industries. A total of 210 employees from various service sector companies in Makassar, Indonesia participated in this study, and data were collected through a structured questionnaire distributed via Google Forms. The hypotheses were tested using Structural Equation Modeling (SEM) with SmartPLS. The results indicate significant relationships for all three factors. Hypothesis 1 (H1) examines the impact of reward mechanisms on employee performance (p -value = 0.011), confirming that rewards, both intrinsic and extrinsic, positively influence performance. Hypothesis 2 (H2) focuses on the effect of organizational culture on performance (p = 0.017), suggesting that a positive organizational culture enhances employee engagement and performance. Finally, Hypothesis 3 (H3) investigated the relationship between employee mood and performance (p -value = 0.000), highlighting the strong influence of positive mood on employee performance. These findings emphasize the importance of organizational culture, reward systems, and mood management in optimizing employee performance, particularly in service-based industries, where customer interactions are key. The study's limitations include its reliance on self-reported data and its focus on a single geographic location. Future research should include broader variables, longitudinal studies, and more diverse samples to enhance generalizability.

Keywords: Employee performance, organizational culture, reward mechanisms, employee mood, service industry.

1 Introduction

Employee performance is one of the most critical factors for organizational success, especially in service-based industries where service quality and customer satisfaction directly depend on individual and collective employee efforts [1, 2]. In today's competitive business environment, organizations increasingly focus on enhancing employee performance to maintain their competitive edge and ensure long-term growth [1, 3]. In service industries such as hospitality, healthcare, retail, and customer service,

employees are key to delivering consistent and high-quality services that directly impact customer satisfaction and loyalty [1, 4]. Therefore, understanding the factors that influence employee performance is essential to achieve sustained business success.

Unlike product-based industries, where efficiency and quality are often measured through tangible outputs, employee performance in service industries is intangible and heavily reliant on employee-customer interaction [1, 5]. Service employees are not just completing tasks; they shape customer experience, establish relationships, and build the organization's reputation. As a result, employee performance in service industries has a direct impact on customer perceptions, satisfaction, and ultimately, organizational profitability [2, 7]. Thus, optimizing employee performance is a primary focus for companies in these sectors.

Despite extensive research on employee performance, much of the existing literature tends to focus on isolated variables such as leadership, job satisfaction, and compensation. However, the interactions between different organizational factors, such as organizational culture, reward systems, and employee mood, have not been sufficiently explored, especially in the context of service industries [3, 8]. Understanding how these factors collectively influence employee performance can provide organizations with deeper insights into creating an environment that fosters high performance and employee engagement.

Organizational culture is one of the key drivers of employee performance; however, its specific impact remains underexplored. Organizational culture shapes the values, beliefs, and behaviors that influence how employees approach their tasks, interact with colleagues, and respond to challenges [4, 9]. A positive culture characterized by values such as collaboration, open communication, and mutual support can create an environment that motivates employees to perform at their best. However, the aspects of organizational culture that most significantly affect performance, particularly in service industries where customer interaction is central, require further investigation.

Both intrinsic and extrinsic reward mechanisms have long been recognized as important motivators of employee performance. While financial rewards such as bonuses and promotions are effective in motivating employees to achieve short-term goals, intrinsic rewards such as recognition and personal growth opportunities are more likely to foster long-term commitment and job satisfaction [6, 10]. However, there is a lack of empirical studies examining how these reward mechanisms, when integrated with other organizational elements, influence employee performance in service-based contexts.

Additionally, employee mood the emotional state that employees experience during their workdays has a significant impact on performance but is often overlooked in traditional studies of workplace motivation and performance [9, 14]. Positive moods are associated with enhanced creativity, problem-solving skills, and collaboration, whereas negative moods can result in disengagement and decreased productivity. In service industries, where employees interact directly with customers, their mood can significantly affect the quality of service delivered [5, 11]. However, the direct relationship between mood and performance, particularly when combined with organizational culture and rewards, remains under-researched.

The complexity of employee performance in service industries lies in the interplay between individual employee characteristics, organizational factors, and external influences. It is insufficient to focus on one factor leadership, rewards, or mood in isolation. The combination of organizational culture, reward mechanisms, and employee mood can create a synergistic effect that enhances performance or a conflicting dynamic that hinders performance [10, 16]. However, it remains unclear how these factors interact to influence performance outcomes, particularly in the service industry.

This study aims to fill these gaps by examining how organizational culture, reward systems, and employee mood jointly influence employee performance in service-based industries. While much of the existing literature has focused on individual factors separately, the complex interplay between these variables and their combined impact on employee performance has not been sufficiently studied, particularly within service organizations. By exploring these relationships, this research aims to provide a more holistic understanding of the factors that drive performance in service industries and offer insights into how businesses can strategically align their organizational culture, reward systems, and employee well-being to enhance performance outcomes.

In service industries, employee performance is not solely about meeting targets or quotas but also about how employees interact with customers and provide meaningful experiences. Therefore, service organizations must create a work environment that supports employee performance in all these areas, from fostering a positive culture and implementing fair reward systems to maintaining a positive work mood. By understanding how these three factors interact, organizations can design more effective strategies to enhance employee performance, which will, in turn, improve customer satisfaction and organizational success.

This research holds significance not only for theoretical contributions but also for practical applications in human resource management within service-based industries. By understanding the synergistic effects of culture, rewards, and mood on performance, organizations can develop better reward systems, cultivate a supportive culture, and implement mood-enhancing practices that foster improved employee performance. Ultimately, this study aims to provide actionable recommendations for organizations to optimize employee performance, improve service quality, and enhance customer satisfaction in an increasingly competitive service sector.

2 Literature Review

2.1 Job Characteristic Model (JCM)

The (JCM), developed by Hackman and Oldham in 1976, connects job characteristics with motivation, job satisfaction, and employee performance. This model focuses on five key job characteristics that are believed to enhance employee motivation and, in turn, contribute to better work outcomes. These five characteristics include skill variety, task identity, task significance, autonomy, and feedback.

Skill variety refers to the extent to which a job requires a variety of different skills and abilities. Jobs that require employees to use a range of skills tend to be more engaging and can increase motivation because employees feel more involved in their

work. Task identity relates to the degree to which a person can see the whole task from start to finish [10, 17]. When employees can view the complete result of their work, it provides a sense of accomplishment and ownership over their tasks. Task significance refers to the degree to which a job impacts others or contributes to an organization's overall goals [6, 13]. Jobs that are seen as significant by employees tend to increase job satisfaction because they feel their work has meaningful impact. Autonomy is the degree to which employees have control and freedom to decide how to perform their tasks. When employees have more autonomy, they feel more responsible and involved in their work, which can boost motivation and performance. Feedback refers to the extent to which employees receive information about the results of their work. Constructive and clear feedback allows employees to understand whether they are performing well or not. Receiving positive feedback can build employees' self-confidence and motivate them to improve their performance further.

JCM links these five job characteristics to psychological outcomes, including experienced meaningfulness, responsibility for outcomes, and knowledge of results. The model also explains that these job characteristics affect critical psychological states, which are necessary to enhance motivation, such as feeling meaningful in one's work, taking responsibility for outcomes, and understanding how the work impacts others. This model is highly relevant in designing motivating jobs, especially in work environments where employees are expected to have greater autonomy and interact directly with the results of their work. Implementing JCM can enhance intrinsic motivation and job satisfaction, which in turn leads to better employee performance.

2.2 Reward

Reward are one of the key factors influencing employee performance, motivation, and overall job satisfaction. Reward systems in organizations can be categorized into two types: extrinsic rewards and intrinsic rewards. Extrinsic rewards are tangible and typically monetary, and include salaries, bonuses, commissions, and other forms of financial compensation [12, 20]. These rewards are often used to encourage employees to meet short-term goals, and they directly influence employee behavior through reinforcement. On the other hand, intrinsic rewards are non-material rewards that come from within the employee, such as a sense of accomplishment, personal growth, recognition, and enjoyment of the work itself. These rewards contribute to long-term job satisfaction and motivation by aligning personal values and interests with the work tasks.

The effectiveness of reward mechanisms in enhancing employee performance depends largely on how well these rewards are aligned with employees' needs and expectations [7, 14]. Research has shown that when employees feel adequately rewarded for their efforts whether through financial incentives or recognition they are more likely to be motivated, productive, and engaged. However, the way rewards are distributed and perceived by employees is also crucial. Perceptions of fairness and equity in reward systems play a significant role in job satisfaction and performance outcomes. Employees who believe that the rewards are distributed fairly, based on their contributions and performance, are more likely to be motivated and committed to their work.

The combination of extrinsic and intrinsic rewards can create a balanced reward system that satisfies both short-term and long-term employee needs. Extrinsic rewards can serve as a strong motivator for achieving specific tasks and meeting organizational targets, while intrinsic rewards ensure ongoing engagement and a deeper connection to the work [8, 15]. In service industries, where customer satisfaction is closely linked to employee attitude and performance, a well-designed reward system can significantly enhance the overall service quality. Employees who feel valued through both monetary and non-monetary rewards are more likely to provide high-quality service, as their satisfaction and motivation directly affect their interactions with customers.

However, it is important to note that while reward mechanisms are essential, their effectiveness can be influenced by other organizational factors, such as organizational culture and leadership. In environments where rewards are not aligned with the values and expectations of employees, or where rewards are perceived as unfair, the intended positive effects on performance may be diminished. Therefore, organizations must carefully design and implement reward systems that consider both the individual needs of employees and the overarching goals of the organization.

2.3 Organizational Culture

Organizational Culture refers to the shared values, beliefs, practices, and behaviors that shape how employees interact with each other and approach their work [8, 16]. It is the "personality" of an organization, influencing everything from decision-making processes to how employees handle challenges and opportunities. A strong and positive organizational culture fosters a sense of belonging, trust, and purpose among employees, creating an environment where individuals feel motivated to perform their best. In service-based industries, where employee-customer interactions play a central role, the organizational culture can significantly impact both employee satisfaction and the quality of customer service [9, 17].

Organizational culture can be categorized into various types, such as clan culture, adhocracy culture, market culture, and hierarchical culture, each with its own impact on employee behavior and performance [16, 26]. For instance, a clan culture, characterized by a family-like atmosphere, collaboration, and employee development, tends to promote employee engagement and satisfaction, which can lead to better performance. On the other hand, a market culture, which focuses on competition, results, and achievement, may motivate employees to perform at high levels but could also lead to stress and burnout if not managed properly. The alignment of the organizational culture with employee values is key to fostering a work environment that supports high performance.

A positive organizational culture enhances employee motivation by providing employees with a clear sense of purpose and values that guide their actions [10, 19]. When employees share the same core beliefs and feel supported by their organization's culture, they are more likely to be committed to their work, collaborate effectively, and go the extra mile to achieve organizational goals. In service industries, where employee

attitudes and behaviors directly influence customer satisfaction, an organizational culture that prioritizes service excellence, innovation, and employee well-being can lead to improved job performance and customer experiences.

However, organizational culture can also present challenges if there is a misalignment between the culture and the needs of employees. For example, a highly competitive culture might work well for employees who thrive under pressure but may negatively affect those who seek a more collaborative and supportive environment. Therefore, organizations must continuously assess and adapt their culture to ensure it meets the diverse needs of their workforce and aligns with broader organizational goals. A culture that is too rigid or not in tune with employee expectations can result in disengagement, lower morale, and ultimately reduced employee performance.

2.4 Employee Mood

Employee Mood refers to the temporary emotional state or feeling that an employee experiences during the workday, which can vary from positive to negative. Mood is distinct from emotions, as it tends to be less intense and more enduring over a period of time [11, 20]. However, mood plays a crucial role in influencing various aspects of work behavior, including decision-making, interpersonal interactions, and overall productivity. Employees who maintain a positive mood tend to approach tasks with greater enthusiasm and energy, which can enhance their performance and contribute to a more productive work environment.

The impact of employee mood on job performance has been well-documented, with positive moods generally linked to increased motivation, creativity, and problem-solving abilities [12, 21]. Employees in a good mood are more likely to engage with their tasks, demonstrate better teamwork, and show greater resilience when facing challenges. In contrast, employees experiencing a negative mood may feel disengaged, be less productive, and exhibit a lower level of commitment to their work. This is especially important in service-based industries, where interactions with customers play a critical role. A positive mood can enhance customer interactions, leading to better service delivery and higher customer satisfaction, while a negative mood may result in poor service quality and dissatisfaction.

Several factors can influence employee mood, including personal circumstances, the work environment, and organizational culture. For instance, a supportive work environment, where employees feel valued and recognized, is more likely to foster positive moods. Additionally, the level of autonomy, the presence of fair reward systems, and clear communication from leadership can positively impact mood, leading to better job performance. On the other hand, factors such as high job stress, lack of support, and unclear expectations can contribute to negative moods, reducing employee motivation and performance [32, 34].

Incorporating employee mood into organizational strategies is essential for fostering a positive work environment. Organizations that actively work to enhance their employees' mood through engagement initiatives, well-being programs, and constructive feedback can improve overall performance outcomes. In service industries, where em-

employee interactions with customers are frequent and highly impactful, managing employee mood becomes even more critical, as a positive mood can directly influence the quality of service provided and the overall customer experience.

2.5 Employee Performance

Employee Performance refers to the degree to which an employee successfully fulfills their job responsibilities, contributes to organizational goals, and performs at a level that meets or exceeds expectations [13, 22]. It is a multifaceted concept that includes both task performance, which involves the completion of specific job duties, and contextual performance, which encompasses behaviors that support the organization's environment, such as cooperation, citizenship behavior, and interpersonal relationships. In service-based industries, employee performance is particularly crucial as it directly impacts customer service quality, organizational reputation, and overall customer satisfaction.

Task performance includes the core responsibilities and duties outlined in an employee's job description. This could involve specific tasks such as answering customer inquiries, processing transactions, or completing projects. Employees who perform well in these areas are seen as highly competent in their role [15]. Contextual performance, on the other hand, includes behaviors that go beyond the core responsibilities but contribute to a positive work environment, such as helping colleagues, maintaining a good attitude, and demonstrating organizational commitment. In service industries, where interactions with customers and coworkers are frequent, both types of performance are important for organizational success.

Several factors influence employee performance, including individual attributes (such as skills, experience, and personal motivation), as well as external factors such as organizational culture, reward mechanisms, and employee mood. A positive organizational culture, clear reward systems, and a supportive work environment can increase employee motivation, enhance job satisfaction, and lead to improved performance [14, 23]. Similarly, employees who are in a positive mood tend to perform better because they are more likely to approach tasks with enthusiasm, energy, and a problem-solving mindset [31].

Ultimately, employee performance is vital for the success of any organization, especially in service-based industries where employee interactions with customers directly affect the quality of service delivered. High-performing employees contribute to higher customer satisfaction, repeat business, and the overall success of the organization. Organizations that focus on enhancing employee performance through effective management practices, training, and reward systems are more likely to achieve sustained success in a competitive marketplace.

2.6 Hypothesis Development

Reward on Employee Performance. The first hypothesis focuses on the relationship between reward mechanisms and employee performance. According to the Job Char-

acteristics Model (JCM), the motivational potential of a job is influenced by its characteristics, such as skill variety, autonomy, task significance, and feedback [18, 25]. However, these job characteristics alone may not be sufficient to drive high performance levels. Reward mechanisms, both extrinsic (such as salary, bonuses, and promotions) and intrinsic (such as recognition, personal growth opportunities, and job satisfaction), are external factors that influence employees' motivation and performance. The JCM suggests that rewards that are perceived as fair and aligned with employees' efforts can enhance their psychological states, such as meaningfulness and responsibility, which are essential for improving job performance.

Extrinsic rewards, like financial incentives, are often linked to immediate, tangible goals and can motivate employees to perform specific tasks effectively [23, 28]. On the other hand, intrinsic rewards, such as recognition and opportunities for personal development, are tied to long-term job satisfaction and a deeper connection to work, which can contribute to higher levels of employee performance [18, 29]. When employees are adequately rewarded for their work, they are more likely to fully engage in their tasks, contribute to organizational goals, and provide high-quality service, especially in service industries where customer interaction is a critical aspect of job performance.

Moreover, research supports the idea that rewards play a central role in reinforcing desired behaviors and enhancing job performance. According to the JCM, feedback and recognition are essential job characteristics that foster intrinsic motivation and encourage employees to perform at higher levels. Therefore, reward mechanisms that align with employees' needs for recognition, appreciation, and career growth are likely to enhance their performance, as these rewards strengthen the psychological states that drive high engagement and satisfaction in the workplace.

H1: Reward mechanisms have a significant positive impact on employee performance.

Organizational Culture on Employee Performance. The second hypothesis in this study explores the relationship between organizational culture and employee performance. Organizational culture refers to the shared values, beliefs, and practices that shape the behavior of employees within an organization [22, 33]. According to the Job Characteristics Model (JCM), organizational culture can have a significant impact on job characteristics, which in turn influences employee motivation and performance. A positive organizational culture can foster an environment where employees feel supported, motivated, and connected to the organization's goals. In this sense, organizational culture acts as a backdrop that enhances or diminishes the effects of job characteristics like autonomy, feedback, and task significance, which are key to employee performance.

In the JCM framework, a supportive organizational culture that promotes collaboration, trust, and open communication can enhance job characteristics such as task significance and feedback [15, 24]. For example, a culture that values teamwork and innovation can give employees a greater sense of purpose (task significance) and encourage continuous improvement through positive feedback. These psychological states are directly linked to motivation, job satisfaction, and overall performance. Therefore, when employees work within a culture that aligns with their values and provides them

with the necessary support, they are more likely to be engaged in their tasks and deliver high performance.

Moreover, a culture that emphasizes employee development and recognition can align with intrinsic rewards, which the JCM suggests are essential for fostering longterm job satisfaction and motivation. In an organization with a culture that values and rewards employee contributions, employees are more likely to experience a sense of responsibility and meaningfulness in their work, which in turn enhances their performance. Thus, organizational culture plays a significant role in shaping how employees perceive their work environment, which affects their engagement and performance. In light of the Job Characteristics Model (JCM), it is hypothesized that:

H2: Organizational culture has a significant positive impact on employee performance.

Employee Mood on Employee Performance. The third hypothesis in this study focuses on the relationship between employee mood and employee performance. Employee mood refers to the transient emotional states that employees experience throughout the workday, which can range from positive to negative. These moods can significantly influence various aspects of work behavior, including motivation, decision-making, and interpersonal interactions. According to the Job Characteristics Model (JCM), employees' mood plays an essential role in determining how they perceive job characteristics such as skill variety, autonomy, and task significance, all of which can affect their performance [27, 35]. The JCM posits that when employees experience positive moods, they are more likely to perceive their jobs as meaningful, feel responsible for their work, and ultimately perform better.

A positive mood boosts intrinsic motivation by enhancing employees' sense of meaningfulness in their work. Employees in a good mood are more likely to engage with their tasks with enthusiasm, creativity, and energy. In contrast, negative moods can reduce engagement, increase stress, and lower productivity. Since the JCM emphasizes the importance of psychological states like experienced meaningfulness and responsibility for motivating employees, it suggests that positive mood states can strengthen these psychological experiences and, as a result, improve job performance [30].

Moreover, employee mood can also influence task performance and contextual performance. In a positive emotional state, employees are more likely to collaborate with colleagues, contribute to a supportive work environment, and go beyond the minimum job requirements. Positive moods enhance interpersonal relationships, which are crucial in service-based industries where customer interactions are a key aspect of job performance [16, 26]. Employees in good moods are more likely to provide better service, leading to higher customer satisfaction and improved performance outcomes. Therefore, based on the Job Characteristics Model (JCM) and the link between mood and motivation, it is hypothesized that:

H3: Employee mood has a significant positive impact on employee performance.

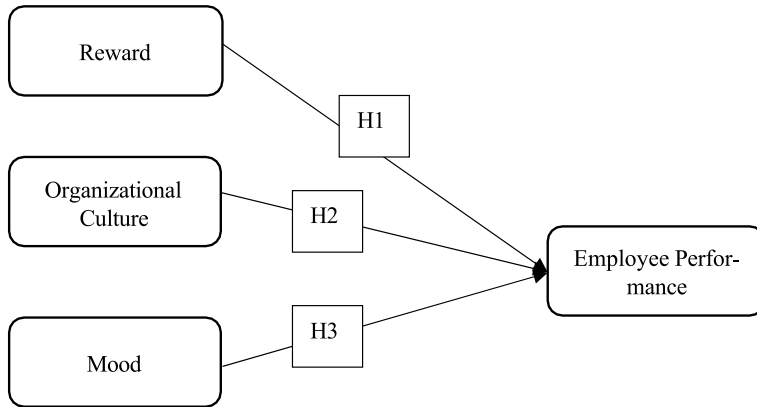


Fig. 1. Research Framework

3 Research Methodology

This study adopts a survey approach to collect data on the influence of organizational culture, reward mechanisms, and employee mood on employee performance. Primary data will be gathered through a questionnaire distributed via Google Forms. The questionnaire will employ a 5-point Likert scale, allowing respondents to indicate their level of agreement or disagreement with statements related to the factors under investigation, such as organizational culture, reward mechanisms, mood, and employee performance. The Likert scale will range from 1 (Strongly Disagree) to 5 (Strongly Agree), providing a comprehensive understanding of participants' perceptions of each variable.

For data analysis, the study will use SmartPLS (Partial Least Squares Structural Equation Modeling), a statistical tool suitable for evaluating complex models involving multiple variables. SmartPLS will allow for the examination of the relationships between independent variables (organizational culture, reward mechanisms, and employee mood) and the dependent variable (employee performance). The research will be conducted within service-based companies in Makassar, focusing on sectors that are highly reliant on employee-customer interactions, such as hospitality, retail, and healthcare. This targeted sample is expected to provide insights into how organizational factors influence employee performance in service-oriented industries.

4 Results

4.1 Data

Data for this study were successfully collected from 210 employees working in various service sector companies in Makassar, Indonesia. The respondents were selected using a purposive sampling method, focusing on individuals who had experience working in service-based industries and were familiar with organizational environments that prioritize transformational leadership, reward mechanisms, and employee mood. The survey

was distributed through a structured questionnaire via Google Forms, which included questions designed to measure the following key variables: organizational culture, reward mechanisms, employee mood, and employee performance. A sample size of 210 respondents was deemed sufficient for conducting statistical analysis, specifically using Structural Equation Modeling (SEM) to assess the relationships between the variables. This sample provided a diverse representation of the workforce, which contributed to ensuring the reliability and validity of the study findings.

4.2 Instrument Testing Results

Outer Model Analysis. Convergent Validity To test convergent validity, the outer loading values should exceed 0.70, and the Average Variance Extracted (AVE) should be greater than 0.50. The table below presents the outer loading and AVE values for each indicator of the research variables.

Table 1. Convergent Validity Test Results

Variable	Indicator	Outer Loading	AVE	Description
Reward (X1)	X1.1	0.843	0.725	Valid
	X1.2	0.725		Valid
	X1.3	0.775		Valid
	X1.4	0.842		Valid
	X1.5	0.854		Valid
Organizational Culture (X2)	X2.1	0.864	0.735	Valid
	X2.2	0.874		Valid
	X2.3	0.926		Valid
	X2.4	0.975		Valid
	X2.5	0.840		Valid
Mood (X3)	X3.1	0.977	0.775	Valid
	X3.2	0.854		Valid
	X3.3	0.868		Valid
	X3.4	0.823		Valid
	X3.5	0.849		Valid
Employee Performance (Y)	Y1.1	0.822	0.754	Valid
	Y1.2	0.857		Valid
	Y1.3	0.888		Valid
	Y1.4	0.785		Valid
	Y1.5	0.843		Valid

Source: Author own estimation (2025)

From the table 1, it can be observed that the outer loading values and Average Variance Extracted (AVE) for all variables are above the threshold, indicating that the constructs and their respective indicators are valid.

4.3 Hypotheses Test

Direct Test.

Table 2. T-statistics and P-values of Hypotheses

Hypothesis	Original Sample (O)	T-Statistic	P-Values	Result
H1 R on EP	0.142	2.543	0.011	Accepted
H2 OC on EP	0.175	2.398	0.017	Accepted
H3 M on EP	0.312	3.921	0.000	Accepted

Source: Author own estimation (2025)

The table 2 presents the results of hypothesis testing in a structural equation model (SEM) analysis, which examines the relationships between organizational culture (OC), reward mechanisms (R), employee mood (M), and employee performance (EP). The results show that all three hypotheses were supported. Hypothesis 1 (H1) explores the impact of reward mechanisms (R) on employee performance (EP). The analysis revealed a significant positive relationship between reward mechanisms and employee performance, with a p-value of 0.011, indicating that rewards both extrinsic and intrinsic play a crucial role in motivating employees to perform better.

Hypothesis 2 (H2) investigates the effect of organizational culture (OC) on employee performance (EP). The results demonstrate a positive and significant relationship, with a p-value of 0.017, confirming that a strong organizational culture can enhance employee engagement and performance. A positive organizational culture, characterized by shared values and supportive work environments, contributes significantly to higher employee performance.

Lastly, Hypothesis 3 (H3) examines the influence of employee mood (M) on employee performance (EP). The results, with a p-value of 0.000, suggest that employee mood has a substantial impact on performance. Employees who are in a positive mood are more likely to engage in tasks with greater enthusiasm and creativity, leading to better job performance. In conclusion, the study confirms that reward mechanisms, organizational culture, and employee mood all have a significant and positive influence on employee performance, emphasizing the importance of these factors in enhancing organizational success in service-based industries.

5 Discussion

This study clarifies how organizational culture, reward mechanisms, and employee mood jointly shape performance in service-based settings. All three effects are significant, with mood the strongest predictor ($\beta = 0.312$, $p < 0.001$), followed by culture ($\beta = 0.175$, $p = 0.017$) and rewards ($\beta = 0.142$, $p = 0.011$). Although effect sizes are modest, such magnitudes are consequential in frontline contexts where small uplifts in behavior cascade into better customer experiences and service quality.

The salience of mood reflects its proximal influence on service encounters: positive affect broadens cognition, fosters creativity, and enhances prosocial behavior during

customer interactions, while negative affect constricts attention and blunts service quality [12], and affective displays shape customer outcomes via emotional contagion and servicescape dynamics [4, 5]. In hospitality and other people-intensive services, engagement and performance rise with positive affective states, reinforcing our finding that mood is a “last-mile” driver of service execution [35, 20]. From a job-design lens, these patterns align with evidence that enriched job characteristics underpin meaningfulness and engagement—the psychological route through which day-to-day affect translates into performance [8].

The positive culture–performance link indicates that shared values and norms create an enabling climate for service excellence. Cultures emphasizing collaboration, feedback, and support strengthen resources (e.g., clarity, psychological safety) that raise satisfaction, commitment, and ultimately performance in public, healthcare, and commercial services [2, 10, 14, 31, 32]. That culture’s coefficient is smaller than mood’s is theoretically coherent: culture is a distal architecture that partly works by shaping employees’ daily affect and meaning at work, again consistent with job-characteristic mechanisms [8, 16].

The rewards–performance effect, while the smallest, remains reliable. Evidence across settings shows that well-designed bundles of extrinsic (pay, bonuses) and intrinsic (recognition, growth) rewards elevate motivation, satisfaction, and performance—especially when contingencies are clear and procedures are perceived as fair [26, 21, 13, 24, 27]. The modest coefficient here likely reflects heterogeneity in reward–task alignment and possible ceiling effects when hygiene factors are already met; critically, rewards are most potent when integrated with complementary HR practices and service-centric metrics, echoing high-performance work systems research [11].

Taken together, the results support a resources → affect → performance view of service work: culture and rewards furnish structural and social resources; these resources cultivate positive affect; affect then drives in-role and extra-role service behaviors at the point of contact [5, 11, 35]. Although our model tested direct paths, the coefficient ordering invites future tests of mood as a mediator between culture/rewards and performance, and culture as a moderator that conditions the efficacy of reward schemes.

Managerial implications follow on three fronts. (i) Culture: codify non-negotiable service values, enable feedback and learning, and nurture psychological safety for service recovery—levers consistently tied to satisfaction/commitment and better outcomes [2, 10, 31, 32]. (ii) Rewards: balance fixed pay with behaviorally anchored recognition and frequent, small incentives linked to customer-experience indicators; ensure visible distributive and procedural fairness to reinforce motivational pathways [24, 21, 26].

(iii) Mood stewardship: treat affect as a legitimate performance lever—optimize schedules and breaks, implement brief pre-shift “emotional warm-ups,” and train supervisors in emotion coaching; these practices align with evidence linking wellbeing to productivity and affective displays to customer responses [20, 5].

Limitations—single-source self-reports and a single-city (Makassar) service sample—raise concerns about common-method variance and external validity. Future research should triangulate with supervisor/customer ratings and objective indicators, use longitudinal or experience-sampling designs to establish temporal ordering, and extend

across service subsectors. Incorporating job characteristics and leadership/service climate as mediators/moderators would more closely tie the model to established motivational theory and potentially explain additional variance in performance [8, 11, 35].

6 Conclusion

This study provides significant insights into the factors influencing employee performance in service-based industries, specifically focusing on the roles of organizational culture, reward mechanisms, and employee mood. The findings confirm that each of these variables has a significant positive impact on employee performance, underlining the importance of a well-structured organizational culture, effective reward systems, and the management of employee mood in fostering high levels of performance. The results suggest that organizations that cultivate a supportive culture, offer appropriate rewards, and attend to the emotional well-being of their employees can expect enhanced service quality and overall organizational success.

However, this study has several limitations. First, it relies on self-reported data from employees, which could be subject to bias, particularly in terms of mood and perceptions of the organizational environment. Second, the study is limited to companies in Makassar, Indonesia, which may not fully represent global service industries, thus limiting the generalizability of the findings. Third, while the study focuses on three main factors, other variables such as leadership styles, job characteristics, or individual traits might also play crucial roles in influencing employee performance and were not considered here.

Future research could expand on these findings by incorporating additional variables, such as leadership styles or job characteristics, to create a more comprehensive model of employee performance. Additionally, longitudinal studies could be conducted to examine how these relationships evolve over time, providing deeper insights into the long-term effects of organizational culture, rewards, and mood on employee performance. Expanding the research to include diverse industries and geographic locations would also enhance the generalizability and applicability of the results to a broader context.

References

1. Alkhodary, D.A.: Exploring the Relationship between Organizational Culture and Well-Being of Educational Institutions in Jordan. *Administrative Sciences*. 13, 3, 92 (2023). <https://doi.org/10.3390/admsci13030092>.
2. Ben Saad, G., Abbas, M.: The impact of organizational culture on job performance: a study of Saudi Arabian public sector work culture. *Problems and Perspectives in Management*. 16, 3, 207–218 (2018). [https://doi.org/10.21511/ppm.16\(3\).2018.17](https://doi.org/10.21511/ppm.16(3).2018.17).
3. Bhuian, S.N. et al.: Work-related attitudes and job characteristics of expatriates in Saudi Arabia. *Thunderbird Int'l Bus Rev*. 43, 1, 21–32 (2001). <https://doi.org/10.1002/15206874>

4. Boukarras, S. et al.: Neurophysiological markers of asymmetric emotional contagion: implications for organizational contexts. *Front. Integr. Neurosci.* 18, (2024). <https://doi.org/10.3389/fnint.2024.1321130>.
5. Chen, P.-C.: How do physical and social servicescapes shape the effects of positive affective displays on customer purchase outcomes? *JSM.* 38, 5, 601–618 (2024). <https://doi.org/10.1108/jsm-07-2023-0253>.
6. Daddi, T. et al.: The influence of managerial satisfaction on corporate environmental performance and reputation. *Bus Strat Env.* 28, 1, 15–24 (2018). <https://doi.org/10.1002/bse.2177>.
7. Dagher, J. et al.: Unlocking HRM Challenges: Exploring Motivation and Job Satisfaction within Military Service (LAF). *Administrative Sciences.* 14, 4, 63 (2024). <https://doi.org/10.3390/admsci14040063>.
8. Han, S.-H. et al.: Linking meaningfulness to work outcomes through job characteristics and work engagement. *Human Resource Development International.* 24, 1, 3–22 (2020). <https://doi.org/10.1080/13678868.2020.1744999>.
9. Helia, S. et al.: Emotional Intelligence and Work Stress on Employee Work Performance with Work Motivation as a Mediating Variable. *ekobistek.* 14, 1, 8–16 (2025). <https://doi.org/10.35134/ekobistek.v14i1.906>.
10. Hoxha, G. et al.: Sustainable Healthcare Quality and Job Satisfaction through Organizational Culture: Approaches and Outcomes. *Sustainability.* 16, 9, 3603 (2024). <https://doi.org/10.3390/su16093603>.
11. Huang, Y. et al.: High-performance work systems and employee engagement: empirical evidence from China. *Asia Pac J Human Res.* 56, 3, 341–359 (2017). <https://doi.org/10.1111/1744-7941.12140>.
12. Hwang, T.J., Choi, J.N.: Different Moods Lead to Different Creativity: Mediating Roles of Ambiguity Tolerance and Team Identification. *Creativity Research Journal.* 32, 2, 161–173 (2020). <https://doi.org/10.1080/10400419.2020.1751542>.
13. Ihemereze, K.: Impact of Monetary Incentives On Employee Performance In The Nigerian Automotive Sector: A Case Study. *Int. J. Adv. Economics.* 5, 7, 162–186 (2023). <https://doi.org/10.51594/ijae.V5i7.548>.
14. Jigjiddorj, S. et al.: Relationship Between Organizational Culture, Employee Satisfaction and Organizational Commitment. *SHS Web of Conf.* 90, 02004 (2021). <https://doi.org/10.1051/shsconf/20219002004>.
15. Jung, H.S. et al.: The Effects of Workplace Loneliness on Work Engagement and Organizational Commitment: Moderating Roles of Leader-Member Exchange and Coworker Exchange. *Sustainability.* 13, 2, 948 (2021). <https://doi.org/10.3390/su13020948>.
16. Khanh Giao, H.N. et al.: A Model of Organizational Culture for Enhancing Organizational Commitment in Telecom Industry: Evidence from Vietnam. *WSEAS TRANSACTIONS ON BUSINESS AND ECONOMICS.* 17, 215–224 (2020). <https://doi.org/10.37394/23207.2020.17.23>.
17. Knapp, J.R. et al.: Is It the Job or the Support? Examining Structural and Relational Predictors of Job Satisfaction and Turnover Intention for Nonprofit Employees. *Nonprofit and Voluntary Sector Quarterly.* 46, 3, 652–671 (2017). <https://doi.org/10.1177/0899764016685859>.
18. Kocabulut, Ö., Albayrak, T.: The effects of mood and personality type on service quality perception and customer satisfaction. *IJCTHR.* 13, 1, 98–112 (2019). <https://doi.org/10.1108/ijcthr-08-2018-0102>.

19. Kosasih, O. et al.: Achieving Sustainable Customer Loyalty in the Petrochemical Industry: The Effect of Service Innovation, Product Quality, and Corporate Image with Customer Satisfaction as a Mediator. *Sustainability*. 16, 16, 7111 (2024). <https://doi.org/10.3390/su16167111>.
20. Krekel, C. et al.: Employee Wellbeing, Productivity, and Firm Performance. *SSRN Journal*. (2019). <https://doi.org/10.2139/ssrn.3356581>.
21. Kumari, K. et al.: Examining the Role of Motivation and Reward in Employees' Job Performance through Mediating Effect of Job Satisfaction: An Empirical Evidence. *IJOL*. 10, 4, 401–420 (2021). <https://doi.org/10.33844/ijol.2021.60606>.
22. Lee, H.J., Seong, M.H.: A Study on the Effects of Business Service Quality on Satisfaction, Commitment, Performance, and Loyalty at a Private University. *JAFEB*. 7, 9, 439–453 (2020). <https://doi.org/10.13106/jafeb.2020.vol7.no9.439>.
23. Lorincova, S. et al.: Identifying Corporate Culture Using the Organizational Culture Assessment Instrument. *JOBS Journal*. 2, 1, 11–20 (2024). <https://doi.org/10.62222/zyxy3647>.
24. Mowbray, P.K. et al.: How do tangible and intangible rewards encourage employee voice? The perspective of dual proactive motivational pathways. *The International Journal of Human Resource Management*. 35, 15, 2569–2601 (2024). <https://doi.org/10.1080/09585192.2024.2353660>.
25. Nguyen, T.-M., Malik, A.: Impact of knowledge sharing on employees' service quality: the moderating role of artificial intelligence. *IMR*. 39, 3, 482–508 (2021). <https://doi.org/10.1108/imr-02-2021-0078>.
26. Noorazem, N.A. et al.: The Effects of Reward System on Employee Performance. *Ji*. 16, 1, 40–51 (2021). <https://doi.org/10.24191/ji.v16i1.362>.
27. Pandya, J.D.: Intrinsic & extrinsic motivation & its impact on organizational performance at Rajkot city: A review. *JMRA*. 11, 1, 46–53 (2024). <https://doi.org/10.18231/j.jmra.2024.009>.
28. Parke, M.R. et al.: When daily planning improves employee performance: The importance of planning type, engagement, and interruptions. *Journal of Applied Psychology*. 103, 3, 300–312 (2018). <https://doi.org/10.1037/apl0000278>.
29. Prum, S. Et Al.: Effects Of Service Quality, Hotel Technology, And Price Fairness On Customer Loyalty Mediated By Customer Satisfaction In Hotel Industry In Cambodia. *Utsaha*. 12–39 (2024). <https://doi.org/10.56943/Joe.V3i1.465>.
30. Putra, A.S.B. et al.: Unpacking the Roots and Impact of Workplace Well-being: A Literature Review. *Int. J. Multidiscipline. Approach. Res. Sci*. 2, 01, 312–321 (2023). <https://doi.org/10.59653/ijmars.v2i01.433>.
31. Rahim, A. et al.: Risk culture and employee performance for optimal organizational success: the mediating role of employee satisfaction and employee engagement. *MRR*. 47, 11, 1722–1749 (2024). <https://doi.org/10.1108/mrr-12-2023-0892>.
32. Rathi, G., Srivastava, A.K.: Organizational Culture & Employee Well Being (With Special Reference to Automotive Sector). *RRIJM*. 4, 1, 55–65 (2024). <https://doi.org/10.31305/rrijm2024.v04.n01.007>.
33. Reyaz, S.: The Influence of Leadership Styles on Employee Motivation and Job Satisfaction. *Int Res J Adv Engg Mgt*. 2, 03, 339–344 (2024). <https://doi.org/10.47392/irjaem.2024.0049>.
34. Robertson, S. et al.: Metaverse: Virtual Currencies as a Mechanism for Employee Engagement and Retention. *iccws*. 19, 1, 289–298 (2024). <https://doi.org/10.34190/iccws.19.1.2033>.
35. Rose Liu, X. et al.: Employee engagement, its antecedents and effects on business performance in hospitality industry: a multilevel analysis. *IJCHM*. 34, 12, 4631–4652 (2022). <https://doi.org/10.1108/ijchm-12-2021-1512>.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

