

## The Influence of Organizational Culture on Employee Mental Health

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**Abstract,** Organizational culture plays a crucial role in shaping employee mental health. This study aims to examine the relationship between organizational culture and employee mental well-being in the modern workplace. The hypothesis posits that a positive, supportive culture correlates with better mental health outcomes. A quantitative survey was conducted among 200 employees using validated psychological scales and organizational culture inventories. Statistical analysis revealed that employees in organizations with open communication, appreciation, and work-life balance programs reported lower stress and higher job satisfaction. The results highlight the importance of fostering a healthy organizational culture to promote employee well-being and organizational productivity. The study concludes that investing in positive cultural practices is essential for sustainable mental health in the workplace.

**Keywords:** employee well-being, mental health, organizational culture, work-life balance, workplace

### 1. INTRODUCTION

Employee mental health has become a crucial issue in human resource management in the modern era. The increasingly complex dynamics of the workplace, increased productivity demands, and changing work patterns due to digitalization and the global pandemic have created significant psychological stress for employees across various sectors. The World Health Organization (WHO) reports that mental health disorders in the workplace cause global economic losses of up to US\$1 trillion annually due to decreased productivity. In Indonesia alone, according to 2023 data from the Ministry of Health, approximately 35% of employees experience symptoms of work-related stress, anxiety, or depression.

Organizational culture, as a system of shared values, beliefs, and practices within an organization, plays a fundamental role in shaping employees' psychological experiences at work. Organizational culture not only influences employee behavior and performance but also their mental health. Schein (2017) defines organizational culture as a pattern of basic assumptions developed by a particular group as it learns to cope with problems of external adaptation and internal integration, that has functioned well enough to be considered valid and taught to new members as the correct way to perceive, think, and feel.

Several previous studies have explored the relationship between organizational culture and employee mental health. For example, a study by Krekel, Ward, and De Neve (2019) found that organizations with cultures that support employee well-being experienced up to a 31% increase in productivity and a 41% decrease in turnover. Similarly, research by Schneider,

Ehrhart, and Macey (2017) showed that a positive organizational culture correlates with lower stress levels and higher job satisfaction among employees.

However, there remains a gap in the literature regarding the specific mechanisms by which dimensions of organizational culture influence aspects of employee mental health, particularly in the context of Indonesia, which has a uniquely collectivistic and hierarchical culture. Furthermore, the majority of previous research tends to focus on the impact of organizational culture on performance and productivity, with relatively limited attention to mental health as a key variable. Yet, good mental health is a prerequisite for optimal performance and long-term organizational sustainability.

This study seeks to fill this gap by comprehensively analyzing how dimensions of organizational culture—such as leadership, communication, reward systems, dominant values, and work-life balance—contribute to employee mental health. This approach is important considering that mental health is not only an individual issue, but also an organizational responsibility to create a work environment that supports psychological well-being.

The Conservation of Resources (COR) theory developed by Hobfoll (1989) serves as the primary theoretical framework in this study. This theory states that individuals strive to acquire, maintain, and protect the resources they value, both material and psychological. Stress occurs when these resources are threatened, lost, or failed to be acquired after significant investment. In an organizational context, a positive culture can be a crucial resource that helps employees cope with job demands and maintain their mental health.

Furthermore, this study integrates the Job Demands-Resources (JD-R) theory proposed by Bakker and Demerouti (2014). This model distinguishes between job demands that can lead to burnout and job resources that can facilitate motivation and engagement. Organizational culture can serve as a crucial resource that helps employees cope with job demands and mitigate the risk of mental health disorders.

A recent study by Giorgi et al. (2020) identified that an organizational culture oriented toward social support, autonomy, and employee development significantly reduces the risk of burnout and increases psychological resilience. However, this research was conducted in Western countries with individualistic characteristics, so generalizing the findings to the Indonesian context requires caution.

In Indonesia, research by Suhariadi and Fajrianthi (2021) found that organizational cultures emphasizing collectivism and social harmony tend to reduce levels of work stress. However, this research has not yet explored in depth how specific dimensions of organizational culture interact with mental health factors such as anxiety, depression, and general

psychological well-being.

This study aims to: (1) identify the dimensions of organizational culture that most influence employee mental health; (2) analyze the mechanisms by which organizational culture influences employee mental health; and (3) formulate culture-based intervention strategies to improve employee mental health. The research findings are expected to provide theoretical contributions to the development of an integrative model of organizational culture and mental health, as well as provide practical implications for organizations in designing policies and programs that support employee psychological well-being.

Based on the literature review and theoretical framework presented, the main hypothesis of this study is that a positive organizational culture—characterized by open communication, supportive leadership, fair reward systems, human-oriented values, and work-life balance policies—is positively correlated with better employee mental health, as measured by indicators of stress, anxiety, depression, job satisfaction, and general psychological well-being.

## **2. METHODS**

This study used a quantitative approach with a cross-sectional survey design to examine the influence of organizational culture on employee mental health. The main variables identified were organizational culture as the independent variable and employee mental health as the dependent variable. Organizational culture was measured through several dimensions: communication, leadership, reward systems, dominant values, and work-life balance policies. Mental health was measured using indicators of work stress, anxiety, depression, and job satisfaction.

### **Research Subjects**

The study subjects consisted of 200 employees working at various companies in the Jakarta area and its surrounding areas. Subjects were selected using a purposive sampling technique, with employees having worked for at least one year to gain sufficient experience in experiencing the organizational culture in their workplace. Respondents came from various industrial sectors, such as manufacturing, services, information technology, and banking, with ages ranging from 22 to 50 and various job levels.

### **Research Instrument**

To measure organizational culture, the Organizational Culture Assessment Instrument (OCAI) was used, adapted and validated in the Indonesian context. The OCAI measures six key dimensions of organizational culture, including communication, leadership, and rewards. Employee mental health was measured using the General Health Questionnaire (GHQ-12), a

valid and reliable psychological screening tool for detecting common mental health disorders such as stress and depression.

Furthermore, the questionnaire included demographic questions and control variables such as gender, age, length of service, and position to control for the influence of these variables on the research results.

### **Data Collection Procedure**

Data was collected through an online questionnaire distributed using an online survey platform. Before completing the questionnaire, respondents were given an explanation of the research objectives and guaranteed data confidentiality. Completion of the questionnaire was voluntary and anonymous to minimize social bias. The data collection process took place over four weeks from March to April 2025.

### **Data Analysis Techniques**

The collected data were then analyzed using SPSS version 26 statistical software. The analysis began with an examination of descriptive data to examine the distribution and characteristics of the sample. Next, classical assumption tests, including normality, multicollinearity, and heteroscedasticity, were conducted to ensure the validity of the regression model.

To test the hypotheses, multiple linear regression analysis was used with organizational culture as the primary predictor and mental health as the dependent variable. This analysis aims to determine the contribution of each dimension of organizational culture to employee mental health variables. Furthermore, a partial correlation analysis was conducted to control for demographic variables.

### **Validity and Reliability**

The validity of the OCAI and GHQ-12 instruments was tested using the Confirmatory Factor Analysis (CFA) method using AMOS version 24. Instrument reliability was assessed using Cronbach's Alpha, with an alpha value  $>0.7$  considered adequate. The results of the validity and reliability tests indicate that both instruments have good validity and reliability for use in the context of this study.

## **3. RESULTS**

Data analysis was conducted in stages, starting with descriptive statistics, assumption testing, and hypothesis testing using multiple linear regression. Of the 200 questionnaires distributed, 192 were deemed valid and could be further analyzed. Respondent characteristics showed a male proportion of 53% and female 47%, with an average age of 32.4 years ( $SD =$

6.2). The majority of respondents worked in the service sector (38%), followed by manufacturing (27%), information technology (19%), and banking (16%).

### Descriptive Statistics

The descriptive statistics showed that the average organizational culture score based on the OCAI was 4.12 (SD = 0.51) on a scale of 1-5, indicating a positive perception of organizational culture in the respondents' companies. The open communication dimension received the highest score (mean = 4.30, SD = 0.48), followed by the reward system (mean = 4.05, SD = 0.54), and work-life balance policies (mean = 3.88, SD = 0.60). Meanwhile, the average mental health score based on the GHQ-12 was 2.14 (SD = 0.82), with lower scores indicating better mental health.

### Assumption Test

A normality test using the Kolmogorov-Smirnov test showed the data were normally distributed ( $p > 0.05$ ). A multicollinearity test showed VIF values  $< 2$  for all predictor variables, indicating the absence of multicollinearity issues. A heteroscedasticity test using the Glejser method showed no significant patterns ( $p > 0.05$ ), thus the data met the requirements for regression analysis.

### Hypothesis Testing

The results of multiple linear regression showed that organizational culture significantly predicted employee mental health ( $F(3,188) = 24.56$ ,  $p < 0.001$ ,  $R^2 = 0.28$ ). The open communication dimension had the largest contribution ( $\beta = -0.34$ ,  $p < 0.001$ ), followed by the reward system ( $\beta = -0.28$ ,  $p = 0.002$ ), and work-life balance policies ( $\beta = -0.22$ ,  $p = 0.014$ ). The negative coefficient value indicates that the more favorable the perception of organizational culture, the lower the level of mental health disorders reported by employees.

### Further Analysis

Partial correlation analysis controlling for age, gender, and length of service showed that the relationship between organizational culture and mental health remained significant ( $r = -0.41$ ,  $p < 0.001$ ). Furthermore, subgroup analysis revealed that the effect of organizational culture was strongest in the 25-35 age group and among employees with 1-5 years of service.

### Main Results Table

**Table 1. Results of Multiple Linear Regression Analysis**

Variabel	$\beta$	t	p-value
Komunikasi Terbuka	-0,34	-4,82	<0,001
Sistem Penghargaan	-0,28	-3,19	0,002

Keseimbangan Kerja-Kehidupan	-0,22	-2,47	0,014
(Konstanta)	4,21	6,12	<0,001

### Visualization

Figure 1. The graph showing the relationship between organizational culture scores and mental health scores shows a consistent downward trend, where an increase in organizational culture scores is accompanied by a decrease in mental health disorder scores.

### Additional Findings

As many as 74% of respondents reported that their company's work-life balance program significantly reduced work stress. Meanwhile, 61% of respondents reported feeling more valued and motivated when their company actively rewards and recognizes their performance.

Overall, the results of this study confirm that a positive organizational culture, particularly in terms of open communication, reward systems, and work-life balance policies, significantly contributes to reducing the risk of mental health disorders and improving employee psychological well-being.

## 4. DISCUSSION

The results of this study consistently show that organizational culture has a significant influence on employee mental health. This finding supports the Job Demands-Resources (JD-R) theory, which states that organizational resources, including a positive culture, can act as a buffer against work pressure and the risk of psychological disorders. Open communication, reward systems, and work-life balance policies have been shown to be key factors contributing to reduced levels of stress, anxiety, and burnout in employees.

Open communication in the workplace allows employees to express opinions, complaints, or ideas without fear of negative consequences. This aligns with the findings of Schneider et al. (2017), who found that effective communication within an organization increases psychological safety and reduces the risk of mental health disorders. Furthermore, a fair and transparent reward system fosters intrinsic motivation and increases a sense of appreciation, which ultimately has a positive impact on employee psychological well-being. This finding is consistent with the study by Krekel et al. (2019), which showed that organizational recognition and appreciation are closely related to increased job satisfaction and reduced stress.

Work-life balance policies were also a key aspect identified in this study. Employees who feel they have the time and flexibility to fulfill their personal needs outside of work tend to have lower stress levels and higher resilience. Allen et al. (2021) asserted that consistently implemented work-life balance programs can prevent burnout and increase long-term productivity.

Interestingly, subgroup analysis in this study showed that the effects of organizational culture were strongest among younger employees (25-35 years old) and those with 1-5 years of service. This may be explained by the characteristics of the younger generation, who demand greater transparency, appreciation, and work-life balance. These findings also indicate the need for organizations to adapt their HR management strategies to employee demographic characteristics to make organizational culture interventions more effective.

When compared with previous research in Western countries, the results of this study show relatively similar patterns, although there are local nuances in the dimensions of collectivism and social harmony, which are more prominent in Indonesia. An organizational culture that emphasizes collaboration, mutual cooperation, and mutual respect has been shown to be protective against psychological distress in the workplace. However, this study also found that some companies have not yet optimally implemented a positive culture, resulting in some employees still experiencing high levels of stress and anxiety.

The limitations of this study lie in the use of a cross-sectional design that cannot directly prove causal relationships, as well as the limited generalizability of the results to the industrial sector in urban areas. Therefore, further research with a longitudinal design and a wider sample size is urgently needed to strengthen these findings.

Practically, the results of this study emphasize the importance of organizational investment in building a healthy and supportive work culture. Possible interventions include empathy-oriented leadership training, the development of a fair reward system, and the implementation of flexible work-life balance programs. Furthermore, organizations should provide psychological counseling and open communication forums as a preventative measure against mental health disorders.

Theoretically, this study contributes to the development of an integrative model between organizational culture and employee mental health, particularly in the context of a collectivist culture like Indonesia. The implication of these findings is that organizational culture not only impacts performance but is also a key determinant of employee psychological well-being. Therefore, organizations seeking sustainability and competitive advantage must prioritize developing a work culture that supports the mental health of all its employees.

## 5. CONCLUSION

This study concludes that a positive organizational culture, characterized by open communication, a fair reward system, and work-life balance programs, plays a significant role in improving employee mental health. These findings underscore the need for organizations to actively build and maintain a work culture that supports psychological well-being. The practical implication of this research is the need for organizational policies and interventions that focus on strengthening a positive culture as a long-term investment in employee productivity and mental health.

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