



Administratio:

Jurnal Ilmiah Administrasi Publik dan Pembangunan

Volume 17 (1) 2026: 55-71

P-ISSN: 2087-0825, E-ISSN: 2548-6977

DOI: 10.23960/administratio.v17i1.617

Accredited by Kemenristek Number 152/E/KPT/2023 (Sinta 3)



ARTICLE

Driving Public Satisfaction in Licensing Services: The Mediating Role of Service Quality between Work Culture and Employee Competence

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How to cite: Sutarjo., Sugiarto, S. Faturochman, S.F., Sugiharti, Y. (2026). Driving Public Satisfaction in Licensing Services: The Mediating Role of Service Quality between Work Culture and Employee Competence. *Administratio: Jurnal Ilmiah Administrasi Publik dan Pembangunan*, 17(1)

Article History

Received: April 24, 2026

Accepted: Juni 9, 2026

Keywords:

work culture,
employee competence,
service quality,
public satisfaction

Kata Kunci:

budaya kerja,
kompetensi pegawai,
kualitas pelayanan,
kepuasan masyarakat

ABSTRACT

This study examines the influence of work culture and employee competence on service quality and its impact on public satisfaction in licensing services at the Majalengka Licensing and Investment Service Agency. Previous studies have generally examined the relationships between these variables separately and focused mainly on direct effects, while limited attention has been given to the mediating role of service quality in linking internal organizational capacity with citizen satisfaction. This study aims to address this gap by examining how service quality functions as an important explanatory mechanism in the relationship between work culture, employee competence, and public satisfaction. This research employed an explanatory quantitative approach using survey data collected from 96 business actors who had received licensing services, selected through proportional random sampling. Data were analyzed using path analysis to examine direct and indirect relationships among variables. The findings show that work culture and employee competence have positive and significant effects on service quality, with work culture showing a stronger influence. Service quality also has a significant positive effect on public satisfaction and functions as an important mediating mechanism between internal organizational factors and citizen satisfaction. These findings indicate that improving public service quality requires not only technical competence development but also a stronger organizational culture as a foundation for sustainable bureaucratic reform and citizen-centered public service delivery.

ABSTRAK

Penelitian ini mengkaji pengaruh budaya kerja dan kompetensi karyawan terhadap kualitas layanan dan dampaknya terhadap kepuasan masyarakat dalam layanan perizinan di Badan Layanan Perizinan dan Investasi Majalengka. Penelitian sebelumnya umumnya mengkaji hubungan antara variabel-variabel ini secara terpisah dan terutama berfokus pada efek langsung, sementara perhatian yang terbatas diberikan pada peran mediasi kualitas layanan dalam menghubungkan

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kapasitas organisasi internal dengan kepuasan warga. Penelitian ini bertujuan untuk mengatasi kesenjangan ini dengan mengkaji bagaimana kualitas layanan berfungsi sebagai mekanisme penjelasan penting dalam hubungan antara budaya kerja, kompetensi karyawan, dan kepuasan masyarakat. Penelitian ini menggunakan pendekatan kuantitatif eksploratif dengan menggunakan data survei yang dikumpulkan dari 96 pelaku usaha yang telah menerima layanan perizinan, yang dipilih melalui pengambilan sampel acak proporsional. Data dianalisis menggunakan analisis jalur untuk mengkaji hubungan langsung dan tidak langsung antar variabel. Hasil penelitian menunjukkan bahwa budaya kerja dan kompetensi karyawan memiliki pengaruh positif dan signifikan terhadap kualitas layanan, dengan budaya kerja menunjukkan pengaruh yang lebih kuat. Kualitas layanan juga memiliki pengaruh positif yang signifikan terhadap kepuasan masyarakat dan berfungsi sebagai mekanisme mediasi penting antara faktor organisasi internal dan kepuasan masyarakat. Temuan ini menunjukkan bahwa peningkatan kualitas pelayanan publik tidak hanya membutuhkan pengembangan kompetensi teknis, tetapi juga budaya organisasi yang lebih kuat sebagai landasan reformasi birokrasi yang berkelanjutan dan penyampaian pelayanan publik yang berpusat pada warga negara.

A. INTRODUCTION

Public service quality has become a central concern in public administration because it reflects not only administrative efficiency but also the legitimacy of government institutions in the eyes of citizens (Nga, 2025; Walle & Migchelbrink, 2022a). Within the perspective of New Public Service (Denhardt & Denhardt, 2015), citizens are not merely service recipients but active stakeholders whose satisfaction represents an important indicator of democratic governance. Similarly, New Public Management emphasizes that public institutions must adopt performance-oriented practices, responsiveness, and service quality standards comparable to those found in the private sector (Twum et al., 2022). In this context, licensing services occupy a strategic position because they directly affect economic activity, investment realization, and citizens' trust in local government institutions (Suryanegara, 2019). Therefore, improving licensing service quality is not simply an operational matter, but a broader issue of governance capacity and bureaucratic reform.

Despite continuous bureaucratic reform efforts, licensing services in many local governments still face persistent challenges such as procedural complexity, service delays, uncertainty in administrative costs, and limited transparency (Husain et al., 2024; Riadi, 2020). These problems often reduce citizens' trust and create dissatisfaction, particularly among business actors who depend on timely and predictable permit issuance. In licensing administration, service quality becomes especially important because inefficient services may discourage investment and weaken regional competitiveness (Alkhurshan & Rjoub, 2020; Ghandour et al., 2022). This problem is particularly relevant in developing countries, where local bureaucratic performance strongly shapes public perceptions of state effectiveness (Habyarimana et al., 2023). Preliminary observations at the Majalengka Licensing and Investment Service Agency indicate that service delays, administrative uncertainty, and public complaints regarding responsiveness remain recurring issues. These conditions suggest that internal organizational improvements are still needed to strengthen service quality and citizen trust.

Among the internal organizational factors influencing service quality, work culture and employee competence are frequently identified as key determinants of public service

performance (Herdina et al., 2024; Suandaru et al., 2026a). However, these concepts should not be understood merely as technical variables, but as institutional capacities that shape how public organizations respond to citizen needs (García-Vegas, 2025). Institutional theory suggests that organizational behavior is strongly influenced by shared norms, values, and routines that create patterns of action within bureaucratic settings (Aksom & Tymchenko, 2020; Trinidad, 2025). From this perspective, work culture represents the internal behavioral norms that influence employee discipline, accountability, and service orientation. Sarah et al. (2023) emphasize work culture as an internal value system that shapes employee commitment, while Gautam (2020) argues that work culture becomes effective only when supported by leadership consistency and external accountability pressures. This indicates that work culture is not simply a set of values, but a governance mechanism that affects service outcomes.

Employee competence should be understood beyond technical ability alone (Salman et al., 2020). Public Service Motivation (PSM) theory highlights that public employees are expected not only to possess knowledge and skills, but also a commitment to serving the public interest (Hassan et al., 2022; Wang et al., 2020). Natalia et al. (2023) emphasize technical competence as a prerequisite for effective service delivery. In contrast, Salombe et al. (2025) argue that professional attitudes and ethical responsibility are equally important in sustaining service quality. This debate suggests that competence is multidimensional and closely linked to both organizational performance and citizen trust. In licensing services, competent employees are expected to reduce procedural inefficiency, improve responsiveness, and ensure fairness in service delivery.

Previous studies have extensively examined the relationships between organizational culture, employee competence, service quality, and public satisfaction. However, most studies treat these relationships separately and focus primarily on direct effects, assuming that improvements in internal organizational capacity automatically translate into citizen satisfaction (Lesmini & Nurani, 2025; Suandaru et al., 2026b). This assumption remains theoretically underexplored, particularly in local licensing bureaucracies where service quality may function as a crucial mediating mechanism rather than a simple outcome variable. In other words, the question is not merely whether work culture and competence improve service quality, but how these internal reforms are translated into external legitimacy through citizen satisfaction. Existing studies rarely explain whether service quality acts as a full or partial mediator in this process, especially in the context of licensing services, where citizen satisfaction is closely related to perceptions of government effectiveness and trust.

This study addresses that theoretical gap by positioning service quality as a mediating variable between work culture, employee competence, and public satisfaction. Rather than simply combining four common variables, this study examines the mechanism through which internal organizational reforms influence public satisfaction in licensing services. It also explores whether “soft reforms,” such as strengthening work culture, may have a stronger effect than “hard reforms,” such as technical competence development, because behavioral norms often shape service consistency more sustainably than technical training alone. Therefore, this study aims to examine the mediating role of service quality in the relationship between work culture, employee competence, and public satisfaction in licensing services at the Majalengka Licensing and Investment Service Agency. By focusing on this institutional context, this study contributes to broader debates on bureaucratic reform, institutional capacity, and citizen-centered governance in developing countries. The findings are expected to enrich public administration literature and provide practical implications for improving licensing service performance at the local government level.

B. LITERATURE REVIEW

Theoretical Foundation of Public Service Quality

Service quality in public administration should not be understood merely as the efficiency of administrative procedures, but as an institutional mechanism through which governments build legitimacy and public trust (Ziller & Andreß, 2022). Within the New Public Service perspective, public organizations are expected to prioritize citizens' needs, democratic values, and accountability rather than merely administrative output (Denhardt & Denhardt, 2015). Likewise, New Public Management emphasizes responsiveness, efficiency, and performance orientation as central principles of public service delivery (Munzhedzi, 2021). In this context, service quality becomes a strategic indicator of governance capacity rather than simply an operational outcome.

The SERVQUAL framework developed by Parasuraman (1990) provides one of the most widely used approaches in understanding service quality through dimensions such as reliability, responsiveness, assurance, empathy, and tangibles. However, in public administration, service quality extends beyond customer satisfaction because citizens are not merely consumers but also rights-bearing stakeholders (Nasif et al., 2020). Public Value Theory further argues that quality public services should generate trust, fairness, and legitimacy, not only efficiency (MacLean & Titah, 2022; Rulandari & Silalahi, 2025). This perspective suggests that evaluating service quality in licensing services requires attention not only to speed and technical accuracy, but also to transparency, fairness, and citizen trust.

Previous studies generally confirm that higher service quality improves public satisfaction, but the mechanism remains contested (Zhang et al., 2022). While Expectancy Disconfirmation Theory explains satisfaction as the result of the gap between expected and perceived service performance, some scholars argue that satisfaction in public services is also strongly shaped by institutional trust and perceptions of procedural justice (Kumlin et al., 2024). This means that good service quality may not automatically generate satisfaction if citizens perceive unfairness or administrative opacity (Suzuki & Demircioglu, 2021). Therefore, service quality should be positioned not merely as an output variable, but as a mediating mechanism connecting internal organizational capacity with external public legitimacy.

Work Culture as Institutional Capacity in Public Organizations

Work culture in public organizations has evolved significantly from the traditional Weberian bureaucratic model toward more adaptive and citizen-centered governance systems (Newman et al., 2022). In Weberian administration, organizational culture emphasizes hierarchy, rule compliance, and procedural control (DEMIREL, 2025). However, under New Public Management and governance reforms, work culture increasingly values flexibility, accountability, collaboration, and service orientation (Lindquist, 2022). This shift reflects the growing recognition that organizational values strongly influence how public employees respond to citizen needs and service demands (Klatt & Fairholm, 2023; Ripoll et al., 2025).

From the perspective of Organizational Culture Theory and Institutional Theory, work culture represents shared norms, routines, and behavioral expectations that shape administrative practices (Aksom, 2022). Sarah et al. (2023) emphasize that work culture functions as an internal value system that strengthens discipline and employee commitment. In contrast, Gautam (2020) argues that internal culture alone is insufficient unless supported by leadership consistency and external accountability pressures. This debate suggests that work culture should not be treated as a static internal value, but as a governance mechanism shaped by both internal and external institutional forces.

Several studies report that strong work culture positively affects service quality because it creates consistency in employee behavior and strengthens professional responsibility (Ointu et al., 2025). However, contradictory findings also exist. In some bureaucratic contexts, rigid

organizational culture may reduce innovation and responsiveness, especially when formalism dominates service orientation (Scott, 2021). This indicates that the relationship between work culture and service quality is not always linear. A strong culture improves service quality only when it supports adaptive, accountable, and citizen-centered behavior rather than excessive procedural rigidity (Kardiat, 2026).

Employee Competence and Human Capital in Public Service Delivery

Employee competence is often discussed within Human Capital Theory, which views knowledge, technical skills, and professional capability as strategic assets that improve organizational performance (Awu et al., 2025). In public administration, competence is not limited to technical expertise, but also includes ethical responsibility, communication ability, and commitment to serving the public interest (Lee et al., 2025). Public Service Motivation (PSM) theory strengthens this perspective by emphasizing that public employees are expected to combine professional competence with normative commitment to public welfare (Bakker, 2015).

Natalia et al. (2023) argue that technical competence is a primary determinant of effective service delivery because employees must understand procedures, regulations, and service standards. However, Salombe et al. (2025) highlight that professional attitudes and ethical behavior are equally important, particularly in services involving discretion and citizen interaction. This indicates that competence is multidimensional and cannot be reduced to technical capacity alone. In licensing services, where delays and administrative uncertainty often emerge, employee competence becomes crucial in ensuring responsiveness, fairness, and efficiency (Ahmad & Nasution, 2020).

Previous empirical studies consistently show that competent employees improve service quality, but some studies suggest that competence alone may not guarantee better outcomes (Wu et al., 2015). High individual competence may become ineffective when organizational culture is weak, leadership is inconsistent, or bureaucratic procedures remain rigid (Widodo, 2025). This implies that competence and work culture should not be examined separately. Technical expertise may lose its effectiveness in a toxic organizational environment, while strong work culture may compensate for certain competency limitations by promoting discipline and collective responsibility (Irina, 2023).

Public Satisfaction and the Mediating Role of Service Quality

Public satisfaction in public administration is commonly explained using Expectancy Disconfirmation Theory, which states that satisfaction emerges when perceived service performance meets or exceeds citizens' expectations (Zhang et al., 2022). However, in public services, satisfaction is more complex because it is also shaped by trust in government institutions, perceptions of fairness, and administrative legitimacy (FAN & Xingzhou GAO, 2025). Citizens evaluate not only service outcomes but also how services are delivered and whether they reflect principles of justice and accountability (Walle & Migchelbrink, 2022b).

Studies on licensing services show that citizen satisfaction is highly sensitive to service consistency, transparency, and responsiveness (Erawati, 2025). Good service quality strengthens trust and institutional legitimacy, while poor service quality often creates dissatisfaction even when formal procedures are completed correctly (Frederiksen, 2018). This indicates that service quality acts as an important mechanism through which internal bureaucratic capacity is translated into external citizen satisfaction. In this sense, service quality should be understood as a mediating variable rather than merely a dependent variable.

Although many studies have separately examined the effects of work culture, employee competence, service quality, and public satisfaction, limited attention has been given to how

service quality mediates the relationship between internal organizational reform and citizen satisfaction outcomes. Existing studies often assume direct relationships and rarely explain whether service quality functions as a full or partial mediator. This gap is particularly important in licensing services, where citizen satisfaction is closely related to perceptions of government effectiveness and public trust. Therefore, this study focuses on explaining the mechanism through which work culture and employee competence influence public satisfaction through service quality. Based on the theoretical study, the following hypothesis is formulated:

H1: Work culture positively and significantly affects service quality.

H2: Employee competence positively and significantly affects service quality.

H3: Work culture and employee competence simultaneously have a positive and significant effect on service quality.

H4: Service quality positively and significantly affects public satisfaction.

C. METHOD

This study employed an explanatory quantitative research design to examine the relationships among work culture, employee competence, service quality, and public satisfaction in licensing services at the Majalengka Licensing and Investment Service Agency. The study aimed to explain the direct relationships between independent and dependent variables and to analyze how service quality functions as an important mechanism linking internal organizational capacity with citizen satisfaction. Although the study discusses influence and impact, the findings should be interpreted as explanatory associations based on cross-sectional survey data rather than as strict causal conclusions, given that the data were collected at a single point in time.

Table 1. Operationalization of Research Variables

Variable	Concept	Dimensions	Indicator	Item
Work culture Lufni (2017)	Work culture is an organization's broad commitment in an effort to build human resources, work processes and better work results	Discipline	1. Compliance with regulations	1-4
			2. Procedures	
			3. Working hours	
			4. Interacting with partners	
		Openness	5. Readiness to provide information	5-6
			6. Readiness to receive information	
		Mutual respect	7. Individual awards	7-9
			8. Duties	
			9. Responsibilities	
		Cooperation	10. Willingness to accept suggestions	10-11
			11. Willingness to cooperate	
Employee Competence Walsh et al. (2001)	It is a broad skill set of corporate production and technology that supports the organization.	Technical Competence	12. Education Level	12-14
			13. Work Experience	
			14. Analytical Skills	
			15. Self-Control	
		Non-Technical Competencies	16. Self-Confidence	
			17. Flexibility	
			18. Relationship Building	
			19. Physical facilities	19-21
Tangibles	20. Equipment and tools used			
	21. Appearance of employees			
Reliability	22. organizational capability in service	22-23		
	23. conformity to expectations			

		24. Ability to provide prompt service	24-25	
	Responsiveness	25. Clear delivery of information		
		26. Communication	26-29	
	Assurance	27. Credibility		
		28. Competent		
		29. Courtesy		
	Empathy	30. Attention	30-31	
		31. Operating hours		
Public Satisfaction Gronroos (1990)	Satisfaction is a positive function of customer expectations and disconfirmation beliefs.	Convenience	32. Ease of contact 33. Ease of procedure	32-33
		Openness	34. Transparency of processes and procedures	34-35
			35. Transparency of administrative costs	
	Honesty	36. Honesty in service	36-37	
			37. Honesty in administrative processes	
	Problem solving	38. Fairness in providing solutions	38-39	
			39. Speed in resolving problems	

The study population consisted of 2,389 business actors who had received licensing services from the Majalengka Licensing and Investment Service Agency. The sample size of 96 respondents was determined using proportional random sampling by service user category to ensure representation across different licensing service groups. Although Slovin's formula was initially used as a practical guideline in determining the minimum sample size, this study emphasizes representativeness and proportional allocation rather than relying solely on formula-based calculation. Random selection was conducted using the agency-provided service registration database, with respondents selected proportionally by service type and frequency of service utilization. This procedure was intended to reduce selection bias and improve sample representativeness.

Table 2. Number of Research Population

Business Community	Population Size
IPPT	76
IMB	139
IUJK	31
Advertising Permit	5
Route Permit	73
People Transport Business Permit	78
Tourism And Culture Business Permit	83
Large Business License	3
Medium Enterprise Siup	15
Small Business License	132
Disturbance Permit	683
TDP	737
TDP (PT)	42
TDP (CV)	280
TDP (Cooperative)	7

Warehouse Registration	5
Total	2.389

Data were collected using a structured questionnaire distributed to business actors who had directly experienced licensing services. All variables were measured using multi-item scales adapted from established theoretical frameworks and previous empirical studies to ensure content validity. Service quality was measured using an adapted SERVQUAL scale developed by Parasuraman et al. (1988), covering reliability, responsiveness, assurance, empathy, and tangibles. Work culture indicators were adapted from organizational culture theory and public sector work culture dimensions, including discipline, responsibility, cooperation, and service orientation. Employee competence was measured using dimensions derived from Human Capital Theory and Public Service Motivation perspectives, including knowledge, technical skills, professional attitudes, and ethical responsibility. Public satisfaction was measured using indicators based on Expectancy Disconfirmation Theory, focusing on satisfaction with service outcomes, fairness, responsiveness, and overall trust in service delivery.

Instrument validity was assessed using item-total correlations and construct consistency analyses. Although contemporary studies often recommend Confirmatory Factor Analysis (CFA) within SEM-based approaches, this study employed path analysis in SPSS because the primary objective was to examine structural relationships among composite variables rather than latent-variable modeling. The use of SPSS path analysis remains methodologically acceptable when indicators are derived from well-established theoretical constructs and the measurement model has demonstrated adequate validity and reliability. All questionnaire items showed corrected item-total correlation values above the acceptable threshold and Cronbach's Alpha values above 0.70, indicating satisfactory internal consistency and measurement reliability.

Table 3. Validity and Reliability Test Results

Variable	Number of Items	Corrected Item-Total Correlation	Cronbach's Alpha	Interpretation
Work Culture (X1)	10	0.42 – 0.78	0.82	Valid and Reliable
Employee Competence (X2)	10	0.45 – 0.81	0.80	Valid and Reliable
Service Quality (Y)	15	0.40 – 0.76	0.85	Valid and Reliable
Public Satisfaction (Z)	8	0.44 – 0.79	0.81	Valid and Reliable

Source: Processed from SPSS Analysis Results

Table 3 presents the validity and reliability test results of all research variables. The findings show that all questionnaire items have corrected item-total correlation values ranging from 0.40 to 0.81, indicating that each indicator adequately represents its respective construct. In addition, all variables have Cronbach's Alpha values above 0.70, namely 0.82 for Work Culture, 0.80 for Employee Competence, 0.85 for Service Quality, and 0.81 for Public Satisfaction, confirming satisfactory internal consistency and reliability.

Instrument validity in this study was assessed using corrected item-total correlations, construct consistency, and theoretical alignment, rather than relying solely on conventional *t*-table comparisons. All measurement instruments were adapted from established theoretical frameworks, such as SERVQUAL, Organizational Culture Theory, Human Capital Theory, and Expectancy Disconfirmation Theory, thereby strengthening content validity. Therefore, the research instrument is considered valid and reliable for measuring the relationships among work culture, employee competence, service quality, and public satisfaction.

Although all variables were collected from the same respondents using a single questionnaire, several procedural remedies were applied to minimize the potential for Common

Method Bias (CMB). Respondent anonymity was maintained to reduce social desirability bias, questionnaire items were arranged using clear and neutral wording, and the indicators for each construct were derived from different established theoretical frameworks to reduce consistency motif in responses. In addition, the respondents were business actors who had directly experienced licensing services, which helped ensure that responses were based on actual service experiences rather than general perceptions. Therefore, the possibility of serious common method bias is considered limited and does not substantially threaten the validity of the findings.

Data analysis was conducted using path analysis with SPSS to examine both partial and simultaneous effects among variables. Path analysis was selected because the study focused on direct relationships among observed composite variables, and the sample size was relatively limited for covariance-based SEM estimation. While Structural Equation Modeling (SEM) is often recommended for latent variable analysis, SPSS path analysis remains appropriate for explanatory models involving observed variables with established measurement reliability. Hypothesis testing was conducted using partial (t-tests) and simultaneous (F-tests) tests, the coefficient of determination (R^2), and path coefficient analysis to evaluate the strength and significance of relationships among variables. This approach allowed the study to explain how work culture and employee competence influence service quality and how service quality functions as an important explanatory mechanism for public satisfaction in licensing services.

D. RESULT AND DISCUSSION

Respondent Characteristics

Based on the data processing results, the characteristics of respondents in this study showed a relatively representative variation. Respondents were predominantly male, indicating that business actors as users of licensing services are still largely dominated by men. In terms of age, most respondents were within the productive age range of 25 to 45 years, reflecting a group actively involved in economic and business activities. The majority of respondents had secondary to higher education backgrounds, which indicates that they had sufficient experience and understanding in evaluating the services they received.

These respondent characteristics are relevant because licensing services are closely related to business continuity, administrative efficiency, and permit accessibility. Respondents who directly interact with licensing services are able to provide practical insights regarding service quality as experienced in everyday administrative processes. Therefore, their evaluations are important for understanding how public services are delivered and perceived in the local licensing sector, particularly in relation to service responsiveness, procedural clarity, and overall public satisfaction.

Descriptive Analysis Results of Variables

Table 4. Results of Descriptive Analysis of Variables

Variable	Mean	Category
Work Culture (X1)	3,87	Good
Employee Competence (X2)	3,79	Good
Service Quality (Y)	3,82	Good
Public Satisfaction (Z)	3,85	Good

Source: Data from SPSS Analysis Results Version 20.00

The descriptive analysis results indicate that all research variables fall within the “good” category, with mean scores ranging from 3.79 to 3.87. However, the relatively narrow range of scores suggests that service performance remains moderate rather than fully optimal. Work culture recorded the highest mean score (3.87), indicating that organizational discipline,

cooperation, and responsibility have been relatively well internalized in daily service activities. In contrast, employee competence showed the lowest mean score (3.79), suggesting that although employees generally understand service procedures, improvements are still needed in technical responsiveness and interpersonal communication.

Service quality obtained an average score of 3.82, while public satisfaction reached 3.85, indicating that respondents generally perceived licensing services positively. Responsiveness and service assurance were the most dominant factors influencing satisfaction, while tangible aspects such as physical facilities and service infrastructure remained relatively weaker. This finding suggests that service quality is shaped not only by employee capability, but also by organizational support and institutional readiness. Therefore, improving public service performance requires both stronger organizational culture and continuous competency development, supported by adequate service facilities and administrative capacity.

Path Analysis

Table 5. Path Coefficient

Connection	Coefficient	t count	Sig.
X1 → Y	0,385	2,234	0,027
X2 → Y	0,354	2,055	0,042
Y → Z	0,783	16,330	0,000

Source: Data from SPSS Analysis Results Version 20.00

The path analysis results show that all relationships in the research model are positive and statistically significant. Work culture has a path coefficient of 0.385 with a significance value of 0.027, indicating that stronger organizational values are associated with better service quality. This suggests that discipline, responsibility, consistency, and adherence to administrative procedures are essential in shaping employee behavior in licensing services. In public bureaucracy, service quality is not determined solely by technical procedures, but also by how employees internalize organizational norms and public service values in their daily interactions with citizens.

Employee competence also shows a significant relationship with service quality, with a coefficient of 0.354 and a significance value of 0.042. Although its contribution is slightly lower than work culture, employee competence remains important in ensuring service effectiveness. This finding indicates that technical knowledge, procedural understanding, and communication skills support faster and more accurate service delivery. However, the slightly stronger effect of work culture suggests that in licensing bureaucracy, “soft reforms” such as institutional discipline and service orientation may be more influential than “hard reforms” focused only on technical training. Competence may not produce optimal results when organizational culture does not support accountability and responsiveness.

Service quality shows the strongest relationship with public satisfaction, with a coefficient of 0.783 and a significance value of 0.000. This indicates that citizens primarily evaluate public institutions through their direct service experiences, particularly responsiveness, procedural clarity, and certainty of outcomes. Rather than functioning as a formal mediating variable, service quality serves as an important explanatory mechanism linking internal organizational capacity with citizen satisfaction. This finding supports citizen-centered governance perspectives, where administrative legitimacy is built through service performance rather than formal institutional structure alone.

Table 6. Koefisien Determinasi

Model	R Square
X1, X2 → Y	0,533
Y → Z	0,613

Source: Data from SPSS Analysis Results Version 20.00

The coefficient of determination ($R^2 = 0.533$) indicates that work culture and employee competence explain 53.3% of the variation in service quality, while the remaining 46.7% is influenced by factors outside the research model. This suggests that although internal organizational factors are important, service quality in licensing services is also shaped by broader institutional conditions. These may include digital infrastructure readiness, budget availability, regulatory complexity, leadership commitment, and political intervention in administrative processes. In local licensing services, delays and public dissatisfaction are often caused not only by employee performance, but also by systemic constraints that limit administrative efficiency.

Furthermore, service quality explains 61.3% of the variation in public satisfaction, indicating that citizens primarily assess public institutions through their direct service experiences. However, the remaining 38.7% may be influenced by other external factors such as public expectations, previous service experiences, trust in government institutions, and policy transparency. This finding shows that improving public satisfaction requires not only better service delivery, but also stronger governance capacity and administrative accountability. Therefore, future studies are encouraged to include broader institutional and governance variables to provide a more comprehensive explanation of service performance in the public sector.

The path analysis model used in this study is shown in Figure 1.

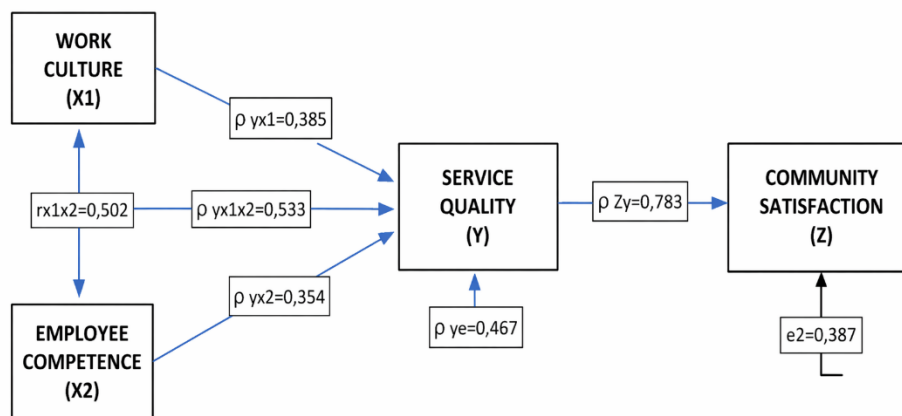


Figure 1. Path Analysis Model

Research shows that work culture significantly influences service quality. This finding indicates that the work values and norms developed within an organization shape employee behavior when providing public services (Tran et al., 2023). A positive work culture can encourage employees to work with greater discipline, responsibility, and a stronger service orientation (Desi Yanti, 2023). This condition aligns with the view that a strong organizational culture can improve individual and overall organizational performance (Reza & Silalahi, 2021). Therefore, improving service quality depends not only on the system but also on the internalization of work values within the organization.

The influence of employee competence on service quality indicates that individual abilities are a critical factor in the success of public services. Employees with adequate knowledge and skills are better able to understand community needs and provide appropriate solutions (Krishernawan et al., 2024). Furthermore, a professional attitude also contributes to better service interactions (Chih et al., 2019). This shows that improving employee competency not only impacts individual performance but also the quality of service perceived by the public

(Yusana et al., 2025). Therefore, competency development is an aspect that requires attention in efforts to improve public services.

The proven strong influence of service quality on public satisfaction indicates that public perception is largely determined by the service experience received (Khoerunissa et al., 2024; Matondang et al., 2024). Fast, accurate, and transparent service will increase public trust in government agencies. Conversely, service that does not meet expectations will decrease satisfaction levels. This indicates that service quality is a primary factor in shaping public satisfaction. Therefore, increasing public satisfaction can be achieved through continuous service quality improvement.

Overall, this study's results confirm that the relationship among work culture, employee competency, and service quality is a crucial factor in increasing public satisfaction. These three variables are interrelated and inseparable in the delivery of public services. Therefore, efforts to improve public services must be carried out in an integrated manner by strengthening the work culture and improving employee competency.

In the context of public administration, this study demonstrates that improving service quality is inextricably linked to bureaucratic reform efforts, particularly in strengthening work culture and enhancing staff competency. Licensing services, as part of strategic public services, play a crucial role in creating a conducive investment climate in the regions. Therefore, improving service quality must be a top priority in efforts to increase public trust and encourage regional development.

This study is limited to one licensing service institution in Majalengka Regency and uses cross-sectional survey data, which restricts broader generalization and does not allow strong causal inference. In addition, the study focuses primarily on internal organizational factors and does not include external institutional variables such as digital governance readiness, leadership commitment, or regulatory complexity. Future research is encouraged to examine these broader governance dimensions, particularly in more digitalized public service environments where service interactions are increasingly shaped by technology rather than face-to-face administrative processes.

E. CONCLUSION

This study shows that improving public service quality in local licensing institutions depends not only on technical employee competence but also, more importantly, on the strength of organizational work culture. The findings indicate that work culture has a slightly stronger relationship with service quality than employee competence, suggesting that bureaucratic effectiveness in licensing services is more strongly shaped by discipline, accountability, and service-oriented behavior than by technical skills alone. This supports broader debates in public administration regarding the importance of “soft reforms” in bureaucracy, where organizational values and institutional norms often determine whether formal administrative systems function effectively. In this context, service quality becomes the practical reflection of internal governance capacity as experienced directly by citizens.

The strong relationship between service quality and public satisfaction confirms that citizens evaluate public institutions primarily through their direct administrative experiences rather than through formal institutional structures. This finding reinforces citizen-centered governance perspectives, where legitimacy is built through responsiveness, procedural clarity, and certainty of service outcomes. For local governments, this implies that bureaucratic reform should not focus solely on digital systems or procedural formalization, but also on strengthening internal service culture and frontline administrative behavior. In licensing services, improving transparency of procedures, reducing administrative discretion, and strengthening accountability mechanisms may be more impactful than isolated technical

training programs. This suggests that human-centered administrative reform remains essential in developing-country bureaucracies.

This study is limited to one licensing service institution in Majalengka Regency and relies on cross-sectional survey data, which restricts broader generalization and does not allow strong causal inference. In addition, the study focuses primarily on internal organizational factors and does not include broader institutional variables such as digital governance readiness, leadership commitment, political intervention, or regulatory complexity, all of which may significantly affect service quality. Future research should examine whether this model remains relevant in highly digitalized public service environments, particularly in e-government systems where citizen interaction is increasingly mediated by technology rather than face-to-face administrative encounters. Such comparative research would help clarify whether organizational culture remains dominant in digital bureaucracy or whether technological capacity becomes the stronger determinant of public satisfaction.

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