



# The Influence of Leadership Style and Organizational Culture on Employee Performance at Mojokerto Revenue Agency

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Received: 20 September 2023 | Revised: 6 October 2023 | Published: 25 November 2023

## Abstract

**Purpose:** This study aimed to determine and analyze the influence of leadership style and organizational culture on employee performance at the Mojokerto City financial and revenue management agency with work motivation as an intervening variable.

**Research Methodology:** A quantitative cross-sectional study was conducted with 44 employees of the Mojokerto City Financial and Revenue Management Agency using census sampling to assess direct and indirect effects of leadership and organizational culture on performance via work motivation.

**Results:** Organizational culture positively influenced performance and motivation, while leadership and work motivation had no significant direct or indirect effects.

**Conclusions:** Organizational culture is a key factor for employee performance; leadership style and work motivation do not have significant effects in this context.

**Limitations:** The study is limited by its small sample size of 44 employees from a single agency and the use of a cross-sectional design, which may affect generalizability and the ability to observe changes over time.

**Contributions:** The study highlights the importance of organizational culture in public sector HR management and guides managers in fostering a supportive work environment.

**Keywords:** *Employee Performance, Leadership Style, Organizational Culture, Work Motivation*

**How to Cite:** Kuswanti, D. I., & Purnomo, B. R. (2023). The Influence of Leadership Style and Organizational Culture on Employee Performance at Mojokerto Revenue Agency. *Jurnal Bisnis, Ekonomi, Manajemen, dan Kewirausahaan (JBEMK)*, 3(2), 82–91.

<https://doi.org/10.52909/jbemk.v4i2.173>

## 1. Introduction

Law Number 25 of 2009 concerning Public Services in Article 1 explains that public services are activities or a series of activities carried out to fulfill service needs in accordance with statutory regulations for every citizen and resident regarding goods, services, and/or administrative services provided by public service providers (Trisnawati et al., 2021). Furthermore, the law states that one of the public service providers is a state administrative institution. In this context, the Mojokerto City Government, including the Mojokerto City Regional Financial and Revenue Management Agency, plays an important role in providing quality public services to the community (Bindlish et al., 2019). The implementation of these duties and functions requires competent human resources who possess integrity, professionalism, neutrality, and are free from political intervention, corruption, collusion, and nepotism, as regulated in Law Number 5 of 2014 concerning State Civil Apparatus (Razzaq et al., 2019; Rizky et al., 2021).

Human resources are one of the most important assets in an organization because they determine the effectiveness and success of organizational activities. In government institutions, employees are required to provide optimal performance in order to support the achievement of organizational goals and improve the quality of public services (Hermawan et al., 2020; Putri & Etikariena, 2022). Employee performance reflects the level of success of an employee in carrying out duties and responsibilities assigned according to predetermined standards and objectives. Therefore, improving employee performance becomes an important concern for every government agency, including the Mojokerto City Regional Financial and Revenue Management Agency (Hajjali et al., 2022; Suyanto et al., 2021).

Employees play a strategic role in determining the progress and sustainability of an organization. The success or failure of an organization in achieving its objectives is highly influenced by the quality of employee performance (Nuraeni et al., 2022). In government agencies, employees are expected to have high work discipline, responsibility, competence, and mobility in carrying out their duties. Good employee performance can support the realization of effective, efficient, and accountable governance (Psychogios & Dimitriadis, 2021). Conversely, poor employee performance may hinder the achievement of organizational goals and reduce the quality of public services delivered to the community. Thus, there is a close relationship between employees and government agencies because both aspects are interconnected and mutually supportive (Oral, 2019; Riswan et al., 2022).

Several factors can influence employee performance within an organization. These factors include leadership style, organizational culture, work motivation, work environment, compensation, education and training, as well as employee welfare (Novi & Etikariena, 2022; Putri et al., 2019). Among these factors, leadership style and organizational culture are considered highly influential in shaping employee attitudes and behavior in the workplace. Leadership style reflects the way leaders direct, motivate, and influence employees to achieve organizational goals (Basuki & Khalid, 2021). Effective leadership can create a positive work atmosphere, encourage employee enthusiasm, and improve employee performance. On the other hand, ineffective leadership may reduce employee morale and productivity (Sugma, 2022).

In addition to leadership style, organizational culture also has an important role in influencing employee performance (Kabdiyono & Akbar, 2021; Kurniawanto et al., 2022). Organizational culture refers to the values, beliefs, norms, and behaviors that are shared and practiced within an organization. A strong organizational culture can create a sense of belonging, commitment, and cooperation among employees (Syahrial & Berlian, 2021). Employees who work in a positive organizational culture tend to be more motivated, disciplined, and responsible in carrying out their duties. Therefore, organizational culture becomes one of the important elements in creating an effective and productive work environment (Emmanuel, 2022).

Another factor that can influence employee performance is work motivation. Work motivation is an internal drive that encourages employees to work enthusiastically and achieve organizational goals. Employees who have high work motivation generally demonstrate better performance, greater responsibility, and stronger commitment to their work (Simorangkir et al., 2021). Motivation can arise from internal factors, such as the desire for achievement and self-development, as well as external factors, such as leadership support, rewards, and a conducive work environment (Mairia et al., 2021; Makambe & Moeng, 2019). In this study, work motivation is positioned as an intervening variable because it is assumed to mediate the relationship between leadership style and organizational culture on employee performance (Sulila, 2019).

Based on these explanations, it is important to conduct research regarding the influence of leadership style and organizational culture on employee performance with work motivation as an intervening variable at the Mojokerto City Regional Financial and Revenue Management Agency. This research is expected to provide a better understanding of how leadership style and organizational culture can improve

employee motivation and performance. In addition, the results of this study are expected to contribute theoretically to the development of human resource management science and practically become input for the Mojokerto City Regional Financial and Revenue Management Agency in improving employee performance and the quality of public services.'

## **2. Literature Review**

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### ***2.1 Leadership Style and Employee Performance***

Leadership style plays a key role in influencing employee behavior, engagement, and overall performance in organizations. Effective leaders provide direction, set clear expectations, and foster a supportive environment that enables employees to achieve organizational goals (Amegayibor, 2021). In the public sector, leadership directly affects employee motivation, decision-making, and compliance with rules, which is essential for service quality and organizational efficiency (Prinhandaka et al., 2022). However, the impact of leadership can vary depending on organizational context and employee characteristics. In government agencies, hierarchical structures and strict procedures can limit how leadership influences performance. Leadership alone may not be sufficient to improve outcomes if other organizational factors are not aligned (Satria, 2021).

### ***2.2 Organizational Culture and Employee Performance***

Organizational culture refers to the shared values, norms, and practices that guide employee behavior and interactions. A positive culture encourages collaboration, communication, and commitment, which enhances both individual and organizational performance (Phina et al., 2022). In public sector organizations, a strong culture supports employees in fulfilling responsibilities effectively and delivering quality services. Organizational culture often has a stronger influence on performance than leadership alone. When values and norms emphasize accountability, professionalism, and teamwork, employees are more motivated to perform well. Cultivating a supportive culture helps sustain high productivity and consistent service quality (Wardhani & Uly, 2021).

### ***2.3 Work Motivation as an Intervening Variable***

Work motivation is the internal drive that determines the effort, persistence, and focus of employees in performing tasks. Motivated employees are more likely to achieve goals, take initiative, and maintain high performance levels (Nuraeni et al., 2022; Ulabor & Bosede, 2019). In public sector organizations, motivation can be enhanced through recognition, career development, and supportive work environments (Wardhani & Uly, 2021). Despite its importance, work motivation does not always mediate the relationship between leadership or culture and performance. In structured agencies, standardized procedures and rigid policies can reduce the impact of motivation, limiting its ability to translate leadership and culture into higher performance (Fernando & Surjandari, 2022).

### ***2.4 Employee Performance in Public Sector Organizations***

Employee performance in public sector organizations is essential for the effectiveness and efficiency of service delivery. High-performing employees contribute to organizational goals by ensuring tasks are completed accurately and on time, which directly affects public satisfaction and institutional credibility (Sudono, 2021). Performance is influenced by multiple factors, including leadership, organizational culture, motivation, and the work environment. In structured government agencies, aligning these factors is crucial to maintain productivity and encourage employees to perform consistently at high levels (Rizqi & Sakinah, 2021).

### 3. Methodology

This study was quantitative in nature. This research was an observational study conducted on a number of objects according to their actual conditions, without any interval from the researcher. This study used a cross-sectional method. The sample size was 44. The census sampling technique means that all populations were used as samples in the study (Sugiyono, 2010, 2013).

### 4. Results and Discussion

#### 4.1 Results

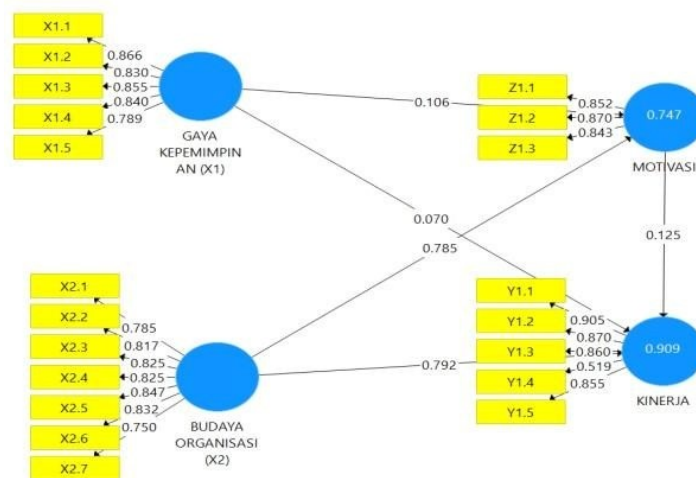


Figure 1. Correlation of each Indicator

Figure 1 shows that the correlation of each indicator to the total construct score of each variable shows significant results, namely  $r_{count} \geq r_{table}$ . It can be concluded that all question items from all variables, namely competence, compensation, work environment on employee performance, and work motivation were declared valid.

Construct Reliability and Validity

Construct	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
ORGANIZATIONAL CULTURE (X2)	0.914	0.915	0.931	0.660
LEADERSHIP STYLE (X1)	0.893	0.906	0.921	0.700
PERFORMANCE (Y)	0.864	0.895	0.995	0.664
MOTIVATION (Z)	0.816	0.821	0.891	0.731

Note: Values of Cronbach's Alpha, rho\_A, and Composite Reliability > 0.70 and AVE > 0.50 indicate that all constructs have good reliability and validity.

Figure 2. Construct Reliability and Validity

Table 2 shows that the three variables produced an alpha value of 0.9. Thus, all variables have a value > 0.60, and the research instrument is suitable for use in data collection.

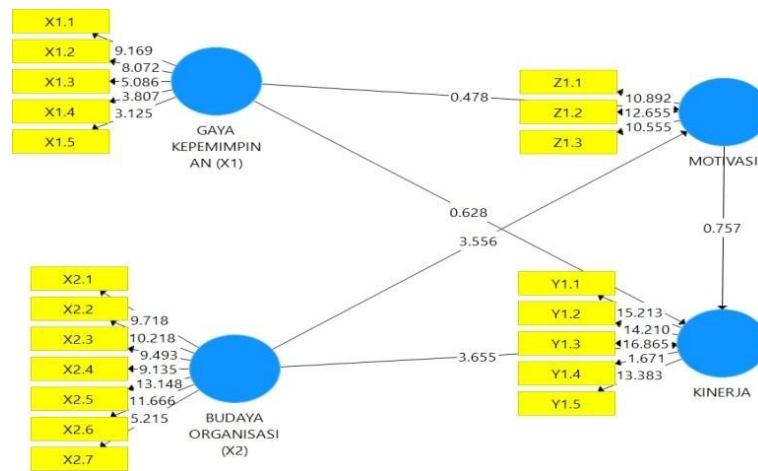


Figure 3. PLS-SEM Path Model: Influence of Leadership and Organizational Culture on Motivation and Performance

Figure 3 presents a Partial Least Squares Structural Equation Modeling (PLS-SEM) path model illustrating the relationships between latent variables: Leadership Style (X1), Organizational Culture (X2), Motivation (Z), and Performance (Y). Yellow boxes represent the manifest indicators for each construct, while arrows indicate the direction of influence along with the path coefficients. The model is used to analyze both direct and indirect effects of leadership and organizational culture on employee motivation and performance quantitatively.

#### Path Coefficients

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Organizational Culture (X2) -> Performance (Y)	0.792	0.725	0.217	3.655	0.000
Organizational Culture (X2) -> Motivasi (Z)	0.785	0.794	0.221	3.556	0.000
Leadership Style (X1) -> Performance (Y)	0.070	0.078	0.112	0.628	0.530
Leadership Style (X1) -> Motivasi (Z)	0.106	0.095	0.222	0.478	0.633
Motivasi (Z) -> Performance (Y)	0.125	0.176	0.165	0.757	0.449

#### Total Indirect Effects

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Organizational Culture (X2) -> Performance (Y)	0.098	0.162	0.184	0.535	0.593
Organizational Culture (X2) -> Motivasi (Z)	-	-	-	-	-
Leadership Style (X1) -> Performance (Y)	0.013	-0.002	0.046	0.286	0.775
Leadership Style (X1) -> Motivasi (Z)	-	-	-	-	-
Motivasi (Z) -> Performance (Y)	-	-	-	-	-

Note: P Values < 0.05 indicate a statistically significant effect.

Figure 4. Path Coefficients and Total Indirect Effects in PLS-SEM Model

Figure 4 presents the path coefficients and total indirect effects derived from a Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis. It includes the original sample, sample mean,

standard deviation, T statistics, and P-values for each hypothesized relationship between constructs. Significant effects ( $P < 0.05$ ) are highlighted to indicate statistically meaningful paths, showing how leadership style, organizational culture, and motivation influence employee performance both directly and indirectly.

#### **4.2 Discussion**

Based on the results of the study, the influence of leadership style on employee performance at the Mojokerto City Regional Revenue and Financial Management Agency has no significant effect, with the research results obtained  $0.530 \geq 0.05$ . The influence of organizational culture on employee performance at the Mojokerto City Regional Revenue and Financial Management Agency has a significant effect on the research results obtained  $0.000 \leq 0.05$ . The influence of work motivation on employee performance at the Mojokerto City Regional Revenue and Financial Management Agency was not significant, with the research results obtained  $0.449 \geq 0.05$ . The influence of leadership style on employee work motivation at the Mojokerto City Regional Revenue and Financial Management Agency was not significant, with the research results obtained  $0.663 \geq 0.05$ . The influence of organizational culture on employee work motivation at the Mojokerto City Regional Revenue and Financial Management Agency was significant, with the research results obtained being  $0.000 \leq 0.05$ . The indirect influence of leadership style on employee performance at the Mojokerto City Regional Revenue and Financial Management Agency through work motivation as an intervening variable does not have a significant effect, with the research results obtained  $0.775 \geq 0.05$ . The indirect influence of organizational culture on employee performance at the Mojokerto City Regional Revenue and Financial Management Agency through work motivation as an intervening variable was not significant, with the research results obtained  $0.593 \geq 0.05$ .

### **5. Conclusions**

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The results of this study indicate that leadership style has no positive or significant effect on employee performance at the Mojokerto City Financial and Revenue Management Agency. Meanwhile, organizational culture has a positive and significant effect on employee performance at the agency. In addition, work motivation does not have a significant effect on employee performance at the Mojokerto City Financial and Revenue Management Agency. The influence of leadership style on employee work motivation also does not have a significant effect, with the research results obtained being  $0.663 \geq 0.05$ . On the other hand, organizational culture has a significant effect on employee work motivation, with the research results obtained being  $0.000 \leq 0.05$ . Furthermore, leadership style indirectly affects employee performance through work motivation as an intervening variable, with the research results obtained being  $0.775 \geq 0.05$ . Organizational culture also indirectly affects employee performance through work motivation as an intervening variable; however, the effect is not significant, with the research results obtained being  $0.593 \geq 0.05$ .

### **Acknowledgements**

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The authors express gratitude to the Mojokerto City Financial and Revenue Management Agency for their support and cooperation during data collection. Special thanks to all employees who participated in this study.

### **Author Contributions**

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DIK conceptualized the study, designed the methodology, and supervised data collection. BRP performed the statistical analysis, interpreted results, and drafted the manuscript. Both authors reviewed and approved the final manuscript, ensuring the integrity and accuracy of the research.

## **Conflicts of Interest**

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The authors declare that there is no conflict of interest regarding the publication of this study. This research was conducted independently, and no financial or personal relationships influenced the results or interpretation of the findings.

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