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## Leadership Style and Organizational Culture In Affecting Employee Performance Of Ministry of Religion Institution of Aceh Province : Does Work Motivation Mediate?

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### Abstract

This research aimed to analyze the effect of leadership style and organizational culture on employee performance both directly and indirectly through work motivation. The object was the Ministry of Religion Institution of Aceh Province, as a government institution that has a bureaucratic character in completing its work. The sampling technique used was census with the size of respondents as many 164 employees, while the data analyzed through the Structural Equation Model technique. The results showed leadership style and organizational culture had a significant effect on work motivation; work motivation had a significant effect on employee performance; leadership style and organizational culture directly had a significant effect on employee performance, but indirectly leadership style and organizational culture did not significantly affect employee performance through work motivation. An interesting issue lies in work motivation that was not appropriate as a mediator in the model, related to the object of research which is a government organization that has a bureaucratic character. The further researchers can add more research questions like what kind of leadership style or organization culture can affect employee performance in government institution as a bureaucratic type organization, or even testing other variables that can be their mediators to effect employee performance. Practically, this research model can be a reference for practitioners especially they are in the Ministry of Religion Institution of Aceh Province. They can reset their strategies and policies to be more focused in increasing employee performance based on improving leadership style, organizational culture, and work motivation.

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

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### 1. Introduction

The Ministry of Religion Institution is a government institution that serves the public in religious affairs. Aceh is one of the provinces in Indonesia that is special with its sharia rules. Certainly the ministry of religion has a very important role here in managing religious affairs. The Ministry of religion institution of Aceh Province as one of the government institutions must place its employees as the most important assets among others so that employees are increasingly recognized for their existence and contribution. This is because, the employees is as the determinant of a successful work in achieving goals in this institution, then one of the requirements that must be considered is to have productive employees. The Ministry of Religion Institution of

Aceh Province always strives to provide the best for its employees so that they continue to have high morale by paying attention to the organizational culture of their employees and the leadership style that is carried out in accordance with the demands of the organization so that employees feel confident working in the environment of the Ministry of Religion Institution of Aceh Province. All this was done by the Ministry of Religion Institution of Aceh Province to build trust in employees in order to improve the performance of their employees.

As for the performance of Ministry of Religion Institution of Aceh Province employees based on the results of a survey conducted, so far it indicates to be still less than optimal. This is seen from the ability of its employees to prepare work plans that were still relatively low, then employees had not been able to realize the work plans that had been previously set, so that the achievement of performance which was expected to be out of line with expectations and the ability of employees to provide services to the community were also still low.

The performance of an employee in an organization can be influenced by several factors, such as: leadership style, organizational culture, and work motivation. (Azar & Shafighi, 2013) explained that an employee's work motivation can be said to be important in determining the employee's performance, an employee who has high work motivation will carry out his work with more effort so that his work will also be better. Then, (Wijayanti, Hernawati, & Puspitaningtyas, 2018) explained that a strong organizational culture can spur a more conducive organization so that it will make a significant contribution to improving employee performance in the organization. Furthermore, (Hanifah, Susanthi, & Setiawan, 2014) explained that leadership style plays an important role in running an organization, because a boss's leadership style can affect employee performance in an organization.

Based on the descriptions that have been explained, the authors feel the need to do a study in order to find out how the fit management model in the Ministry of Religion Institution of Aceh Province, that involves variables such as leadership style, organizational culture, work motivation and employee performance.

## **2. Literature Review**

### **Definition of Variables**

(Nazarullah, Yunus, & Chan, 2016) defined employee performance is as the level of success of an employee in carrying out their duties and responsibilities. Then, (Muizu & Sari, 2019) defined work motivation is as the tendency of the qualities present in an employee that can arouse enthusiasm and direct his behavior towards the achievement of organizational goals. Next, (Wijayanti, Hernawati, & Puspitaningtyas, 2018) defined organizational culture is as a means to unite the organization through values that are believed in and contain ideals to be achieved together. Furthermore, (Mendoza, Nasution, & Matondang, 2018) defined leadership is as the ability to influence others, through communication with the intent to motivate subordinates to understand, be aware, and like to follow the leader's will, while the leadership style is the way used by leaders in interacting with their subordinates.

### **Previous Research Review**

The results of research conducted by (Almer, Djamhur, & Iqbal, 2017) and (Guterresa, Armanu, & Rofiaty, 2020) found that leadership style had a significant effect and positive direction on work motivation. Then, results of research conducted by (Yusof, Said, & Ali, 2016)

and (Weerasinghe, 2017) found that organizational culture had a significant effect and positive direction on motivation of work.

The results of research conducted by (Hanifah et al., 2014) and (Almer et al., 2017) found that leadership style had a significant effect and positive direction on employee performance. Then, the results of research conducted by (Wanjiku & Agusioma, 2014) and (Thuku, Abiero, & Juma, 2015) found that the culture of organization had a significant effect and positive direction on performance of employee. Furthermore, the results of research conducted by (Shahzadi, Javed, Pirzada, Nasreen, & Khanam, 2014) and (Gachengo & Wekesa, 2017) found that work motivation had a significant effect and positive direction on employee performance.

The results of research conducted by (Guterresa et al., 2020) found that leadership style had a significant effect and positive direction on employee performance indirectly through work motivation. Then, the results of research conducted by (Wijayanti et al., 2018) found that the culture of organizational had a significant effect and positive direction on employee performance indirectly through motivation of work.

Based on the above literature reviewed, the research hypothesis has determined as follows:

Hypothesis 1: Leadership style effects work motivation significantly

Hypothesis 2: Organizational culture effects work motivation significantly

Hypothesis 3: Leadership style effects employee performance significantly

Hypothesis 4: Organizational culture effects employee performance significantly

Hypothesis 5: Work motivation effects employee performance significantly

Hypothesis 6: Leadership style effects employee performance through work motivation

Hypothesis 7: Organizational culture effects employee performance through work motivation.

### **3. Method**

Respondents in this research were all employees of Ministry of Religion Institution of Aceh Province totaling 164 selected by census. The research data were obtained through the dissemination of questionnaires and analyzed by Structural Equation Model (SEM) techniques using AMOS software. SEM is a multivariate data analysis technique that combines the measurement model which aims to provide the specification of the relationship between latent variables and the indicators and structural model which aims to provide the effect specifications between latent variables (F. Hair Jr, Sarstedt, Hopkins, & G. Kuppelwieser, 2014).

### **4. Results and Discussion**

#### **Measurement Model and Structural Model**

The measurement model results in this research are provided in the following table:

**Table 1. Measurement Model**

<b>Indicator Loading</b>				<b>Average Variance Extracted (AVE)</b>	
LS1	<---	LeadershipStyle	0.789	Leadership_Style	0.536
LS2	<---	LeadershipStyle	0.655	Organizational_Culture	0.638
LS3	<---	LeadershipStyle	0.720	Work_Motivation	0.769
LS4	<---	LeadershipStyle	0.758	Employee_Performance	0.629
OC1	<---	OrganizationalCulture	0.683	<b>Composite Reliability</b>	
OC2	<---	OrganizationalCulture	0.736		
OC3	<---	OrganizationalCulture	0.736		
OC4	<---	OrganizationalCulture	0.637	LeadershipStyle	0.821
OC5	<---	OrganizationalCulture	0.773	OrganizationalCulture	0.839
WM1	<---	WorkMotivation	0.601	WorkMotivation	0.862
WM2	<---	WorkMotivation	0.792	EmployeePerformance	0.834
WM3	<---	WorkMotivation	0.610		
WM4	<---	WorkMotivation	0.729		
WM5	<---	WorkMotivation	0.718		
WM6	<---	WorkMotivation	0.818		
EP1	<---	EmployeePerformance	0.651		
EP2	<---	EmployeePerformance	0.746		
EP3	<---	EmployeePerformance	0.834		
EP4	<---	EmployeePerformance	0.637		
EP6	<---	EmployeePerformance	0.659		

Based on table 1, it is known that all indicators of each variable of leadership style, organizational culture, work motivation, and employee performance have indicator loading values ( $\geq 0.50$ ) so that it describes that all indicators of each variable can represent its variable measured. Then, it is also known that the AVE value obtained for the leadership style is 0.536, organizational culture 0.638, work motivation 0.769, and employee performance 0.629, which are these variables have a AVE value  $\geq 0.50$  so it explains that the indicators in the research model developed are proven to really measure the targeted latent variable and not measure the other latent variable. Furthermore, it is also known that the composite reliability value obtained for leadership style is 0.821, organizational culture 0.839, work motivation 0.862, and employee performance 0.834, which the values are  $\geq 0.70$  so it explains that all indicators of each latent variable in this research model are reliable for measuring its variable.

The structural model results in this research are provided in the following table.

**Table 2. Structural Model**

Index	Cut-off Value	Finding	Remark
Chi-Square (df=164)	< 462.070	239.297	Fit
GFI	≥ 0.90	0.897	Marginal
AGFI	≥ 0.90	0.846	Marginal
RMSEA	≤ 0.08	0.053	Fit
TLI	≥ 0.90	0.906	Fit
CFI	≥ 0.90	0.919	Fit

Based on table 2, it is known that the values of Chi-Square is 239.297, GFI 0.897, AGFI 0.846, RMSEA 0.053, TLI 0.906, and CFI 0.919. Based on these results, all the criteria of Goodness of Fit have been fulfilled even though the values of GFI and AGFI are in the marginal category. However, overall the model in this study can already be said to be fit (good) because the Chi-Square value is < 462.070.

### Hypothesis Testing

The results of testing the hypothesis in this research are presented in the following table.

**Table 3. Hypothesis Testing Results**

Direct Effect		Path Coefficient	Significant Value
WorkMotivation	<--- LeadershipStyle	0.130	0.049
WorkMotivation	<--- OrganizationalCulture	0.174	0.028
EmployeePerformance	<--- LeadershipStyle	0.155	0.042
EmployeePerformance	<--- OrganizationalCulture	0.272	0.005
EmployeePerformance	<--- WorkMotivation	0.161	0.047
Indirect Effect		Path Coefficient	Significant Value (sobel test)
EmployeePerformance	<--- WorkMotivation <--- LeadershipStyle	0.020	0.235
EmployeePerformance	<--- WorkMotivation <--- OrganizationalCulture	0.028	0.210

Based on table 3, the discussion of the effects of leadership style, organizational culture, work motivation, and employee performance are as follows.

### Hypothesis 1 (accepted): Leadership Style Effects Work Motivation

Based on the result, leadership style is proven positively and significantly affecting work motivation with significant value 0.049. The path coefficient of 0.130 also explains that the style of leadership had a significant contribution in increasing work motivation by 13.0%. This result indicates that the better of leadership style adopted by the leadership of the Ministry of Religion

Institution of Aceh Province, the level of work motivation of employees in the organization will also increase. This result is also in accordance with the research by (Almer et al., 2017) and (Guterresa et al., 2020) which also found that the style of leadership had a significant effect in increasing motivation of work.

### **Hypothesis 2 (accepted): Organizational Culture Effects Work Motivation**

Based on the result, organizational culture is proven positively and significantly affecting work motivation with significant value 0.028. The path coefficient of 0.174 also explains that the culture of organization had a significant contribution in increasing work motivation by 17.4%. This result indicates that the better of organizational culture found in the Ministry of Religion Institution of Aceh Province, the level of work motivation of employees in the organization will also increase. This result is also in accordance with the research by (Yusof et al., 2016) and (Weerasinghe, 2017) which also found that the culture of organization had a significant effect in increasing work motivation.

### **Hypothesis 3 (accepted): Leadership Style Effects Employee Performance**

Based on the result, leadership style is proven positively and significantly affecting employee performance with significant value 0.042. The path coefficient of 0.155 also explains that the leadership style had a significant contribution in increasing employee performance by 15.5%. This result indicates that the better of leadership style adopted by the leadership of the Ministry of religion institution of Aceh Province, the level of performance of existing employees in the organization will also increase. This result is also in accordance with the research by (Hanifah et al., 2014) and (Almer et al., 2017) which also found that leadership style had a significant effect in increasing employee performance.

### **Hypothesis 4 (accepted): Organizational Culture Effects Employee Performance**

Based on the result, organizational culture is proven positively and significantly affecting employee performance with significant value 0.005. The path coefficient of 0.272 also explains that the organizational culture had a significant contribution in increasing employee performance by 27.2%. These result indicates that the better of the culture of organization set in the Ministry of religion institution of Aceh Province, the level of performance of existing employees in the organization will also increase. This result is also in accordance with the research by (Wanjiku & Agusioma, 2014) and (Thuku et al., 2015) which also found that organizational culture had a significant effect in increasing employee performance.

### **Hypothesis 5 (accepted): Work Motivation Effects Employee Performance**

Based on the result, work motivation is proven positively and significantly affecting employee performance with significant value 0.047. The path coefficient of 0.161 also explains that the work motivation had a significant contribution in increasing employee performance by 16.1%. These results indicate that the higher the level of work motivation possessed by the employees of the Ministry of Religion Institution of Aceh Province, the level of performance of existing employees in the organization will also increase. This result is also in accordance with the research by (Shahzadi et al., 2014) and (Gachengo & Wekesa, 2017) which also found that motivation of work had a significant effect in increasing employee performance.

### **Hypothesis 6 (rejected): Leadership Style Effects Employee Performance through Work Motivation**

Based on the result, leadership style is proven insignificant in affecting employee performance through work motivation. This can be seen from the significant value of 0.235 ( $> 0.05$ ). Thus, it concludes that work motivation in this research did not act as a mediating variable in the effect of leadership style on employee performance.

This research result is not in accordance with the research by (Guterresa et al., 2020) which found that leadership style had a significant effect in increasing employee performance indirectly through work motivation. However, it does not prove that this research is incorrect or less relevant, because there were also other research results that were the same, like the research did by (Ratnasari, Sutjahjo, & Yana, 2019) which also found that leadership style did not have a significant effect in increasing employee performance indirectly through motivation of work.

### **Hypothesis 7 (rejected): Organizational Culture Effects Employee Performance through Work Motivation**

Based on the result, organizational culture is proven insignificant in affecting employee performance through work motivation. This can be seen from the significant value of 0.210 ( $> 0.05$ ). Thus, it concludes that work motivation in this research did not act as a mediating variable in the effect of organizational culture on employee performance.

This research result is not in accordance with the research by (Wijayanti et al., 2018) which found that the culture of organization had a significant effect in increasing employee performance indirectly through work motivation. However, It does not prove that this research is incorrect or less relevant, because there were also other research results that were the same, like the research conducted by (Maria, 2019) which also found that the culture of organization did not have a significant effect in increasing employee performance indirectly through motivation of work.

## **5. Conclusion**

This research found the several premises that could strengthen the previous theories, they were leadership style and organizational culture significantly affected work motivation; work motivation significantly affected employee performance; directly leadership style and organizational culture significantly affected employee performance significantly, but indirectly leadership style and organizational culture did not significantly effect employee performance through work motivation. So in this research model, the work motivation variable proved unable to be a mediator to improve the employee performance of Ministry of Religion Institution of Aceh Province, as a government organization which has a bureaucratic character. This premise breaks several previous theories which say that work motivation can be a mediator.

This research is a development of models from previous studies. For academics, this model contributes as the basis for further research models to be developed. The further researchers can add more research questions like what kind of leadership style or organization culture can affect employee performance in government institution as a bureaucratic type organization, or even testing other variables that can be their mediators to effect employee performance. Practically, this research model can be a reference for practitioners especially they are in the Ministry of Religion Institution of Aceh Province. They can reset their strategies and policies to be more focused in increasing employee performance based on improving leadership style, organizational culture, and work motivation. The limitation of this research is the scope of the object, and the number of variables.

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