Work Culture and Leadership as Key Drivers of Organizational Performance

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Abstract

This study aims to examine the effect of Ethical Work Culture and Leadership on Employee Performance with Organizational Commitment as a mediating variable among employees at PLN UP2D Aceh. The study employed a quantitative approach, collecting data through questionnaires from 41 respondents. Data analysis was conducted using Partial Least Square – Structural Equation Modeling (PLS-SEM) to test both direct and indirect relationships among variables. The results indicate that ethical work culture has a positive and significant effect on both employee performance and organizational commitment, while leadership has a significant effect only on organizational commitment. Organizational commitment was proven to mediate the relationship between ethical work culture and leadership on employee performance. These findings emphasize the importance of implementing a strong work culture and effective leadership to enhance employee performance through the strengthening of organizational commitment.

Keywords: Ethical Work Culture, Leadership, Organizational Commitment, Employee Performance

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Introduction

In the effort to achieve institutional goals, organizations are required to have human resources that are competent, dedicated, and possess high performance. This demands organizations to implement effective human resource management, including through the formation of a strong work culture and leadership capable of motivating employees. One of the government's efforts to shape professional work behavior is the implementation of the AKHLAK work culture (Trustworthy, Competent, Harmonious, Loyal, Adaptive, and Collaborative). This work culture serves as a guide for all employees in carrying out their duties, building team cooperation, and improving service quality to the public. A consistently applied work culture is believed to be able to increase employee loyalty, strengthen integrity, and create a conducive work environment to achieve optimal performance. In addition to work culture, leadership also plays an important role in determining employee performance. The leadership style applied by managers or direct superiors can motivate employees to work more effectively. Effective leadership can foster a sense of confidence, responsibility, and employee commitment to tasks and the organization. Leaders who are able to provide clear direction, support, and recognition for employee achievements can improve performance and create long-term loyalty. Organizational commitment plays a role as a mediator that can strengthen the relationship between work culture, leadership, and employee performance. Employees who have high commitment to the organization tend to be more responsible, disciplined, and loyal in carrying out their duties. Organizational commitment also helps restrain negative behaviors, such as high absenteeism, low participation in organizational activities, and declining work spirit. The challenges in human resource management are quite complex. Besides the demands of achieving operational targets, employees are also faced with varying geographical conditions, different infrastructure, and increasing public demands for the quality of electricity services. Therefore, research on the influence of the AKHLAK work culture and leadership on employee performance with organizational commitment as a mediating variable becomes important. The results of this study are expected to provide insights for PLN management in improving the effectiveness of human resource management, strengthening a productive work culture, and shaping leadership capable of sustainably improving employee performance.

Problem Formulation
1. Does the AKHLAK work culture have a positive and significant effect on the performance of employees at PT PLN UP2D Aceh?
2. Does Leadership have a positive and significant effect on the performance of employees at PT PLN UP2D Aceh?
3. Does the AKHLAK work culture have a positive and significant effect on the organizational commitment of employees at PT PLN UP2D Aceh?
4. Does Leadership have a positive and significant effect on the organizational commitment of employees at PT PLN UP2D Aceh?
5. Does Organizational Commitment have a positive and significant effect on the performance of employees at PT PLN UP2D Aceh?
6. Does the AKHLAK work culture have a positive and significant effect on Employee Performance through Organizational Commitment at PT PLN UP2D Aceh?
7. Does Leadership have a positive and significant effect on Performance through Organizational Commitment at PT PLN UP2D Aceh?

Research Objectives
1. To test and analyze the influence of the AKHLAK work culture on the performance of employees at PT PLN UP2D Aceh.
2. To test and analyze the influence of Leadership on the performance of employees at PT PLN UP2D Aceh.

3. To test and analyze the influence of the AKHLAK work culture on the organizational commitment of employees at PT PLN UP2D Aceh.
4. To test and analyze the influence of Leadership on the organizational commitment of employees at PT PLN UP2D Aceh.
5. To test and analyze the influence of Organizational Commitment on the performance of employees at PT PLN UP2D Aceh.
6. To test and analyze the influence of the AKHLAK work culture on Performance through Organizational Commitment at PT PLN UP2D Aceh.
7. To test and analyze the influence of Leadership on Performance through Organizational Commitment at PT PLN UP2D Aceh.

Literature Review
Employee Performance
According to Dessler (2023): Employee performance includes the achievement of work targets, competence, initiative, and work behavior that supports organizational success. According to Robbins & Judge (2021) Performance is the result of individual or group work in achieving organizational goals by considering quality, quantity, and time standards.

Employee Performance Indicators
According to Dessler (2023), indicators of employee performance are:
1. Work quality, accuracy and perfection of work results
2. Work quantity, the amount of work completed within a specific period.
3. Timeliness, the ability to complete work according to set deadlines.
4. Work discipline, compliance with regulations, procedures, and work ethics.
5. Initiative and creativity, the ability to provide new ideas or solutions to work problems.
6. Responsibility, awareness and commitment to complete work according to organizational standards.

Factors Influencing Performance
According to Dessler (2022), performance is influenced by three main factors, namely:
1. Ability, the knowledge and skills possessed by employees.
2. Motivation, the internal drive to achieve work goals.
3. Work Environment, the physical and social conditions that support task execution.

AKHLAK Work Culture
According to Mulyadi (2022): AKHLAK work culture is the overall attitude, behavior, and work habits based on moral and ethical principles, and can increase employee productivity and loyalty. According to Rakhmawati (2021), AKHLAK work culture is the integration of professional ethics, social responsibility, and work discipline that supports the achievement of optimal performance.

Indicators of AKHLAK Work Culture
According to Rakhmawati (2021), the indicators commonly used to measure AKHLAK work culture are:
1. Honesty, carrying out tasks according to rules without cheating or hiding facts.
2. Discipline, punctuality and adherence to work procedures.
3. Responsibility, awareness in completing tasks with full integrity.
4. Cooperation, the ability to work together with colleagues while respecting ethics and norms.
5. Social concern, paying attention to the welfare of fellow employees and the work environment.
6. Integrity, consistency between words, attitudes, and actions according to the organization's moral values.

Leadership

According to Northouse (2021): Leadership is the interaction between a leader and followers intended to achieve common goals. According to Lussier & Achua (2022), Leadership is the art of influencing others to contribute voluntarily to achieve organizational goals.

Leadership Indicators

According to Lussier & Achua (2022) above, leadership indicators are:
1. Motivational ability, Encouraging subordinates to achieve work targets with enthusiasm and discipline.
2. Communication skills, Conveying information and instructions clearly, effectively, and timely.
3. Decision making, Able to make fair, accurate, and appropriate decisions according to organizational needs.
4. Providing direction and guidance, Guiding subordinates in completing tasks effectively.
5. Ability to lead change, Helping subordinates adapt to organizational or technological changes.

Organizational Commitment

According to Armstrong (2022): Organizational commitment reflects employee loyalty to the organization and the willingness to support organizational success.

According to Luthans (2021): Organizational commitment is the individual's attachment to the values, goals, and mission of the organization, reflected in daily work behavior.

Indicators of Organizational Commitment

According to Luthans (2022):, indicators of Organizational Commitment are:
1. Affective commitment, Emotional attachment to the organization.
2. Continuance commitment, Awareness of the costs to be borne if leaving the organization.
3. Normative commitment, A sense of moral obligation to remain in the organization.
4. Loyalty to the organization, Willingness to support organizational goals.
5. Compliance with rules, Following organizational regulations and procedures.
6. Active participation, Activeness in organizational activities and contribution to goal achievement.
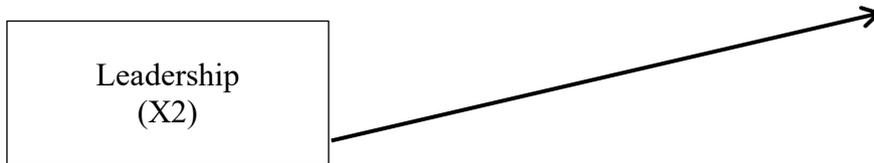
Conceptual Framework
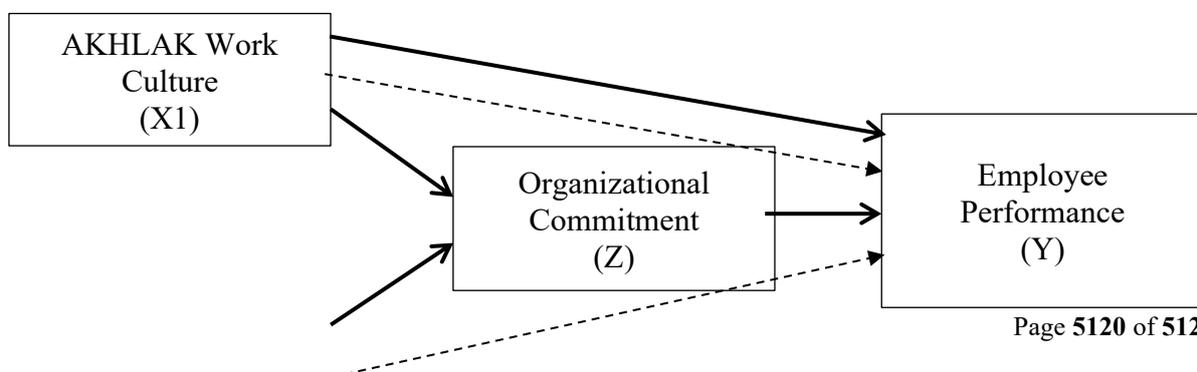
Figure 1. Conceptual Framework

Hipotesis Penelitian
1. The AKHLAK work culture has a positive and significant effect on Employee Performance at PLN UP2D Aceh.
2. Leadership has a positive and significant effect on Employee Performance at PLN UP2D Aceh.
3. The AKHLAK work culture has a positive and significant effect on the Organizational Commitment of employees at PLN UP2D Aceh.
4. Leadership has a positive and significant effect on the Organizational Commitment of employees at PLN UP2D Aceh.
5. Organizational Commitment has a positive and significant effect on Employee Performance at PLN UP2D Aceh.
6. The AKHLAK work culture has a positive and significant effect on Employee Performance through Organizational Commitment at PLN UP2D Aceh.
7. Leadership has a positive and significant effect on Employee Performance through Organizational Commitment at PLN UP2D Aceh.

Research Type

According to Sugiyono (2017), quantitative research is research whose data is in the form of numbers and is analyzed using statistical techniques to test predetermined hypotheses. Quantitative research is often used to determine the influence of independent variables on dependent variables.

Population and Sample

According to Sugiyono (2017), population is a group of research subjects that have one or several specific characteristics determined by the researcher to be studied and concluded. In this study, the population is all employees of PLN UP2D Aceh, totaling 41 people.

According to Sekaran & Bougie (2016), a sample is a subject or research unit selected from a population with the aim of drawing conclusions about that population. Because the population size is relatively small (41 people), this study uses a saturated sample (census sampling). A saturated sample means that all members of the population are used as research samples, so the obtained data will represent the entire population completely.

Research Time and Place
Research Place

This research was conducted at PLN UP2D Aceh, located at: Jalan Tentara Pelajar No. 11, Baiturrahman District, Merduati, Banda Aceh. This location was chosen because all employees of PLN UP2D Aceh are relevant research objects for directly measuring the variables of AKHLAK work culture, leadership, organizational commitment, and employee performance.

Research Time

This research was conducted from November to December 2025, According to Sugiyono (2017), determining the time and place of research is important so that the research can be carried out systematically, controlled, and can minimize disturbances that affect data quality.

Data Collection Techniques

According to Sugiyono (2017), questionnaires are one of the data collection techniques widely used in quantitative research because they facilitate data collection from a large number of respondents in a relatively short time.

Research Data Sources

In this research, data were obtained from two main sources, namely primary and secondary. Primary data sources are data obtained directly from the research object through active data collection. According to Sugiyono (2017), primary data is data obtained directly from respondents who are the research object, thus being more accurate and relevant to the research objectives.

Data Analysis Technique

This technique was chosen because it is flexible for small sample sizes, does not require data normality assumptions, and is able to handle complex research models with mediating or moderating variables (Hair, Hult, Ringle, & Sarstedt, 2017).

In this study, data analysis was carried out in stages, starting from testing the measurement model to the structural model:
1. Measurement Model Testing
2. Structural Model Testing
3. Interpretation and Conclusion

Results and Discussion
Outer Model Analysis

The outer model measurement model testing was conducted to determine the specification of the relationship between latent variables and their manifest variables. This test is to determine whether the values are valid and reliable. To conduct the research, all indicator values must be valid and reliable after obtaining valid and reliable values. This includes convergent validity, discriminant validity, and reliability.

Convergent Validity

Convergent validity of the reflective measurement model can be seen from the correlation between the item/indicator score and its construct score. Indicators with an individual correlation value greater than 0.7 are considered valid, but in developmental stage research, indicator values of 0.5 and 0.6 are still acceptable.
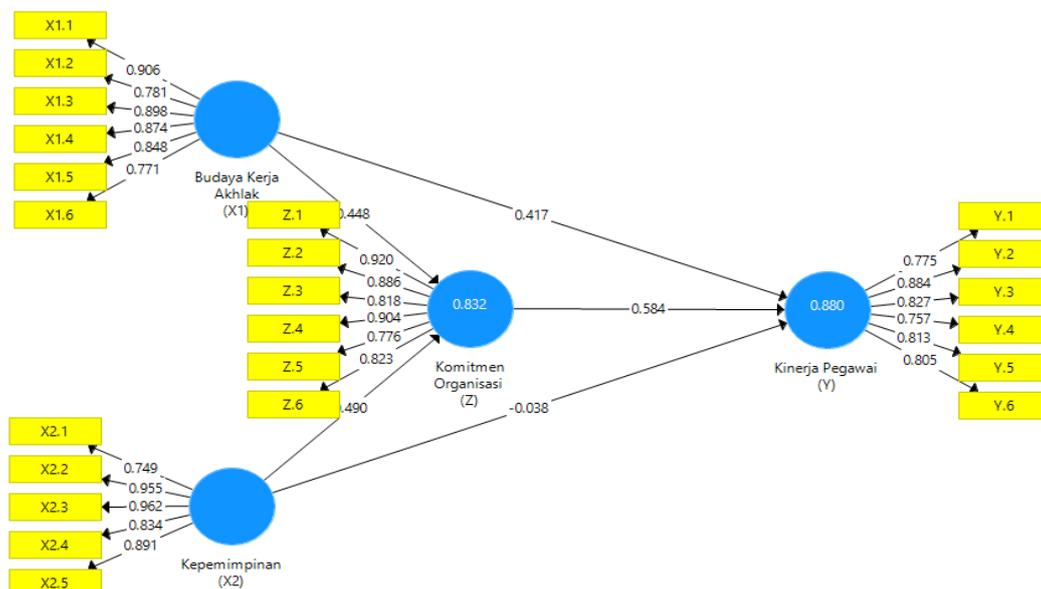

Figure 2. Outer Model

Source: Smart PLS 3.3.3

The Smart PLS output for loading factor provides results in the following table: Outer Loadings. In this study, there is an equation and that equation consists of two substructures. For substructure 1

$Z = b1X1 + b2X2 + e1$

$Z = 0,448 + 0,490 + e1$

For substructure 2

$Y = b3X1 + b4X2 + b5Z + e2$

$Y = 0,417 - 0,038 + 0,584 + e2$

Table 1. Outer Loadings

	AKHLAK Work Culture _(X1)	Leadership_(X2)	Employee Performance _(Y)	Organizational Commitment _(Z)
X1.1	0,906			
X1.2	0,781			
X1.3	0,898			
X1.4	0,874			
X1.5	0,848			
X1.6	0,771			
X2.1		0,749		
X2.2		0,955		
X2.3		0,962		
X2.4		0,834		
X2.5		0,891		
Y.1			0,775	
Y.2			0,884	
Y.3			0,827	
Y.4			0,757	
Y.5			0,813	
Y.6			0,805	
Z.1				0,920
Z.2				0,886
Z.3				0,818
Z.4				0,904
Z.5				0,776
Z.6				0,823

Source: Smart PLS 3.3.3

Table 1 shows that all indicators have outer loading values above 0.70, indicating that each indicator is able to represent the measured latent construct. The AKHLAK Work Culture (X1) indicators have outer loading values between 0.771-0.906, Leadership (X2) between 0.749-0.962, Employee Performance (Y) between 0.757-0.884, and Organizational Commitment (Z) between 0.776-0.920. These results show that all indicators are valid and suitable for further analysis, and support the reliability and validity of the research constructs.

Discriminat Validity

The next research is to determine data that is valid in terms of Discriminant Validity, aiming to determine whether the cross-loading value is greater than other latent variables, thus determining that the indicator results correlate highly with their constructs. The following table shows the cross-loading results from the validity test as follows:

Table 2. Discriminant Validity

	AKHLAK Work Culture _(X1)	Leadership_(X2)	Employee Performance _(Y)	Organizational Commitment _(Z)
X1.1	**0,906**	0,896	0,775	0,808
X1.2	**0,781**	0,729	0,853	0,820
X1.3	**0,898**	0,740	0,777	0,717
X1.4	**0,874**	0,726	0,740	0,691
X1.5	**0,848**	0,763	0,756	0,772
X1.6	**0,771**	0,648	0,645	0,658
X2.1	0,602	**0,749**	0,656	0,650
X2.2	0,821	**0,955**	0,744	0,837
X2.3	0,827	**0,962**	0,755	0,838
X2.4	0,847	**0,834**	0,809	0,740
X2.5	0,803	**0,891**	0,785	0,834
Y.1	0,686	0,682	**0,775**	0,761
Y.2	0,753	0,782	**0,884**	0,841
Y.3	0,793	0,679	**0,827**	0,779
Y.4	0,738	0,698	**0,757**	0,678
Y.5	0,689	0,650	**0,813**	0,642
Y.6	0,716	0,651	**0,805**	0,753
Z.1	0,819	0,900	0,839	**0,920**
Z.2	0,790	0,774	0,855	**0,886**
Z.3	0,715	0,733	0,735	**0,818**
Z.4	0,769	0,848	0,800	**0,904**
Z.5	0,697	0,586	0,674	**0,776**
Z.6	0,743	0,690	0,803	**0,823**

Source: Smart PLS 3.3.3

Table 2 shows that each indicator has the highest loading value on the construct it measures compared to other constructs. This can be seen in the indicators of AKHLAK Work Culture (X1), Leadership (X2), Employee Performance (Y), and Organizational Commitment (Z), where each of their loading values is largest on its original variable. Thus, all constructs have met the discriminant validity criteria, showing that each variable is able to clearly differentiate its indicators from other variables.

Composite reliability

In this research, composite reliability is used to see each variable with its reliability value. If the variable value is greater than 0.60, the research is considered reliable, and if it is below 0.60 or 0.7, it is not reliable. There are several blocks to determine whether the research is reliable or not and valid or not, including Cronbach's alpha value, composite reliability, and AVE value, as seen in the table below:

Table 3. Construct Reliability and Validity

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)

AKHLAK Work Culture _(X1)	0,921	0,939	0,719
Leadership_(X2)	0,926	0,945	0,778
Employee Performance _(Y)	0,896	0,920	0,658
Organizational Commitment _(Z)	0,926	0,942	0,733

Source: Smart PLS 3.3.3

Table 3 shows that all constructs have Cronbach's Alpha values above 0.70 and composite reliability above 0.80, indicating that all variables have a good level of reliability. In addition, the Average Variance Extracted (AVE) value for each construct is above 0.50, indicating that each variable has met the convergent validity criteria. Thus, the constructs of AKHLAK Work Culture (X1), Leadership (X2), Employee Performance (Y), and Organizational Commitment (Z) are declared reliable and valid for use in further analysis.

Inner Model Analysis

Evaluation of the structural model (inner model) is carried out to ensure that the built structural model is robust and accurate. The analysis stages carried out in the structural model evaluation are seen from several indicators, namely:

Coefficient of Determination (R2)

Based on the data processing that has been carried out using the SmartPLS 3.0 program, the following R Square values are obtained:

Table 4. R Square Results

	R Square	**Adjusted R Square**
Employee Performance _(Y)	0,880	0,870
Organizational Commitment _(Z)	0,832	0,823

Source: Smart PLS 3.3.3

Table 4 shows that the R Square value for Employee Performance (Y) is 0.880 with an Adjusted R Square of 0.870, meaning that 88.0% of the variation in Employee Performance can be explained by the independent variables in the model, while the remainder is influenced by other factors outside the research. Meanwhile, the R Square value for Organizational Commitment (Z) is 0.832 with an Adjusted R Square of 0.823, indicating that 83.2% of the variation in organizational commitment can be explained by the variables in the model. These results show that the model has high predictive ability for both dependent variables.

Hypothesis Testing

After assessing the inner model, the next step is to evaluate the relationships between latent constructs as hypothesized in this research. Hypothesis testing in this study was conducted by looking at T-Statistics and P-Values. A hypothesis is stated as accepted if the T-Statistics value > 1.96 and P-Values < 0.05. The following are the results of Path Coefficients for direct effects:

Table 5. Path Coefficients (Direct Effects)

	Original Sample (O)	T Statistics (| O/STDEV |)	P Values	Results
AKHLAK Work Culture _(X1) -> Employee Performance _(Y)	0,417	2,545	**0,006**	**Accepted**
AKHLAK Work Culture _(X1) -> Organizational Commitment _(Z)	0,448	3,386	**0,000**	**Accepted**
Leadership_(X2) -> Employee Performance _(Y)	-0,038	0,216	**0,415**	**Rejected**
Leadership_(X2) -> Organizational Commitment _(Z)	0,490	3,428	**0,000**	**Accepted**
Organizational Commitment _(Z) -> Employee Performance _(Y)	0,584	3,820	**0,000**	Accepted

Source: Smart PLS 3.3.3

1. AKHLAK Work Culture (X1) on Employee Performance (Y)
   The results show a positive and significant effect with a coefficient of 0.417, T-statistic 2.545, and p-value 0.006. This means that an increase in AKHLAK work culture contributes to improving employee performance. The hypothesis is accepted.
2. AKHLAK Work Culture (X1) on Organizational Commitment (Z)
   A positive and significant effect is seen with a coefficient of 0.448, T-statistic 3.386, and p-value 0.000. This indicates that a good AKHLAK work culture increases employee organizational commitment. The hypothesis is accepted.
3. Leadership (X2) on Employee Performance (Y)
   A positive and significant effect is seen with a coefficient of 0.448, T-statistic 3.386, and p-value 0.000. This indicates that a good AKHLAK work culture increases employee organizational commitment. The hypothesis is accepted.
4. Leadership (X2) on Organizational Commitment (Z)
   A positive and significant effect is seen with a coefficient of 0.448, T-statistic 3.386, and p-value 0.000. This indicates that a good AKHLAK work culture increases employee organizational commitment. The hypothesis is accepted.
5. Organizational Commitment (Z) on Employee Performance (Y)
   A positive and significant effect with a coefficient of 0.584, T-statistic 3.820, and p-value 0.000. This indicates that an increase in organizational commitment directly improves employee performance. The hypothesis is accepted.

Table 6. Path Coefficients (Indirect Effects)

	Original Sample (O)	T Statistics (| O/STDEV |)	P Values	Results
AKHLAK Work Culture _(X1) -> Organizational Commitment _(Z) -> Employee Performance _(Y)	0,261	3,140	**0,001**	**Accepted**
Leadership_(X2) -> Organizational Commitment _(Z) -> Employee Performance _(Y)	0,286	2,171	**0,015**	**Accepted**

Source: Smart PLS 3.3.3

6. AKHLAK Work Culture (X1) through Organizational Commitment (Z) on Employee Performance (Y)
   The results show a positive and significant effect with a coefficient of 0.261, T-statistic 3.140, and p-value 0.001. This indicates that organizational commitment acts as a mediator that strengthens the effect of AKHLAK work culture on employee performance. The hypothesis is accepted.

7. Leadership (X2) through Organizational Commitment (Z) on Employee Performance (Y)
   A positive and significant effect is seen with a coefficient of 0.286, T-statistic 2.171, and p-value 0.015. This shows that organizational commitment mediates the relationship between leadership and employee performance, so the hypothesis is accepted.

Conclusion

1. The AKHLAK work culture has a positive and significant effect on employee performance, so that improving the AKHLAK work culture directly improves employee performance.
2. The AKHLAK work culture has a positive and significant effect on organizational commitment, meaning that a good AKHLAK work culture increases employee attachment to the organization.
3. Leadership does not have a direct effect on employee performance, so in this model, leadership does not directly improve performance.
4. Leadership has a positive and significant effect on organizational commitment, which shows that effective leadership is able to increase employee loyalty and attachment.
5. Organizational commitment has a positive and significant effect on employee performance, so employee commitment is an important factor in improving performance.
6. The AKHLAK work culture has a positive and significant indirect effect on employee performance through organizational commitment, indicating the mediating role of organizational commitment in strengthening the effect of the AKHLAK work culture.
7. Leadership has a positive and significant indirect effect on employee performance through organizational commitment, emphasizing that the influence of leadership on performance occurs through increased employee commitment.

Suggestions

1. Management is advised to continue instilling strong AKHLAK values and work ethics in the company environment through socialization, training, and supervision. A good work culture has been proven to improve employee performance and strengthen organizational commitment.
2. The company needs to develop leadership abilities that encourage open communication, care, and employee motivation. Effective leadership is able to increase employee commitment, which in turn has a positive impact on performance.
3. Efforts to strengthen employee attachment through reward programs, career development, and a conducive work environment are very important, because organizational commitment has been proven to improve employee performance, both directly and as a mediator.
4. The company can design human resource development programs that combine the cultivation of AKHLAK work culture and effective leadership to achieve optimal performance improvement.

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