Employee Performance Improvement Model

Hotmonaria Damanik, Kiki Farida Ferine, M.Isa Indrawan

Abstract

This study aims to analyze the influence of Work Culture, Moral Values (Moral Values (Akhlak)), and Leadership on Employee Performance mediated by Organizational Commitment at the Regional Office of Human Rights of North Sumatra (Working Area of North Sumatra and Riau Islands). The issue addressed in this study is the importance of improving employee performance, which is influenced by work culture, moral values, leadership, and organizational commitment. This research employed a quantitative approach with an explanatory research design. The population consisted of all employees of the Regional Office of Human Rights of North Sumatra (Working Area of North Sumatra and Riau Islands). Data were analyzed using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) method with the assistance of SmartPLS software. The results indicate that Moral Values (Moral Values (Akhlak)) have a positive and significant effect on Employee Performance, with a path coefficient of 0.338, a T-statistic of 3.105, and a P-value of 0.001. Work Culture does not have a significant effect on Employee Performance, with a path coefficient of -0.009, a Tstatistic of 0.057, and a P-value of 0.477. Leadership has a positive and significant effect on Employee Performance, with a path coefficient of 0.453, a T-statistic of 4.706, and a P-value of 0.000. Furthermore, Work Culture has a positive and significant effect on Organizational Commitment, with a path coefficient of 0.592, a T-statistic of 3.392, and a P-value of 0.000, while Moral Values (Moral Values (Akhlak)) do not have a significant effect on Organizational Commitment, with a path coefficient of 0.105, a T-statistic of 0.795, and a P-value of 0.213. Leadership has a positive and significant effect on Organizational Commitment, with a path coefficient of 0.260, a T-statistic of 1.956, and a P-value of 0.026. In addition, Organizational Commitment has a positive and significant effect on Employee Performance, with a path coefficient of 0.214, a T-statistic of 1.880, and a P-value of 0.030. The indirect effect analysis shows that Organizational Commitment is unable to mediate the effect of Moral Values (Moral Values (Akhlak)) on Employee Performance (coefficient = 0.022; T-statistic = 0.688; P-value = 0.246), unable to mediate the effect of Work Culture on Employee Performance (coefficient = 0.127; T-statistic = 1.532; P-value = 0.063), and unable to mediate the effect of Leadership on Employee Performance (coefficient = 0.056; T-statistic = 1.347; P-value = 0.089). Therefore, the effects of Moral Values (Moral Values (Akhlak)) and Leadership on Employee Performance occur predominantly through direct relationships, while Work Culture plays a more important role in enhancing Organizational Commitment.

Keywords: Work Culture, Moral Values (Moral Values (Akhlak)), Leadership, Organizational Commitment, Employee Performance, SEM-PLS.

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Introduction

Improving employee performance is one of the main focuses in human resource management. Optimal performance is influenced not only by individual abilities but also by organizational factors such as work culture, moral values (Moral Values (Akhlak)), leadership, and organizational commitment. Work culture is a set of values, norms, and habits that develop within an organization and serve as a guide for employees in acting and behaving. A strong work culture encourages the creation of discipline, responsibility, and orientation towards achieving organizational goals. Conversely, a weak work culture can hinder employee performance due to a lack of awareness in carrying out tasks optimally. In the context of government institutions, a good work culture is essential to support the creation of quality public services. Good moral values reflect honesty, trustworthiness (amanah), discipline, and responsibility in work. Employees with good moral values will work with full integrity and professionalism, thereby being able to increase public trust in government institutions. Effective leadership will be able to encourage employees to work better and achieve set targets. Organizational commitment is a factor that can strengthen the relationship between work culture, moral values, and leadership on employee performance. Organizational commitment reflects the level of employee attachment to the organization, demonstrated through loyalty, involvement, and the desire to remain part of the organization. Employees with high commitment tend to show better performance because they have a sense of responsibility for the organization's success. In carrying out its duties and functions, this institution is required to have employees with high performance so that services to the public can run effectively, efficiently, and accountably. However, based on phenomena occurring in the field, employee performance at this institution is still not fully optimal. Employees have not shown consistent work discipline, such as delays in completing tasks and lack of initiative in work. Additionally, employee behaviors are still found that do not fully reflect the values of integrity and responsibility in work, which can ultimately impact the quality of service to the public. Existing leadership has also not been fully able to provide optimal motivation and direction to employees. Ineffective communication between leaders and subordinates is one of the factors influencing low employee morale.

Literature Review Employee Performance

According to Dessler (2020), performance is the level of achievement of tasks that form an employee's job. Employee performance is the work results achieved by individuals in carrying out their duties. According to Mangkunegara (2019), employee performance is the quality and quantity of work achieved by employees according to their responsibilities.

Indicators of Employee Performance

Indicators of employee performance according to Mangkunegara (2019) are:

1. Work quality
2. Work quantity
3. Punctuality
4. Work effectiveness
5. Responsibility

Work Culture

According to Sutrisno (2019), work culture is a system of values, norms, and habits that develop within an organization that influences how employees think and act in completing work. According to Wibowo (2018), work culture is a set of basic assumptions and values shared by organizational members that serve as a guide for behaving and working.

Indicators of Work Culture

The indicators of work culture according to Wibowo (2018) are as follows:

1. Discipline in working
2. Responsibility towards tasks
3. Teamwork
4. Commitment to the organization
5. Integrity in working

Moral Values (Akhlak)

According to Nata (2018), Moral Values (Akhlak) is a trait embedded in a person that drives them to act spontaneously without lengthy consideration. Meanwhile, according to Hasan (2019), Moral Values (Akhlak) is human behavior that reflects moral and ethical values in daily life.

Indicators of Moral Values (Akhlak) According to Nata (2018), these include:

1. Honesty
2. Responsibility
3. Discipline
4. Courtesy
5. Trustworthiness (Amanah)

Leadership

According to Robbins & Judge (2018), leadership is the ability of an individual to influence a group towards achieving organizational goals. According to Northouse (2019), leadership is a process where an individual influences a group of people to achieve common goals.

Indicators of Leadership

According to Robbins & Judge (2018), these are:

1. Ability to give direction
2. Ability to motivate
3. Communication ability
4. Decision-making
5. Role modeling

Organizational Commitment

According to Meyer & Allen (2018), organizational commitment is the emotional attachment, identification, and involvement of an individual with the organization. According to Luthans (2019), organizational commitment is an employee's attitude of loyalty towards the organization and the desire to remain part of the organization.

Indicators of Organizational Commitment According to Meyer & Allen (2018), these include:

1. Emotional attachment
2. Perceived cost of leaving
3. Moral obligation
4. Loyalty to the organization
5. Desire to remain working

Research Methodology

According to Sugiyono (2019), the quantitative research method is a research method based on the philosophy of positivism used to study a specific population or sample with the aim of testing predetermined hypotheses. The approach used in this study is an associative approach, which aims to determine the relationship or influence of independent variables on the dependent variable, either directly or indirectly through a mediating variable.

The population in this study were all employees at the Regional Office of Human Rights of North Sumatra (Working Area of North Sumatra totaling 45 employees and Riau Islands totaling 11 employees). The total number of respondents was 56 employees.

The sampling technique in this study used saturated sampling (census), which is a sampling technique where all members of the population are used as samples. Thus, the number of samples in this study was 56 respondents

According to Ghozali (2018), Partial Least Square (PLS) is a variance-based SEM analysis method used to test the measurement model (outer model) and structural model (inner model) simultaneously. PLS is also considered more flexible than covariance-based SEM because it does not require strict classical assumptions.

Results

A measurement model with convergent validity of reflective indicators is indicated by the relationship between the item/indicator score and the construct score. As long as the research is still in the development stage, it is permissible to use indicators with individual correlation values higher than 0.7. The structural model of the research is shown in the following figure:

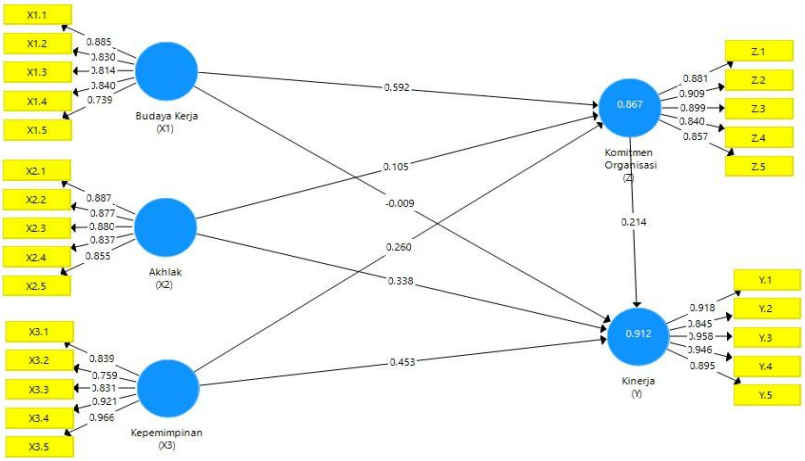

Figure 1. Outer Model

To determine the reliability value in subsequent testing, an indicator block evaluating the dependency of composite constructs is used. A construct value is considered reliable if the composite reliability value is greater than 0.60. The construct value of the variable from the indicator block measuring the construct can be used to calculate the reliability value using Cronbach's alpha in addition to testing the composite reliability value. An item is considered credible if its Cronbach's alpha value is greater than 0.7.

Table 1. Construct Reliability and Validity

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Moral Values (Akhlak)_(X2)	**0,918**	**0,938**	**0,752**

Work Culture_(X1)	**0,880**	**0,913**	**0,677**
Leadership_(X3)	**0,915**	**0,937**	**0,751**
Performance_(Y)	**0,950**	**0,962**	**0,834**
Organizational Commitment_(Z)	**0,925**	**0,944**	**0,770**

Source : Output Smart PLS

Based on Table 1, the results of the construct reliability and validity test show that all variables have Cronbach's Alpha values above 0.70, ranging from 0.880 to 0.950, and Composite Reliability values between 0.913 and 0.962. These results indicate that all constructs have very good reliability levels. Furthermore, the Average Variance Extracted (AVE) values for each variable are above 0.50, ranging from 0.677 to 0.834. Thus, the variables Work Culture, Moral Values, Leadership, Organizational Commitment, and Performance have met the criteria for reliability and convergent validity, so the research instrument is declared reliable and valid for further analysis.

Coefficient of Determination (R2)

Based on data processing performed using the SmartPLS 3.0 program, the R Square values obtained are as follows:

Table 2 . R Square Results

	R Square	**Adjusted R Square**
Performance_(Y)	0,912	0,905
Organizational Commitment_(Z)	0,867	0,860

Source : Output Smart PLS

Based on Table 2, the results of the R Square test show that the Performance variable (Y) has an R Square value of 0.912 and an Adjusted R Square of 0.905. This means that 91.2% of the variation in Performance can be explained by the variables Work Culture, Moral Values, Leadership, and Organizational Commitment, while the remaining 8.8% is explained by other factors outside the research model. Meanwhile, the Organizational Commitment variable (Z) has an R Square value of 0.867 and an Adjusted R Square of 0.860, indicating that 86.7% of the variation in Organizational Commitment can be explained by the variables Work Culture, Moral Values, and Leadership, while the remaining 13.3% is influenced by other factors not examined. These high R Square values indicate that the research model has an excellent explanatory capability.

Hypothesis Testing

After conducting the inner model assessment, the next step is to examine the proposed relationships between latent constructs in this study. This research hypothesis testing technique uses T-Statistics and P-Values. A hypothesis is considered accepted if the T-Statistics value is greater than 1.96 and the P-Value is less than 0.05. The following are the results of the path coefficients for direct effects:

Table 3. Path Coefficients (Direct Effects)

	Original Sample (O)	T Statistics (| O/STDEV |)	P Values	Results
Moral Values (Akhlak)_(X2) -> Performance_(Y)	0,338	3,105	**0,001**	**Accepted**
Moral Values (Akhlak)_(X2) -> Organizational Commitment_(Z)	0,105	0,795	**0,213**	**Rejected**
Work Culture_(X1) -> Performance_(Y)	-0,009	0,057	**0,477**	**Rejected**
Work Culture_(X1) -> Organizational Commitment_(Z)	0,592	3,392	**0,000**	**Accepted**
Leadership_(X3) -> Performance_(Y)	0,453	4,706	**0,000**	**Accepted**
Leadership_(X3) -> Organizational Commitment_(Z)	0,260	1,956	**0,026**	**Accepted**
Organizational Commitment_(Z) -> Performance_(Y)	0,214	1,880	**0,030**	**Accepted**

Source : Output Smart PLS

1. Effect of Work Culture (X1) on Performance (Y)
The test results show that Moral Values have a path coefficient value of 0.338, a T-Statistic of 3.105, and a P-Value of 0.001. Because the T-Statistic > 1.96 and the P-Value < 0.05, Moral Values have a positive and significant effect on Performance. The hypothesis is accepted. 2. Effect of Work Culture (X1) on Performance (Y)
The test results show that Moral Values have a path coefficient value of 0.338, a T-Statistic of 3.105, and a P-Value of 0.001. Because the T-Statistic > 1.96 and the P-Value < 0.05, Moral Values have a positive and significant effect on Performance. The hypothesis is accepted. 3. Effect of Work Culture (X1) on Performance (Y)
The test results show that Work Culture has a path coefficient value of -0.009, a T-Statistic of 0.057, and a P-Value of 0.477. Because the T-Statistic < 1.96 and the P-Value > 0.05, Work Culture does not have a significant effect on Performance. The hypothesis is rejected.
4. Effect of Work Culture (X1) on Organizational Commitment (Z)
The test results show that Work Culture has a path coefficient value of -0.009, a T-Statistic of 0.057, and a P-Value of 0.477. Because the T-Statistic < 1.96 and the P-Value > 0.05, Work Culture does not have a significant effect on Performance. The hypothesis is rejected.
5. Effect of Leadership (X3) on Performance (Y)
The test results show that Leadership has a path coefficient value of 0.453, a T-Statistic of 4.706, and a P-Value of 0.000. Because the T-Statistic > 1.96 and the P-Value < 0.05, Leadership has a positive and significant effect on Performance. The hypothesis is accepted.
6. Effect of Leadership (X3) on Organizational Commitment (Z)
The test results show that Leadership has a path coefficient value of 0.260, a T-Statistic of 1.956, and a P-Value of 0.026. Because the P-Value < 0.05, Leadership has a positive and significant effect on Organizational Commitment. The hypothesis is accepted.
7. Effect of Organizational Commitment (Z) on Performance (Y)
The test results show that Organizational Commitment has a path coefficient value of 0.214, a T-Statistic of 1.880, and a P-Value of 0.030. Because the P-Value < 0.05, Organizational Commitment has a positive and significant effect on Performance.The hypothesis is accepted.

Table4. Path Coefficients (Indirect Effect)

	Original Sample (O)	T Statistics (| O/STDEV |)	P Values	Results
Moral Values (Akhlak)_(X2) -> Organizational Commitment_(Z) -> Performance_(Y)	0,022	0,688	**0,246**	**Rejected**
Work Culture_(X1) -> Organizational Commitment_(Z) -> Performance_(Y)	0,127	1,532	**0,063**	**Rejected**
Leadership_(X3) -> Organizational Commitment_(Z) -> Performance_(Y)	0,056	1,347	**0,089**	**Rejected**

Source : Output Smart PLS

1. Effect of Moral Values (X2) on Performance (Y) through Organizational Commitment (Z)

The test results show that the indirect effect of Moral Values on Performance through Organizational Commitment has a path coefficient value of 0.022, a T-Statistic of 0.688, and a P-Value of 0.246. Because the T-Statistic < 1.96 and the P-Value > 0.05, Organizational Commitment is unable to mediate the effect of Moral Values on Performance. The hypothesis is rejected.

2. Effect of Work Culture (X1) on Performance (Y) through Organizational Commitment (Z)

The test results show that the indirect effect of Work Culture on Performance through Organizational Commitment has a path coefficient value of 0.127, a T-Statistic of 1.532, and a P-Value of 0.063. Because the T-Statistic < 1.96 and the P-Value > 0.05, Organizational Commitment is unable to mediate the effect of Work Culture on Performance. The hypothesis is rejected.

3. Effect of Leadership (X3) on Performance (Y) through Organizational Commitment (Z)

The test results show that the indirect effect of Leadership on Performance through Organizational Commitment has a path coefficient value of 0.056, a T-Statistic of 1.347, and a P-Value of 0.089. Because the T-Statistic < 1.96 and the P-Value > 0.05, Organizational Commitment is unable to mediate the effect of Leadership on Performance. The hypothesis is rejected.

Conclusion

1. Moral Values (X2) have a positive and significant effect on Performance (Y) with a path coefficient value of 0.338, T-Statistic of 3.105, and P-Value of 0.001. This result indicates that the better the employee's moral values, the higher the resulting performance.
2. Moral Values (X2) do not have a significant effect on Organizational Commitment (Z) with a path coefficient value of 0.105, T-Statistic of 0.795, and P-Value of 0.213. This result indicates that employee moral values have not been able to significantly increase organizational commitment.
3. Work Culture (X1) does not have a significant effect on Performance (Y) with a path coefficient value of -0.009, T-Statistic of 0.057, and P-Value of 0.477. This result indicates that the applied work culture has not had a direct influence on improving employee performance.
4. Work Culture (X1) has a positive and significant effect on Organizational Commitment (Z) with a path coefficient value of 0.592, T-Statistic of 3.392, and P-Value of 0.000. This result indicates that the better the applied work culture, the higher the employee's commitment to the organization.

5. Leadership (X3) has a positive and significant effect on Performance (Y) with a path coefficient value of 0.453, T-Statistic of 4.706, and P-Value of 0.000. This result indicates that effective leadership can improve employee performance.
6. Leadership (X3) has a positive and significant effect on Organizational Commitment (Z) with a path coefficient value of 0.260, T-Statistic of 1.956, and P-Value of 0.026. This result indicates that good leadership can increase employee loyalty and commitment to the organization.
7. Organizational Commitment (Z) has a positive and significant effect on Performance (Y) with a path coefficient value of 0.214, T-Statistic of 1.880, and P-Value of 0.030. This result indicates that the higher the organizational commitment of employees, the higher their performance.
8. Moral Values (X2) do not have a significant effect on Performance (Y) through Organizational Commitment (Z) with a path coefficient value of 0.022, T-Statistic of 0.688, and P-Value of 0.246. This result indicates that Organizational Commitment is unable to mediate the relationship between Moral Values and Performance.
9. Work Culture (X1) does not have a significant effect on Performance (Y) through Organizational Commitment (Z) with a path coefficient value of 0.127, T-Statistic of 1.532, and P-Value of 0.063. This result indicates that Organizational Commitment is unable to mediate the relationship between Work Culture and Performance.
10. Leadership (X3) does not have a significant effect on Performance (Y) through Organizational Commitment (Z) with a path coefficient value of 0.056, T-Statistic of 1.347, and P-Value of 0.089. This result indicates that Organizational Commitment is unable to mediate the relationship between Leadership and Performance, so the effect of Leadership on Performance is more dominant directly.

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