



## The Influence of Organizational Culture on Organizational Performance with Organizational Commitment and Leadership as Mediation

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### Abstract

This study aims to determine the relationship between organizational culture, organizational commitment and leadership that can affect organizational performance in non-profit organizations. This research uses a quantitative approach using the PLS (Partial Least Square) based SEM (Structural Equation Model) method using SmartPLS 3.0 software. The sample in this study were employees of the Ministry of Education and Culture. The data collection technique for this research uses a questionnaire. The variables used in this study are organizational culture, organizational commitment, leadership, and organizational performance. The results of this study include organizational culture and leadership directly on organizational performance, while leadership can significantly increase the influence of organizational culture on company performance. In addition, organizational commitment is known to have no significant effect on organizational performance and cannot increase the influence of organizational culture on organizational performance. In this study, it is suggested that stakeholders for the Ministry of Education and Culture can increase their attention to factors that can affect the improvement of organizational performance, especially organizational culture and leadership.

## Introduction

The ministry is one of the organizations that is always highlighted for the resulting performance. Public and non-profit organizations are increasingly committed to introducing profound changes related to the growth of contract-based services, raising service quality standards for users, introducing efficient and effective management mechanisms (Macedo & Carlos Pinho, 2006). The importance of organizational performance stems from the fact that a certain amount of resources are invested in the business with the aim of obtaining greater profits (Seidu et al., 2022). The performance of non-profit institutions such as ministries is measured to determine how successful the programs implemented are and seen from the success of the internal objectives of the institution set for cooperation with external funding sources (Morrison, 2016).

This study uses organizational culture, organizational commitment and leadership as factors that are believed to affect organizational performance. Organizational culture is one of the factors that influence organizational performance (Macedo & Carlos Pinho, 2006; Rashid et al., 2003; Seidu et al., 2022). Organizational culture can be defined as "the shared values and basic assumptions that explain why organizations do what they do and focus on what they focus on" (Xu et al., 2012). An organization's organizational culture consists of beliefs, values, and norms shared by its workforce (Tran, 2023). Effective organizational culture will include successful strategies, effective leadership, excellent employee performance, and ethical philosophies (Kwarteng et al., 2022). One reason for interest in organizational culture is the

fact that organizational culture can have an influence on the financial performance of a company. Research (Kwarteng et al., 2022) explains that organizational culture is an important parameter for business survival and growth.

Another factor that may affect the performance of the organization is organizational commitment. Organizational commitment is the psychological commitment of employees' psychological commitment to stay together and identify themselves with an organization (Haque et al., 2019). Several studies explain that organizational commitment is one of the factors that affect organizational performance (Franco & Franco, 2017; Imamoglu et al., 2019; Oyewobi et al., 2019; Rashid et al., 2003) However, research (Pinho et al., 2013) suggests that organizational commitment has no influence on the performance of companies where relationships in them are more complex than anticipated, and different types of commitments may need to be considered. Employees' commitment to their organization is critical in improving productivity and overall organizational performance (Permata et al., 2023).

The performance both directly and indirectly of the organization depends on the efficiency of organizational leadership where the organization must emphasize increasing efficiency in leadership (Moslehpour et al., 2018). The research (Alkhadra et al., 2022) explains that ethical leadership affects the performance of the organization positively and significantly. Another study by (Hilton et al., 2021) states that democratic leadership affects organizational performance. Research from (Saeidi et al., 2021) states that overall leadership affects company performance.

From the description above, research will be conducted on organizational culture, organizational commitment, leadership, and organizational performance. Where in this research will study the influence of organizational culture, organizational commitment, and leadership on organizational performance.

Despite the problems in previous research, research on relationships in various concepts is still limited where researchers focus on direct influences on organizational performance. This study discusses the limitations of previous research by drawing relationships from various variables and factors that are interrelated with organizational performance. The main objective of this study is to examine the relationship between interconnected constructs: organizational culture, organizational commitment, leadership and organizational performance. In this study, non-profit organizations were used as research objects. This is because of the unique characteristics of non-profit organizations that must find creative new ways of managing their scarce resources to achieve goals because the funding used is external funding (Macedo & Carlos Pinho, 2006).

## **Methods**

This research is an adaptation and development of several previous studies conducted by (Dunger, 2023; Macedo & Carlos Pinho, 2006; Oyewobi et al., 2019; Seidu et al., 2022). Hypothesis testing is used to examine the influence of Organizational Culture on Organizational Culture with the mediating influence of Organizational Commitment and Leadership using SEM (Structural Equation Modelling). The analysis unit in this study used individuals as research objects with a sample of employees from the Ministry of Education and Culture with a total of 267 employees. In this study, cross-sectional data collection was collected at one time. The questionnaire was distributed online. The instrument tests conducted in this study include validity and reliability tests. Validity and reliability tests are carried out to ensure there are no discrepancies in the measurement results by ensuring respondents identify research objectives and are consistent in answering questions even though they are at different times.

## Results and Discussion

Hypothesis Test in this study aims to analyze the relationship between variables and the influence of mediation. SEM is used in this study to be able to test established hypotheses. The results of the hypothesis test include:

Table 1. Hypothesis Test Results.

Hypothesis	T Statistics	P Value	Results
H1	3.103	0.002	Supported
H2	0.424	0.671	Not supported
H3	6.968	0.000	Supported
H4	0.942	0.346	Not supported
H5	83.653	0.000	Supported
H6	0.286	0.775	Not supported
H7	7.003	0.000	Supported

Source: Data processed

### H1: Organizational Culture positively affects Organizational Performance

Based on the results of the hypothesis test that has been carried out, it can be seen that Organizational Culture affects Organizational Performance positively and significantly. This shows that H1 in this study can be supported where the Organizational Culture of the Ministry of Education and Culture affects the Organizational Performance of the Ministry of Education and Culture. Organizations that have a strong culture where employees are part of a team and collaborate and work together can achieve organizational goals and objectives (Dunger, 2023). This study also supports research (Macedo & Carlos Pinho, 2006; Seidu et al., 2022; Shea et al., 2023). The implications of the results of this research show that organizational culture can encourage organizational commitment and increase the consistency of employee behavior, as well as providing benefits for the organization. Employees will have a strong organizational commitment to their organization when the organizational culture implemented in the organization is in accordance with personal values and beliefs.

### H2: Organizational Commitment has no effect on Organizational Performance

Based on the results of the hypothesis test that has been carried out, it can be seen that Organizational Commitment does not affect Organizational Performance positively and significantly. This shows that H2 in this study cannot be supported where the Organizational Commitment from the Ministry of Education and Culture does not affect the Organizational Performance of the Ministry of Education and Culture. This could be due to the influence of the level of education of respondents where highly educated workers will feel satisfied with their work but not committed to their organization so that organizational commitment does not affect performance (Yiing & Ahmad). Therefore, research on the level of organizational commitment based on the level of education needs to be studied more closely to find out the broader and deeper organizational commitment. This study is supported by research from (Macedo & Carlos Pinho, 2006) which states that organizational commitment does not significantly affect performance. There are several reasons found that organizational commitment does not have a significant effect on performance, because most employees consider that commitment to the organization is an obligation that should exist among employees in carrying out their duties as this system does not make their performance higher. Apart from that, based on the results of observations and interviews looking at the age level of respondents which ranged from 20-40 years, this makes the possibility of commitment to the

organization also very low. But there is another thing that they can still look for other jobs that can support them in their careers because they are still young.

### **H3: Leadership has a positive influence on Organizational Performance**

Based on the results of the hypothesis test that has been carried out, it can be seen that Leadership affects Organizational Performance positively and significantly. This shows that H2 in this study can be supported where the Leadership of the Ministry of Education and Culture affects the Organizational Performance of the Ministry of Education and Culture. Transformational leaders provide information, responsibility, motivation, skills, and competencies to their subordinates in creating, acquiring, sharing, storing, and implementing knowledge (Noruzy et al., 2013). Leaders have an important responsibility to develop organizational performance, which ultimately, plays an important role in ensuring organizational efficiency and sustainability (Danışman et al., 2015). This study also supports research (Dunger, 2023; Hilton et al., 2021). Based on the observation results, improving organizational performance requires an active role from leaders to provide encouragement or motivation by providing fulfillment of both physical and psychological needs within appropriate limits. In this way, employee job satisfaction will also be achieved. On the other hand, the value of employee efforts will be increasingly increased, because it is driven by the emergence of new hopes. Meanwhile, to balance their efforts at work, employees will increase their abilities accordingly, so that they are able to achieve maximum performance.

### **H4: Organizational Culture has no effect on Organizational Commitment**

Based on the results of the hypothesis test that has been carried out, it can be seen that Organizational Culture does not affect Organizational Commitment positively and significantly. This shows that H4 in this study cannot be supported where the Organizational Culture of the Ministry of Education and Culture does not affect the Organizational Commitment of the Ministry of Education and Culture. There are several dimensions in organizational culture, in research (Nongo & Ikyanyon, 2012) it is known that the dimensions of consistency and mission do not affect commitment, it occurs because employees do not know the goals of the organization. In addition, there are many types of organizational culture, so organizations need to re-ensure cultural conformity with the organization. As in research (Rodrigues et al., 2021) which found that not all types of organizational culture are suitable for one specific organization. . With this statement, it is necessary to create and maintain an appropriate organizational culture in the work environment.

### **H5: Organizational Culture positively affects Leadership**

Based on the results of the hypothesis test that has been carried out, it can be seen that Organizational Culture affects Leadership positively and significantly. This shows that H5 in this study can be supported where the Organizational Culture of the Ministry of Education and Culture affects the Leadership of the Ministry of Education and Culture. The results of the study show that a good organizational culture is under good leadership (Dunger, 2023). Participatory leadership approach can increase organizational commitment because leadership is the ability to influence others so that they are willing to work together to achieve organizational goals (Bytyqi, 2020). This study also supports research (Dunger, 2023; Xue, 2019). Based on the results obtained, strengthening organizational culture is one of the factors that supports leadership. With these findings, it is necessary to continuously improve organizational culture. Steps taken include improving capabilities, innovation and risk taking, attention to details, results orientation, people orientation, team orientation, aggressiveness, and steadiness/stability.

## **H6: Organizational Commitment is unable to mediate the influence of Organizational Culture on Organizational Performance**

Based on the results of the hypothesis test that has been carried out, it can be seen that Organizational Commitment is not able to mediate the influence of Organizational Culture on Organizational Performance positively and significantly with. This suggests that the H6 in this study cannot be supported. There are more complex relationships caused because there are various types of commitments that need to be considered, such as affective, continuation, and normative (Macedo & Carlos Pinho, 2006). The many types of culture as revealed in the study (Rodrigues et al., 2021) can lead to misalignment of cultural influences, organizational commitment and performance. Therefore, organizational commitment cannot reduce the influence of organizational culture on company performance.

## **H7: Leadership mediates the influence of Organizational Culture on Organizational Performance**

Based on the results of the hypothesis test that has been carried out, it can be seen that Leadership mediates the influence of Organizational Culture on Organizational Performance positively and significantly. This suggests that the H7 in this study can be supported. Organizational culture is the beliefs, values, and way employees behave as set by leadership that contribute to performance where a leader must know what to prioritize or balance between achieving goals and ensuring the satisfaction of all parties (Dunger, 2023). While the core values of an organization begin with its leadership, which will then develop into a leadership style (Tsai, 2011). Culture is a fundamental part of a company where culture shapes the way leaders think and act (Tran, 2023). Leaders who encourage inter-unit collaboration, collaboration and social relationships among a diverse workforce can promote effective cooperation, which is key to improving organizational performance (Lee & Syah, 2018). Therefore, leadership can reduce the influence of organizational culture on the Company's performance. The practical implications of research related to leadership and organizational culture are that leaders must continue to build participatory values that the goals of the organization are part of the goals of all members of the organization, protect the interests of followers, work based on standards, and always be oriented towards achieving results from the tasks assigned, all if carried out continuously and consistently will become values shared by all members of the organization or become a culture. Another finding from this research is that leadership as a factor that influences performance has a direct and indirect impact. Leadership strength has a direct impact on improving performance, apart from that, leadership effectiveness will also have an impact on strengthening existing organizational culture, cultural strength will also have an impact on achieving increased employee performance.

## **Conclusion**

The productivity of the organization is an important thing that must be considered by an organization. Organizational performance can provide an overview of the success of an organization to achieve goals. Non-profit based organizations must provide a satisfactory picture of performance considering that funding and funding obtained from external donors need to be accounted for. The Ministry of Education and Culture is a non-profit organization financed from the State Budget so that good performance must be displayed.

This study aims to determine the factors that can affect organizational performance. The results of this study show that organizational culture and leadership directly organizational performance, while leadership can increase the influence of organizational culture on company performance. Organizational commitment is known not to significantly affect organizational

performance and cannot increase the influence of organizational culture on organizational performance.

In this study, it is recommended for stakeholders for the Ministry of Education and Culture to increase attention to factors that can affect the improvement of organizational performance, especially organizational culture and leadership. Further research is expected to expand the scope of research to non-profit organizations by considering other variables as factors that affect organizational performance such as job satisfaction, compensation and work environment.

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