

The Influence of Leadership Style and Organizational Culture on Employee Performance with Work Motivation as an Intervening Variable: A Study at Bank Mandiri Singaraja Branch

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ABSTRACT

This study aims to analyze the influence of leadership style and organizational culture on employee performance with work motivation as an intervening variable at Bank Mandiri Singaraja Branch. The study employed a quantitative approach with a descriptive-correlational design. The population consisted of 40 employees, and all employees were included as the sample using saturated sampling. Data were collected through questionnaires and analyzed using path analysis with SPSS. The findings show that leadership style has a positive and significant effect on employee performance, while organizational culture also has a positive and significant effect on employee performance. Work motivation has a positive and significant effect on employee performance. Leadership style and organizational culture each have a positive and significant effect on work motivation. However, work motivation does not mediate the effect of leadership style on employee performance or the effect of organizational culture on employee performance. These findings indicate that employee performance at Bank Mandiri Singaraja Branch is more directly influenced by effective leadership and a strong organizational culture than through work motivation as an intervening mechanism. The practical implications are that management should strengthen effective leadership, internalize organizational values, and continue fostering work motivation through rewards, competency development, coaching, and effective communication.

INTRODUCTION

Globalization and technological disruption have created a highly competitive and dynamic banking business environment. Fintech innovation, regulatory changes, and increasingly sophisticated customer demands require conventional banks to continuously adapt and transform. In this situation, competitive advantage is no longer determined only by products and technology, but also by the quality of human resources. Employee performance directly affects service quality, customer satisfaction and loyalty, operational efficiency, profitability, and organizational sustainability. As one of Indonesia's largest state-owned banks, Bank Mandiri carries the responsibility of maintaining commercial performance while contributing to national development. Accordingly, every branch, including Singaraja Branch in Buleleng, is required to operate at an optimal level of performance.

An organization is a complex system in which its components influence one another. Low individual performance in one subsystem can reduce overall organizational performance. In service industries such as banking, where products can be relatively easy to imitate, high-performing and service-oriented human resources become a key differentiator. Planned and sustainable human resource development is therefore essential. Management is required to find effective ways to maintain employee productivity while developing employees' potential so that they can contribute optimally.

Leadership style and organizational culture are two organizational factors that are frequently regarded as important pillars of employee performance. Leadership style applied by branch management can influence employee behavior and productivity. A transformational leader, for example, can inspire employees and encourage them to exceed predetermined targets, whereas an inappropriate leadership style can create an unfavorable work environment and reduce work enthusiasm. Organizational culture, meanwhile, provides shared values, norms, and beliefs that guide how employees work. A culture oriented toward innovation, excellent service, and teamwork can encourage employees to contribute more effectively.

Bank Mandiri has corporate values that are expected to be internalized by employees. In the thesis context, organizational culture is also discussed through the Core Values AKHLAK – Amanah, Kompeten, Harmonis, Loyal, Adaptif, and Kolaboratif – which provide behavioral guidance for employees. Nevertheless, the extent to which these values are consistently internalized and translated into daily performance requires empirical examination.

The relationship between leadership style, organizational culture, and employee performance may also involve internal psychological mechanisms. Work motivation is positioned in this study as an intervening variable because supportive leadership and a strong organizational culture may encourage employees' intrinsic and extrinsic drives. Motivated employees are expected to show greater effort, persistence, responsibility, and commitment, which can be reflected in better performance.

Initial observations and informal interviews reported in the thesis indicated several issues at Bank Mandiri Singaraja Branch, including communication that

was not always smooth between superiors and subordinates, uneven workloads that could affect motivation, and pressure to achieve targets that could reduce attention to some non-financial aspects such as long-term customer relationship building. These conditions indicate room for improvement in leadership and organizational culture in order to strengthen motivation and performance.

Based on these considerations, the study analyzes the influence of leadership style and organizational culture on employee performance with work motivation as an intervening variable at Bank Mandiri Singaraja Branch. The study is expected to provide empirical evidence concerning direct and indirect relationships among the variables and to provide considerations for more effective human resource development at the branch.

LITERATURE REVIEW AND HYPOTHESES

Leadership is described in the thesis as the ability to influence other people's behavior, directly or indirectly, toward the achievement of organizational objectives. Leadership style refers to the behavior or approach selected and used by a leader to influence employees' thoughts, feelings, attitudes, and behavior. The study focuses on transformational leadership characteristics, which emphasize inspiring followers beyond their personal interests. The indicators used are inspirational motivation, intellectual stimulation, individualized consideration, and idealized influence (Bass & Riggio, 2020).

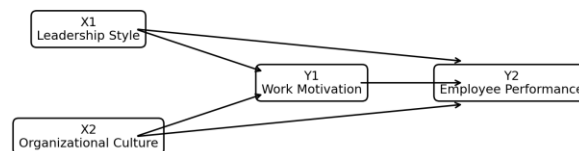
Organizational culture is understood as a system of values, norms, beliefs, and shared assumptions that becomes a guide for organizational members in thinking, behaving, and acting. Culture can function as a behavioral framework and a source of consistency within an organization. In this study, organizational culture is measured through implementation of norms, implementation of values, trust, orientation toward the interests of all members, aggressiveness at work, and maintaining work stability. These dimensions are consistent with the thesis discussion of organizational culture as a mechanism for directing employee behavior (Schein, 2017; Robbins & Judge, 2019).

Work motivation is defined in the thesis as a force or drive that arouses and directs behavior toward concrete efforts to achieve predetermined objectives. The study measures motivation through promotion, achievement, the work itself, rewards, responsibility, recognition of ability, and success at work. Motivation is considered important because employees with stronger work motivation are expected to show greater effort, engagement, and persistence in completing their responsibilities (Luthans, 2021; Maslow, 1943; McClelland, 1961).

Employee performance is the work result achieved by employees in carrying out organizational responsibilities. The indicators used in this study are work quality, work quantity, responsibility, cooperation, and initiative. Performance is treated as an important organizational outcome because it reflects employees' ability to meet work standards and contribute to organizational objectives (Colquitt et al., 2019; Robbins & Judge, 2019).

The conceptual model in the thesis proposes that leadership style and organizational culture have direct effects on employee performance and work motivation, while work motivation affects employee performance. Work motivation is also proposed to mediate the relationships between leadership style and performance and between organizational culture and performance. Based on the conceptual framework, seven hypotheses were formulated.

Figure 1. Conceptual framework of the study



H1: Leadership style has a positive effect on employee performance.

H2: Organizational culture has a positive effect on employee performance.

H3: Work motivation has a positive effect on employee performance.

H4: Leadership style has a positive effect on work motivation.

H5: Organizational culture has a positive effect on work motivation.

H6: Leadership style has a positive effect on employee performance through work motivation.

H7: Organizational culture has a positive effect on employee performance through work motivation.

METHODOLOGY

This study uses a quantitative approach with a descriptive-correlational design. The research examines the relationships among leadership style (X1), organizational culture (X2), work motivation (Y1), and employee performance (Y2) at Bank Mandiri Singaraja Branch. The analytical technique used is path analysis.

The population consisted of 40 employees of Bank Mandiri Singaraja Branch. The thesis used saturated sampling, meaning that all members of the population were included as research respondents. Primary data were obtained through questionnaires distributed to employees, while secondary data were obtained from literature, books, and company documents.

The questionnaire used a five-point Likert scale: 5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree, and 1 for strongly disagree. The leadership-style construct contains four indicators, organizational culture contains six indicators, work motivation contains seven indicators, and employee performance contains five indicators. The instrument sources stated in the thesis include Bass and Riggio (2016), Wirawan (2022), Sunyoto (2017), and Mangkunegara (2023).

Instrument testing was conducted using validity and reliability tests. Items were considered valid when the correlation coefficient was at least 0.30, while reliability was assessed using Cronbach's Alpha with a minimum criterion of 0.60. Classical assumption tests included normality, multicollinearity, and heteroscedasticity. Normality was assessed using the Kolmogorov-Smirnov test; multicollinearity was evaluated through tolerance and VIF; and heteroscedasticity was assessed using the Glejser test.

Data analysis used descriptive statistics and path analysis with SPSS for Windows. The structural relationships were specified in two sub-structural equations: (1) $Y1 = \beta1X1 + \beta2X2 + e1$; and (2) $Y2 = \beta1X1 + \beta2X2 + \beta3Y1 + e2$. Direct effects were assessed using the path coefficients and significance values. Indirect relationships through work motivation were evaluated in the thesis using the mediation/Sobel-test approach. A relationship was considered significant when the significance value was below 0.05.

RESULTS

The respondents comprised 40 employees. Most respondents were male (25 employees; 62.5%), had worked for less than five years (20 employees; 50.0%), were aged 26–35 years (28 employees; 70.0%), and held a bachelor's degree (33 employees; 82.5%). This profile indicates that the branch workforce represented in the study was predominantly productive-age employees with undergraduate education.

Descriptive results show that leadership style had an overall mean of 4.29 and was assessed very positively. Inspirational motivation had the highest mean (4.53), while intellectual stimulation had the lowest mean (4.13). Organizational culture had an overall mean of 4.18, with orientation toward the interests of all employees as the highest indicator (4.48) and implementation of organizational values as the lowest (3.88). Work motivation had an overall mean of 4.09, with rewards as the highest indicator (4.30) and achievement as the lowest (3.80). Employee performance had an overall mean of 4.19, with work quality as the highest indicator (4.28), while cooperation and initiative were the lowest indicators (4.10 each).

The validity and reliability results indicate that all questionnaire items met the criteria used in the thesis. Validity coefficients ranged from 0.621 to 0.939, and Cronbach's Alpha coefficients were 0.762 for leadership style, 0.871 for organizational culture, 0.815 for work motivation, and 0.932 for employee performance. The normality test produced an Asymp. Sig. (2-tailed) value of 0.086, indicating normally distributed residuals. Tolerance and VIF values also indicated no multicollinearity, and the Glejser results indicated no heteroscedasticity.

The model fit analysis reported a total coefficient of determination (R^2 total) of 0.821, meaning that the model explained 82.1% of the variation in employee performance through leadership style, organizational culture, and work motivation, while 17.9% was explained by factors outside the model. The thesis

therefore regarded the model as having very good goodness of fit for hypothesis testing.

Table 1. Respondent characteristics

Characteristic	Category	n	%
Gender	Male	25	62.5
	Female	15	37.5
Tenure	< 5 years	20	50.0
	5–10 years	13	32.5
	> 10 years	7	17.5
Age	< 26 years	4	10.0
	26–35 years	28	70.0
	> 35 years	8	20.0
Education	High school	6	15.0
	Bachelor's degree	33	82.5
	Postgraduate	1	2.5

Table 2. Descriptive distribution of Leadership Style

Indicator	1	2	3	4	5	Mean
Inspirational motivation	-	-	-	47.5	52.5	4.53
Intellectual stimulation	-	2.5	5.0	70.0	22.5	4.13
Individualized consideration	-	-	-	72.5	27.5	4.28
Idealized influence	-	-	-	80.0	20.0	4.20
Overall leadership style						4.29

Table 2. Descriptive distribution of Organizational Culture

Indicator	1	2	3	4	5	Mean
Implementation of norms	-	2.5	7.5	67.5	22.5	4.10
Implementation of values	-	7.5	15.0	60.0	17.5	3.88
Trust	-	-	-	62.5	37.5	4.38
Orientation to all employees' interests	-	-	-	52.5	47.5	4.48

Indicator	1	2	3	4	5	Mean
Aggressiveness at work	-	-	15.0	67.5	17.5	4.03
Maintaining work stability	-	-	2.5	72.5	25.0	4.23
Overall organizational culture						4.18

Table 2. Descriptive distribution of Work Motivation

Indicator	1	2	3	4	5	Mean
Promotion	-	7.5	15.0	65.0	12.5	3.83
Achievement	-	2.5	27.5	57.5	12.5	3.80
The work itself	-	-	2.5	72.5	25.0	4.23
Reward	-	-	5.0	60.0	35.0	4.30
Responsibility	-	-	-	77.5	22.5	4.23
Recognition of ability	-	-	15.0	62.5	22.5	4.08
Success at work	-	-	5.0	77.5	17.5	4.13
Overall work motivation						4.09

Table 2. Descriptive distribution of Employee Performance

Indicator	1	2	3	4	5	Mean
Work quality	-	-	-	72.5	27.5	4.28
Work quantity	-	-	-	75.0	25.0	4.25
Responsibility	-	-	-	75.0	25.0	4.25
Cooperation	-	-	15.0	60.0	25.0	4.10
Initiative	-	-	15.0	60.0	25.0	4.10
Overall employee performance						4.19

Table 6. Validity and reliability results

Variable	Validity coefficients	Cronbach's Alpha	Decision
Leadership style (X1)	0.779; 0.787; 0.768; 0.748	0.762	Reliable
Organizational culture (X2)	0.848; 0.827; 0.813; 0.801; 0.805; 0.626	0.871	Reliable
Work motivation (Y1)	0.640; 0.690; 0.782; 0.621; 0.800; 0.691; 0.756	0.815	Reliable
Employee performance (Y2)	0.807; 0.882; 0.907; 0.939; 0.939	0.932	Reliable

Table 7-9. Normality Test

Statistic	Value
N	40
Mean	0.0000000
Std. Deviation	1.92484664
Test Statistic	0.140
Asymp. Sig. (2-tailed)	0.086

Table 7-9. Multicollinearity Test

Variable	Tolerance	VIF
Leadership style (X1)	0.221	4.527
Organizational culture (X2)	0.204	4.896
Work motivation (Y1)	0.324	3.086

Table 7-9. Heteroscedasticity Test (Glejser)

Variable	B	Std. Error	Beta	t	Sig.
Constant	2.249	2.327		0.967	0.340
Leadership style (X1)	0.344	0.276	0.399	1.249	0.220
Organizational culture (X2)	-0.428	0.158	-0.898	-2.703	0.060
Work motivation (Y1)	0.139	0.124	0.295	1.118	0.271

Table 10. Direct and indirect effects from path analysis

Hypothesis / Relationship	Direct effect	Indirect effect	Total effect	Sig.	Decision
H1: Leadership style → Employee performance	0.590	-	0.590	0.011	Accepted
H2: Organizational culture → Employee performance	0.570	-	0.570	0.022	Accepted
H3: Work motivation → Employee performance	0.537	-	0.537	0.024	Accepted
H4: Leadership style → Work motivation	0.344	-	0.344	0.026	Accepted
H5: Organizational culture → Work motivation	0.532	-	0.532	0.001	Accepted
H6: Leadership style → Work motivation → Employee performance	-	0.185 (0.344×0.537)	0.185	-	Rejected
H7: Organizational culture → Work motivation → Employee performance	-	0.286 (0.532×0.537)	0.286	-	Rejected

Model fit. The total coefficient of determination was $R^2 = 0.821$ (82.1%), leaving 17.9% explained by factors outside the model.

DISCUSSION

The first hypothesis was supported. Leadership style had a positive and significant effect on employee performance, with a path coefficient of 0.590 and a significance value of 0.011. The finding indicates that more effective leadership is associated with higher employee performance. In the thesis, the leadership construct is primarily associated with transformational characteristics: inspiring

employees, encouraging intellectual development, giving individualized attention, and providing an ideal example. In a banking environment that requires accuracy, speed, service quality, and target achievement, effective leadership can directly guide employees toward performance targets.

The second hypothesis was supported. Organizational culture had a positive and significant effect on employee performance, with a path coefficient of 0.570 and a significance value of 0.022. A strong and consistently applied culture can shape employee behavior, discipline, professionalism, teamwork, and orientation toward organizational targets. The thesis relates this finding to the application of AKHLAK values and to the structured work environment of banking. The descriptive results also show that organizational culture was generally assessed positively, although the implementation of organizational values remains an area for strengthening.

The third hypothesis was supported. Work motivation had a positive and significant effect on employee performance, with a path coefficient of 0.537 and a significance value of 0.024. Employees with stronger motivation tend to demonstrate greater effort, responsibility, persistence, and willingness to achieve organizational targets. The highest motivational indicator was reward, whereas achievement had the lowest mean, suggesting that opportunities to demonstrate and receive recognition for achievement remain important areas for managerial attention.

The fourth hypothesis was supported. Leadership style positively and significantly affected work motivation, with a path coefficient of 0.344 and a significance value of 0.026. The thesis explains that clear direction, communication, inspiration, coaching, feedback, and attention to individual development can strengthen employees' enthusiasm and willingness to work. Leadership that is supportive and communicative is particularly relevant in a banking environment characterized by digital transformation, high targets, and changing customer expectations.

The fifth hypothesis was supported. Organizational culture positively and significantly affected work motivation, with a path coefficient of 0.532 and a significance value of 0.001. A culture based on shared values, trust, collaboration, adaptation, and professional behavior can create a supportive work environment and strengthen employees' sense of belonging. The thesis emphasizes that continuous internalization of organizational values is important because employees may differ in experience, age, and ability to adapt to organizational changes.

The sixth hypothesis was not supported. The indirect effect of leadership style on employee performance through work motivation was 0.185 (0.344×0.537), and the thesis concluded that work motivation did not mediate this relationship. Although leadership style significantly affected motivation and motivation significantly affected performance, the indirect mechanism was not sufficient to establish mediation. The thesis explains that the structured banking environment—characterized by standard operating procedures, Key Performance Indicators, performance monitoring, professional responsibilities,

and clear targets—may enable leadership to influence performance directly without motivation serving as the principal intervening mechanism.

The seventh hypothesis was also not supported. The indirect effect of organizational culture on employee performance through work motivation was 0.286 (0.532×0.537), and the thesis concluded that work motivation did not mediate the relationship. Organizational culture appears to influence performance more directly through internalized values, standards, professional behavior, and organizational work systems. The thesis notes that other factors, including organizational commitment, employee engagement, job satisfaction, discipline, competence, and loyalty, may potentially provide stronger explanatory mechanisms in future models.

Overall, the results show that the strongest direct path among the tested relationships was leadership style to employee performance (0.590), followed by organizational culture to employee performance (0.570), work motivation to employee performance (0.537), organizational culture to work motivation (0.532), and leadership style to work motivation (0.344). The central implication is that management should not rely on motivation alone as the mechanism for improving performance. Instead, direct improvement of leadership effectiveness and organizational culture should remain central, while motivation should continue to be strengthened because it independently contributes to performance.

CONCLUSION, IMPLICATIONS, AND LIMITATIONS

This study concludes that leadership style has a positive and significant effect on employee performance at Bank Mandiri Singaraja Branch. Organizational culture also has a positive and significant effect on employee performance. Work motivation has a positive and significant effect on employee performance. Leadership style and organizational culture each have a positive and significant effect on work motivation. However, work motivation does not mediate the effect of leadership style on employee performance and does not mediate the effect of organizational culture on employee performance. Thus, employee performance in the study context is more directly influenced by effective leadership and organizational culture than through work motivation as an intervening mechanism.

The managerial implications are consistent with the thesis recommendations. Leadership should be strengthened particularly in intellectual stimulation by encouraging creativity, brainstorming, coaching, discussion of problem solving, and opportunities for employees to propose improvements without ignoring operating standards. Organizational culture should be reinforced through continuous socialization and role modeling of AKHLAK values, evaluation of implementation, and recognition for consistent application. Work motivation should be supported through fair rewards, objective promotion, career development, coaching, and feedback. Cooperation and

initiative should also be strengthened through cross-unit coordination, employee involvement in problem solving, and space for innovation.

The study has several limitations. It was conducted only at Bank Mandiri Singaraja Branch, so the results cannot automatically be generalized to other Bank Mandiri branches or other banking organizations. The model contains only four variables, while other factors may affect performance. Data were collected through questionnaires and therefore depend on respondents' perceptions and may be subject to subjectivity or common-method bias. The cross-sectional design also captures conditions at one period and cannot fully describe changes over time. Future research can extend the model by examining variables such as employee engagement, organizational commitment, job satisfaction, competence, discipline, or work environment.

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