

## Analysis of Leadership and Organizational Culture on Employee Performance with Work Motivation as a Mediating Variable in the Revenue Agency of Batu Bara Regency

### Analisis Pengaruh Kepemimpinan dan Budaya Organisasi terhadap Kinerja Pegawai dengan Motivasi Kerja sebagai Variabel Mediasi pada Badan Pendapatan Daerah Kabupaten Batu Bara

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#### ABSTRAK

Kinerja pegawai merupakan faktor kunci dalam mendukung keberhasilan organisasi sektor publik, khususnya instansi pemerintah daerah yang berperan langsung dalam memberikan pelayanan kepada masyarakat. Badan Pendapatan Daerah Kabupaten Batu Bara dituntut untuk memiliki pegawai dengan kinerja yang optimal guna mendukung efektivitas pengelolaan dan pemungutan pajak daerah. Penelitian ini bertujuan untuk menganalisis pengaruh kepemimpinan dan budaya organisasi terhadap kinerja pegawai dengan motivasi kerja sebagai variabel mediasi pada Badan Pendapatan Daerah Kabupaten Batu Bara. Penelitian ini menggunakan pendekatan kuantitatif dengan metode survei. Populasi penelitian terdiri atas seluruh 100 pegawai negeri sipil (PNS) di Badan Pendapatan Daerah Kabupaten Batu Bara, yang seluruhnya dijadikan sampel (studi populasi). Data dikumpulkan melalui kuesioner dan dianalisis menggunakan metode Partial Least Squares (PLS) dengan bantuan perangkat lunak SmartPLS. Hasil penelitian menunjukkan bahwa kepemimpinan dan budaya organisasi berpengaruh positif dan signifikan terhadap kinerja pegawai dan motivasi kerja. Motivasi kerja juga berpengaruh positif dan signifikan terhadap kinerja pegawai. Uji efek mediasi menunjukkan bahwa motivasi kerja tidak mampu memediasi pengaruh kepemimpinan terhadap kinerja pegawai, namun mampu memediasi pengaruh budaya organisasi terhadap kinerja pegawai secara signifikan. Temuan ini mengindikasikan bahwa budaya organisasi yang kuat dapat meningkatkan motivasi kerja pegawai, yang pada akhirnya berdampak pada peningkatan kinerja. Penelitian ini diharapkan dapat menjadi bahan pertimbangan bagi pimpinan dalam merumuskan kebijakan manajemen sumber daya manusia yang berfokus pada penguatan budaya organisasi dan peningkatan motivasi kerja guna mendorong kinerja pegawai yang berkelanjutan.

#### ABSTRACT

Employee performance is a key factor in supporting the success of public sector organizations, especially local government agencies that play a direct role in serving the community. The Batu Bara Regency Revenue Agency is required to have employees with optimal performance to support the effectiveness of regional tax management and collection. This study aims to analyze the influence of leadership and organizational culture on employee performance with work motivation as a mediating variable at the Batu Bara Regency Revenue Agency. This study uses a quantitative approach with a survey method. The research population consists of all 100 civil servants (PNS) at the Batu Bara Regency Regional Revenue Agency, all of whom were included in the sample (population study). Data were collected through questionnaires and analyzed using the Partial Least Squares (PLS) method with the help of SmartPLS software. The results show that leadership and organizational culture have a positive and significant effect on employee performance and work motivation. Work motivation also has a positive and significant effect on employee performance. The mediation effect test shows that work motivation is not able to mediate the effect of leadership on employee performance, but it is able to mediate the effect of organizational culture on employee performance significantly. These findings indicate that a strong organizational culture can increase employee work motivation, which ultimately has an impact on improving performance. This study is expected to be taken into consideration by leaders in formulating human resource management policies that focus on strengthening organizational culture and increasing work motivation in order to encourage sustainable employee performance.

## INTRODUCTION

Employee performance is an important factor in determining operational effectiveness and the achievement of organizational goals, including in local government agencies. The Batu Bara Regency Revenue Agency, as an institution tasked with managing and collecting local taxes, is in dire need of employees with optimal performance so that services to the community can run smoothly. Employee

performance is not only influenced by individual abilities and skills , but also by broader factors such as leadership, organizational culture, and work motivation within the organization (Fadilah & Kirana, 2024).

Good leadership plays a significant role in creating a work environment that supports employee performance. Effective leaders are able to provide clear direction, create a shared vision, and motivate employees to achieve organizational goals. Transformational leadership, which focuses on empowering employees, can increase work enthusiasm and encourage employees to develop better. Conversely, leadership styles that do not allow room for individual initiative can reduce employee motivation and performance (Sumitra et al., 2023).

Organizational culture has a major influence on determining employee behavior patterns at work. A culture that supports values such as transparency, accountability, and cooperation can create a positive work atmosphere and increase employee productivity. Conversely, a toxic culture can hinder communication and reduce morale, which has a negative impact on organizational performance. Research by Rahman & Lataruva (2023) shows that a healthy organizational culture can strengthen employee commitment and support the achievement of common goals within the organization.

Work motivation is a variable that connects leadership and organizational culture with employee performance. High motivation encourages employees to work harder, show initiative, and produce better performance. Conversely, a lack of motivation can lead to decreased productivity and job dissatisfaction, resulting in poor performance. Work motivation functions as a mediating variable that connects the influence of leadership and organizational culture on employee performance (Kurnia & Sitorus, 2022).

With this background, this study aims to analyze the influence of leadership and organizational culture on employee performance with work motivation as a mediating variable at the Batu Bara District Revenue Agency. This study is expected to contribute to understanding the factors that influence employee performance in the public sector and provide recommendations that can be applied to improve employee performance in local government agencies.

## LITERATURE REVIEW

### Employee Performance

#### Definition of Employee Performance

Ridwan et al. (2020) define performance as the overall results or level of success of an individual in a certain period when carrying out tasks, compared to predetermined and agreed-upon work standards, targets, and criteria.

#### Factors Affecting Employee Performance

Factors Affecting Employee Performance according to Ridwan et al. (2020):

- 1) Quality of Human Resources (HR)  
Leadership encompasses the knowledge, skills, abilities, and expertise possessed by employees. The higher the level of leadership, the greater the ability of employees to produce optimal performance.
- 2) Leadership  
A leader's style, attention, support, and guidance greatly determine the success of employees' work. Leaders who are able to motivate, set an example, and provide guidance can improve the performance of their employees.
- 3) Organizational Culture  
Values, norms, habits, and behavior patterns in the work environment influence employee behavior. A conducive organizational culture, such as values of hard work, discipline, and cooperation, will encourage better performance.
- 4) Organizational Culture System  
Organizational culture in the form of compensation, incentives, recognition, and promotion plays a role in increasing work motivation. Employees who receive organizational culture in line with their achievements tend to show higher performance.

#### Employee Performance Indicators

According to Ridwan et al. (2020), employee performance indicators consist of:

- 1) Work Quality  
Describes the level of accuracy, precision, compliance with standards, and quality of employee work results.
- 2) Work Quantity  
Describes the amount of work that employees are able to complete within a certain period.
- 3) Time Accuracy

- Assessing employees' ability to complete work within the specified time limit.
- 4) Responsibility  
Demonstrating the seriousness of employees in carrying out their duties and responsibilities.
- 5) Cooperation  
Assessing employees' ability to work effectively with colleagues.
- 6) Initiative  
Assessing employees' internal drive to act without waiting for instructions.

## Work Motivation

### Understanding Work Motivation

According to Vo et al., 2022, work motivation is a drive that stems from individual needs (competence, autonomy, social relationships) that encourages productive and effective individual work behavior.

### Indicators of Work Motivation

The indicators of work motivation according to Vo et al., 2022 are as follows:

- 1) Competence  
Refers to an individual's ability to perform tasks well and feel capable of mastering their work. In this study, competence is measured through "highest level of education achieved" as a proxy.
- 2) Autonomy  
Refers to individual freedom and control over how they perform their work, namely the ability to make their own decisions and have choices at work.
- 3) Social connectedness  
Refers to the individual's need to feel connected, accepted, and have positive relationships with others in the work environment, for example, feeling that they belong to a group, are supported by coworkers, and have a sense of social belonging.

## Organizational Culture

### Definition of Organizational Culture

According to Ridwan et al. (2020), organizational culture consists of values, norms, habits, and behavior patterns that grow and develop within an organization, which serve as guidelines for employees in their actions and work. A good organizational culture will create a conducive work environment, increase a sense of belonging, and encourage employees to work more disciplined and productively in achieving organizational goals.

### Organizational Culture Indicators

Ridwan et al. (2020) state that organizational culture can be measured through the following indicators:

- 1) Organizational values  
The extent to which employees understand and apply organizational values in their work.
- 2) Work norms and rules  
Work norms that guide employee behavior on a daily basis.
- 3) Work habits  
Habits formed from employee interactions in the work environment.
- 4) Interpersonal relationships  
The quality of interaction and cooperation among employees.
- 5) Leadership in the organization  
Leaders as role models for organizational culture.
- 6) Commitment to the organization  
The extent to which employees feel connected to the organization's goals and values.

## Leadership

### Definition of Leadership

Robbins & Judge (2020) define leadership as the ability to influence a group to achieve goals. In essence: focus on influence and the achievement of organizational goals.

### Leadership Indicators

Leadership indicators according to Robbins & Judge (2020):

- 1) Ability to Provide Direction  
Effective leaders are able to explain tasks, provide work structure, and clearly define goals.

- 2) Ability to Provide Support  
Demonstrated through attention, empathy, and good interpersonal relationships with subordinates.
- 3) Ability to Motivate Subordinates  
Leaders influence subordinates through intrinsic and extrinsic motivation.
- 4) Decision-Making Skills  
Leaders must be able to make fair, logical, and quick decisions.
- 5) Communication Skills  
Robbins & Judge emphasize the importance of two-way communication in effective leadership.
- 6) Influencing Skills  
Effective leaders use power positively to encourage the work behavior of subordinates.

### Conceptual Framework

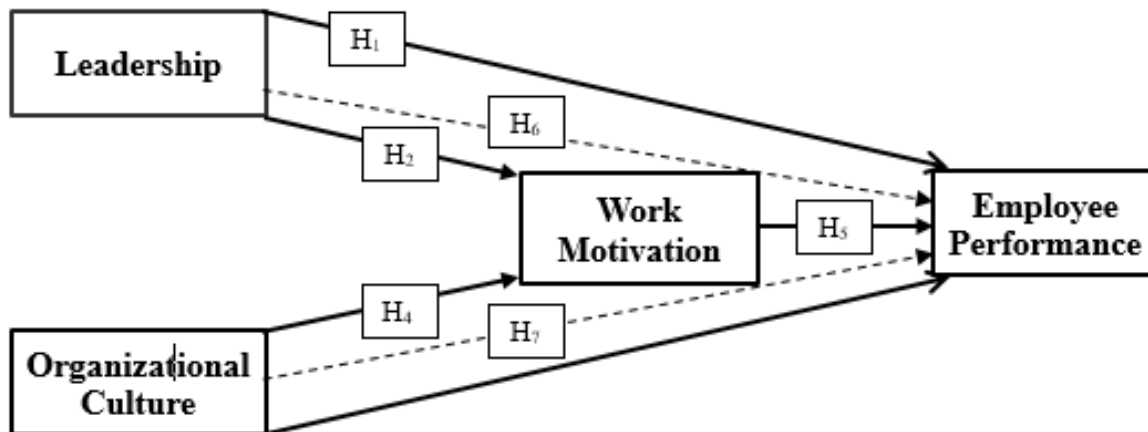


Figure 1. Conceptual Framework

### Research Hypothesis

- H<sub>1</sub> : Leadership has a positive and significant effect on employee performance at the Batu Bara District Revenue Agency.
- H<sub>2</sub> : Leadership has a positive and significant effect on work motivation at the Regional Revenue Agency of Batu Bara Regency.
- H<sub>3</sub> : Organizational culture has a negative and significant effect on employee performance at the Regional Revenue Agency of Batu Bara Regency.
- H<sub>4</sub> : Organizational culture has a negative and significant effect on work motivation at the Regional Revenue Agency of Batu Bara Regency.
- H<sub>5</sub> : Work motivation has a positive and significant effect on employee performance at the Regional Revenue Agency of Batu Bara Regency.
- H<sub>6</sub> : Leadership has a positive and significant effect on employee performance through work motivation at the Regional Revenue Agency of Batu Bara Regency.
- H<sub>7</sub> : Organizational culture has a positive and significant effect on employee performance through work motivation at the Batu Bara District Revenue Agency

## RESEARCH METHOD

### Type of Research

The type of research used by the researcher is quantitative research. According to Sugiyono (2022), quantitative research can be defined as a method based on positivism philosophy, used to study a specific population or sample, with sampling techniques generally conducted randomly, data collection using research instruments, and quantitative/statistical data analysis with the aim of testing predetermined hypotheses. This type of quantitative research was conducted to create a study aimed at adjusting a study and analyzing leadership and organizational culture on employee performance with work motivation as a mediating variable at the Batu Bara District Revenue Agency.

## RESULTS AND DISCUSSION

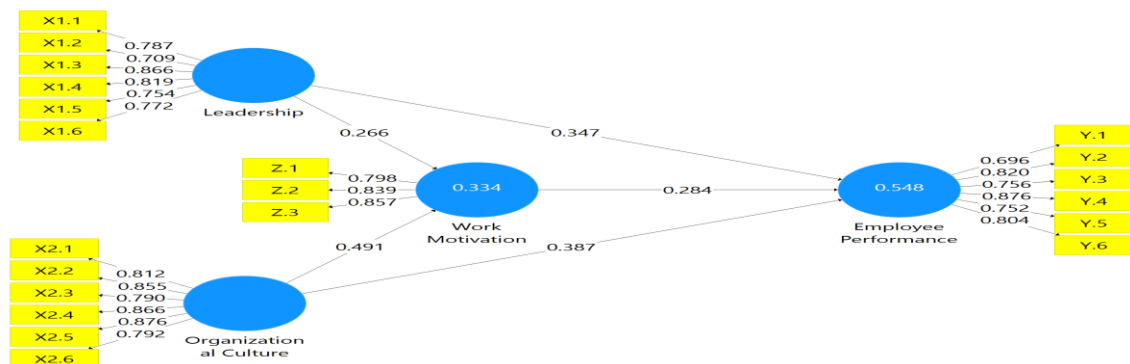
### Validity Test

**Table 1. Outer Loadings Values**

	Employee Performance	Leadership	Organizational Culture	Work Motivation
X1.1		0.787		
X1.2		0.709		
X1.3		0.866		
X1.4		0.819		
X1.5		0.754		
X1.6		0.772		
X2.1			0.812	
X2.2			0.855	
X2.3			0.790	
X2.4			0.866	
X2.5			0.876	
X2.6			0.792	
Y.1	0.696			
Y.2	0.820			
Y.3	0.756			
Y.4	0.876			
Y.5	0.752			
Y.6	0.804			
Z.1				0.798
Z.2				0.839
Z.3				0.857

Source: Smart PLS Output, 2025

Based on the values in Table 1 above, which show the results of outer model testing through loading factor/outer loadings values, all indicators in each variable have a loading value  $\geq 0.60$ . This indicates that each indicator is measured validly and strongly. Therefore, it can be concluded that all items in the questionnaire have met the validity criteria, as shown in the following figure.



**Figure 1. Outer Loading**

In this study, there is an equation, and that equation consists of two substructures for substructure 1:

$$Z = \beta_1 X_1 + \beta_2 X_2 + e_1$$

$$Z = 0.266 X_1 + 0.491 X_2 + e_1$$

For substructure 2:

$$Y = \beta_2 X_1 + \beta_3 X_2 + \beta_3 Z + e_2$$

$$Y = 0.347 X_1 + 0.387 X_2 + 0.284 Z + e_2$$

## Reliability Test

**Table 2. Construct Reliability and Validity Test**

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Employee Performance	0.875	0.885	0.906	0.618
Leadership	0.876	0.886	0.906	0.618
Organizational Culture	0.911	0.919	0.931	0.693
Work Motivation	0.778	0.790	0.871	0.692

Source: Smart PLS Output, 2025

From Table 2 above, the reliability test results show that the Cronbach's Alpha and Composite Reliability values for all constructs are above 0.70. This indicates that all indicators have high internal consistency and are reliable in measuring their respective constructs. Thus, the research instrument is declared reliable and suitable for use in structural model testing.

## Coefficient of Determination ( $R^2$ )

In assessing the model with PLS, we begin by looking at the R-square for each dependent latent variable. The table below shows the R-square estimation results using SmartPLS.

**Table 3. R Square Results**

	R Square	Adjusted R-Square
Work Motivation	0.334	0.320
Employee Performance	0.548	0.534

Source: Smart PLS, 2025

Table 3 shows the R square values for both dependent variables. For the work motivation variable, the R square value is 0.334, meaning that the influence of leadership and organizational culture is 0.334 or 33.4%, with the remainder attributable to other variables outside the model. The R-square value for employee performance is 0.548, meaning that leadership, organizational culture, and work motivation account for 0.548 or 54.8%, with the remainder attributable to other variables outside the model.

## Direct Influence Between Variables

The direct effect between variables can be seen in the *path coefficients*. The data analysis results show the direct effect values in the following table.

**Table 4. Path Coefficients (Direct Effects)**

	Original Sample	T Statistics	P Values	Conclusion
Leadership -> Employee Performance	0.347	4.641	0.000	Accepted
Leadership -> Work Motivation	0.266	2.775	0.006	Accepted
Organizational Culture -> Employee Performance	0.387	3.946	0.000	Accepted
Organizational Culture -> Work Motivation	0.491	5.716	0.000	Accepted
Work Motivation -> Employee Performance	0.284	2.836	0.005	Accepted

Source: Smart PLS Output, 2025

Table 4 shows the following direct effect values:

1. Leadership has a positive and significant effect on employee performance with a t-statistic value of 4.641 above 1.96 and a significance of 0.000 below 0.05, meaning that leadership has a real effect on employee performance because the significance value is below 0.05. The results of this study are in line with previous studies, namely that leadership has a positive and significant effect on employee performance (Fitrahayati & Surya, 2025).
2. Leadership has a positive and significant effect on work motivation with a t-statistic value of 2.775 above 1.96 and a significance of 0.006 below 0.05, meaning that leadership has a significant effect on work motivation because the significance value is below 0.05. The results of this study are in line with previous studies, namely that leadership has a positive and significant effect on work motivation (Fadillah & Mesra, 2023).

3. Organizational culture has a positive and significant effect on employee performance with a t-statistic value of 3.946 above 1.96 and a significance of 0.000 below 0.05, meaning that organizational culture has a significant effect on employee performance because the significance value is below 0.05. The results of this study are in line with previous studies, namely that organizational culture has a positive and significant effect on employee performance (Fauzi & Indrawan, 2023).
4. Organizational culture has a positive and significant effect on work motivation with a t-statistic value of 5.716 above 1.96 and a significance of 0.000 below 0.05, meaning that organizational culture has a real effect on work motivation because the significance value is below 0.05. The results of this study are in line with previous studies, namely that organizational culture has a positive and significant effect on work motivation (Afif & Ferine, 2024).
5. Work motivation has a positive and significant effect on employee performance with a t-statistic value of 2.836 above 1.96 and a significance of 0.005 below 0.05, meaning that work motivation has a real effect on employee performance because the significance value is below 0.05. The results of this study are consistent with previous studies, namely that work motivation has a positive and significant effect on employee performance (Siahaan et al., 2022).

### Indirect Effects Between Variables

The indirect effect between variables can be seen in the *specific indirect effects* value. The data analysis results show the indirect effect value in Table 5 below.

**Table 5. Specific Indirect Effects (Indirect Effects)**

	Original Sample	T Statistics	P Values	Conclusion
Leadership -> Work Motivation -> Employee Performance	0.075	1.658	0.098	Rejected
Organizational Culture -> Work Motivation -> Employee Performance	0.139	2.753	0.006	Accepted

Source: Smart PLS, 2025

Table 5 shows the indirect effects between variables, namely:

1. Leadership has a positive but insignificant effect on employee performance through work motivation with a t-statistic value of 1.658 below 1.96 and a significance value of 0.098 above 0.05, meaning that work motivation plays a minor role as an intervening variable between leadership and employee performance.
2. Organizational culture has a positive and significant effect on employee performance through work motivation with a t-statistic value of 2.753 above 1.96 and a significance value of 0.000 below 0.05, meaning that job satisfaction plays a role as an intervening variable between organizational culture and employee performance.

## CONCLUSION AND RECOMMENDATIONS

### Conclusion

1. Leadership has a positive and significant effect on employee performance at the Batu Bara District Revenue Agency.
2. Leadership has a positive and significant effect on work motivation at the Regional Revenue Agency of Batu Bara Regency.
3. Organizational culture has a negative and significant effect on employee performance at the Regional Revenue Agency of Batu Bara Regency.
4. Organizational culture has a negative and significant effect on work motivation at the Regional Revenue Agency of Batu Bara Regency.
5. Work motivation has a positive and significant effect on employee performance at the Regional Revenue Agency of Batu Bara Regency.
6. Leadership has a positive but insignificant effect on employee performance through work motivation at the Regional Revenue Agency of Batu Bara Regency.
7. Organizational culture has a positive and significant effect on employee performance through work motivation at the Regional Revenue Agency of Batu Bara Regency.

### Recommendations

1. The lowest-scoring employee performance statement was "I produce work that meets the established standards." Therefore, the advice that can be given is to improve the quality of work to meet the established standards. The organization needs to strengthen employees' understanding of work

standards through the dissemination of clear and easy-to-understand SOPs. In addition, it is necessary to conduct regular performance monitoring and evaluation as well as provide constructive feedback from leaders so that employees are aware of the shortcomings in their work and are motivated to continue improving the quality of their work.

2. Work motivation with the lowest value statement is "I feel I have sufficient competence to carry out my work." To improve employee competence in carrying out their work, organizations are advised to organize training and competency development programs that are in line with job requirements and demands. In addition, providing opportunities for technical guidance, mentoring, and periodic competency evaluations is necessary so that employees become more confident and able to carry out their duties professionally and optimally.
3. Organizational culture with the lowest value statement: "Work habits in this organization support effective task completion." To improve work habits that support effective task completion, organizations need to build a work culture that is disciplined, collaborative, and results-oriented. This can be done through consistent enforcement of work rules, improved communication and cooperation among employees, and leadership by example from management. With positive and structured work habits, the task completion process can run more effectively and efficiently.
4. Leadership with the lowest value statement is "Leaders provide clear work directions and objectives to employees." To improve the clarity of work directions and objectives, leaders need to convey targets, priorities, and performance expectations clearly and measurably to all employees. In addition, it is important to communicate regularly through briefings or work meetings so that employees understand their roles and contributions in achieving organizational goals, so that task implementation can be more focused and optimal.

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