

Organizational Leadership Mediates Organizational Culture and Commitment to Employee Performance at BPR Banks in Banyumas Regency

¹Agus Setiono

¹Jenderal Soedirman University Doctoral Student, Jenderal Soedirman University, Indonesia

^{1*}Sukma Medan College of Management Sciences

²Najmudin

²Jenderal Soedirman University, Indonesia

³Sudarto

³Jenderal Soedirman University, Indonesia

^{1*}Corresponding Author: agus.setiono@mhs.unsoed.ac.id, agust.idn@gmail.com

Abstract

Organizational leadership plays a vital role in determining the direction and success of a company. In the banking context, especially at Rural Credit Banks (BPR) in Banyumas Regency, the aim of this research is to analyze and understand the role of organizational leadership as a mediator in the relationship between organizational culture and employee commitment to their performance at Rural Credit Banks (BPR) in Banyumas Regency. This research was conducted at BPR Banks in Banyumas Regency by giving questionnaires to bank leaders using Google Form. In this study the entire population was used as the research sample. The reason is, there are only 67 BPR banks in Banyumas Regency and the analysis tool is SEM PLS. The results of this research are that organizational culture has a proven influence on organizational leadership, this is because the P-Value value of 0.002 is smaller than the alpha value of 0.05, commitment has a proven effect on organizational leadership, this is because the P-Value value of 0.001 is smaller than The alpha value is 0.05 and organizational leadership has a proven effect on employee performance, this is because the P-Value value of 0.000 is smaller than the alpha value of 0.05

Keywords: Organizational Culture, Commitment, Organizational Leadership, Employee Performance.



INTRODUCTION

Organizational leadership plays a vital role in determining the direction and success of a company (Etalong & Chikeleze, 2023). In the banking context, especially at the People's Credit Bank (BPR) in Banyumas Regency, effective leadership not only influences individual employee performance but also the performance of the organization as a whole. Strong leadership is able to create a conducive work environment, encourage innovation, and ensure that each team member has the same vision to achieve organizational goals (Putri Rahmadani & Winarno, 2023). This is especially important in the competitive and dynamic banking sector, where every managerial decision can have a significant impact on the bank's sustainability and reputation (Ratnasari et al., 2019). Organizational culture is the foundation that shapes employee behavior and attitudes in carrying out daily tasks. A positive and strong culture will create high commitment among employees, which ultimately has an impact on improving performance. However, building and maintaining an ideal organizational culture is not an easy task (Korda & Rachmawati, 2022). This is where the role of organizational leadership becomes crucial as a mediator. Effective leadership can direct and inspire employees to adopt organizational values and norms, as well as ensure that the culture formed is aligned with the company's strategic goals (Bagis et al., 2021). In this research, we explore how organizational leadership can mediate the relationship between organizational culture and employee commitment to their performance in BPR in Banyumas Regency. Employee commitment to the organization is one of the key factors that influences individual and collective performance. Employees who have high commitment tend to be more motivated, have integrity, and are willing to contribute more to achieving company goals. This research aims to identify the extent to which organizational leadership can influence employee commitment through the mediation of organizational culture (Iskamto, 2023). By analyzing data from various BPRs in Banyumas Regency, this research hopes to provide valuable insight into effective managerial strategies for improving employee performance. The findings from this research are expected to provide a significant contribution to the development of human resource management practices in the banking sector, especially in the context of community banks such as BPR. The main problem faced by Rural Banks (BPR) in Banyumas Regency is how to ensure employee performance remains optimal amidst the challenges that continue to develop in the banking industry. Despite having a good organizational culture, it is not uncommon to find that employee commitment to the company still varies (Widjajani et al., n.d.). This raises the question of whether organizational leadership has played an effective role as a mediator capable of



strengthening the relationship between organizational culture and employee commitment, thereby having a positive impact on their performance. In other words, there is an urgent need to understand and address the factors that influence leadership effectiveness in establishing a strong organizational culture and increasing employee commitment to superior performance (Ardiyansah & Mon, 2023).

Transformational Leadership Theory is important in the context of research on how organizational leadership mediates organizational culture and commitment to employee performance at BPR Bank in Banyumas Regency. By focusing on ideal influence, inspirational motivation, intellectual stimulation, and individual consideration, transformational leaders are able to establish a culture that supports innovation and collaboration, increases employee commitment, and ultimately, improves organizational performance (Gorap et al., 2019). By implementing transformational leadership principles, BPR Bank can achieve higher levels of performance and ensure long-term success through developing leaders who are able to inspire and motivate employees.

The urgency of this research lies in the urgent need to improve employee performance at Rural Banks (BPR) in Banyumas Regency through a holistic and measurable approach. In an increasingly competitive and dynamic banking landscape, a deep understanding of how organizational leadership can mediate the relationship between organizational culture and employee commitment is critical (Jigjiddorj et al., 2021). The novelty of this research lies in its focus on combining these three critical elements empirically in the context of BPR, which have previously rarely been explored comprehensively. It is hoped that this research will provide new and practical insights for BPR management to design more effective leadership strategies, strengthen organizational culture, and increase employee commitment and performance (Hadinata & Chalidyanto, 2023).

The aim of this research is to analyze and understand the role of organizational leadership as a mediator in the relationship between organizational culture and employee commitment to their performance at the People's Credit Bank (BPR) in Banyumas Regency. This research aims to identify how effective leadership can strengthen organizational culture, increase employee commitment, and ultimately, have a positive impact on employee performance. Thus, it is hoped that this research can provide practical guidance for BPR management in designing and implementing better leadership strategies to achieve optimal organizational performance.



LITERATUR REVIEW

Organizational Culture

Culture is a set of values, norms, beliefs, habits, and practices held by a group of people in a society or organization. Culture shapes the way its members think, behave, and interact, and creates a collective identity that differentiates one group from another (Hasibuan, n.d.). In an organizational context, culture includes all aspects that influence the work environment, including work ethics, communication styles, and attitudes towards change and innovation. A strong and positive organizational culture can increase employee loyalty, engagement and performance, while a weak or negative culture can lead to dissatisfaction and reduced productivity (Syarifin & Atmaja, 2023).

Organizational culture has a significant influence on employee performance. A positive culture, based on values such as cooperation, innovation, and employee appreciation, tends to increase employee motivation, engagement, and satisfaction. When employees feel valued and work in a supportive environment, they are more likely to contribute optimally, demonstrate high performance, and be committed to organizational goals (Nila Sari et al., 2023). Conversely, a negative or inconsistent culture can lower morale, increase turnover, and decrease productivity. Therefore, building and maintaining a strong and positive organizational culture is essential to ensure optimal employee performance and achievement of the company's strategic goals.

Commitment

Employee commitment refers to the level of involvement, loyalty and dedication that employees have towards the organization where they work. This includes aspects - emotional attachment, moral obligation, and continuance commitment which encourage employees to stay and contribute positively to the goals and values of the organization (Paramita et al., 2020). The relationship with employee performance is very close, because a high level of commitment tends to have a positive impact on their performance. Employees who feel emotionally connected to the organization, feel a moral responsibility for its success, and feel that the benefits of staying with the organization outweigh the costs of leaving, tend to demonstrate better levels of performance. High commitment can also motivate employees to put in additional effort, increase productivity, and maintain high quality work. Thus, managing and increasing employee commitment is crucial in achieving optimal performance in various organizations (Nahar & Indratjahyo, n.d.).



In addition, employee commitment can also influence employee retention and reduce turnover, which in turn affects workforce stability and organizational operational efficiency. Employees who feel emotionally and morally attached to an organization are more likely to stay for longer periods of time, reducing the costs of recruiting and training new employees. Additionally, low turnover rates can enable organizations to retain valuable employee knowledge and skills, build a stable work culture, and increase continuity in achieving long-term business goals. Therefore, measuring and increasing employee commitment is an important strategy in human resource management that can have a positive impact on organizational performance and sustainability (Kawiana, 2018).

Organizational Leadership

Organizational leadership is a concept that includes the roles and responsibilities of leaders in directing, managing, and influencing organizational members to achieve common goals. More than just determining strategic direction, organizational leaders are responsible for creating a work environment that allows employees to develop professionally, contribute optimally, and feel motivated to achieve organizational excellence (Syauta et al., n.d.). This involves the ability to inspire, direct and motivate team members, facilitate collaboration and innovation, and ensure that the organization's values and culture are upheld and consistently implemented in every aspect of operations. In the context of BPR Banks in Banyumas Regency, effective organizational leadership is needed to guide and manage change, face the challenges of a dynamic banking industry, and ensure the achievement of company goals by maintaining employee satisfaction and high customer service (Tuti Setyorini et al., 2022).

Additionally, organizational leadership also plays a key role in promoting a positive and inclusive work culture. Visionary and adaptive leaders are able to establish and maintain a culture that supports innovation, collaboration and diversity, which in turn increases employee commitment and overall organizational performance. By communicating organizational values, providing inspiration, and strengthening relationships between team members, organizational leadership creates a solid foundation for the organization's long-term success. By understanding their roles and responsibilities well, organizational leaders at BPR Bank in Banyumas Regency can become catalysts that encourage innovation, growth and sustainability in facing the challenges facing the banking industry today (Putri Rahmadani & Winarno, 2023).



Employee Performance

Employee performance refers to the ability, productivity, and contribution demonstrated by individuals in carrying out their duties in the workplace. It covers various aspects, such as target achievement, work quality, initiative, team collaboration, and the ability to overcome challenges (Bagis et al., 2021). High employee performance not only produces good results for the organization, but also reflects the individual's level of satisfaction and involvement in their work. Factors that influence employee performance can vary, including motivation, ability, organizational support, work environment, and company culture. In the context of BPR Banks in Banyumas Regency, optimal employee performance is crucial to maintaining the competitiveness and sustainability of the organization amidst increasingly tight competition in the banking industry (Iskamto, 2023).

The importance of good employee performance lies not only in its impact on organizational productivity, but also in its impact on customer satisfaction and company reputation (Gorap et al., 2019). Employees who demonstrate consistent and quality performance can increase customer trust, build long-term relationships, and support business growth. In addition, high employee performance also contributes to the company's image as an attractive and professional workplace, helping to attract and retain the best talent in the industry. Therefore, BPR Banks in Banyumas Regency must prioritize employee performance development and management as the main strategy in achieving organizational goals and maintaining its position in a competitive market (Hasibuan, n.d.).

METHODOLOGY

This research was conducted at BPR Banks in Banyumas Regency by giving questionnaires to bank leaders using Google Form. In this study the entire population was used as the research sample. The reason is, there are only 67 BPR banks in Banyumas Regency.

Partial Least Square (PLS) model analysis was used in this research. Research data is looked at using descriptive statistics to find out things like the age, gender and education level of the person answering the questions. Questionnaire with a Likert scale and five possible answers. Validity test with loading factor and Average variance Extracted (AVE) > 0.5 as a measure of success. Composite reliability parameters > 0.6 are used to measure how well the reliability test works (Ghozali, 2015). The PLS SEM method was used to test this idea. Inner models, R-Square values, and path coefficients are used to test the relationship between latent variables. Testing continues with a



statistical bootstrap test. After the data is processed, results will appear to answer all research questions.

RESULTS AND DISCUSSION

Results

The first step taken is to measure the outer model to find out how valid and reliable the indicators are. The loading factor value must be greater than 0.7, and if the correlation value is less than 0.7 then the indicator is removed. Test results show that all indicators are greater than 0.7. This means that the construct has good convergent validity.

Table 1. Variables, Indicators, Loading Factor, AVEs and Composute Reliability

Variables	Indicators	Loading Factors Running	Cronbach's Alpha	AVE	Composite Reliability
OC	OC1	0,822	0,935	0,721	0,948
	OC2	0,888			
	OC3	0,851			
	OC4	0,897			
	OC5	0,808			
	OC6	0,772			
	OC7	0,899			
C	C1	0,830	0,916	0,800	0,941
	C2	0,946			
	C3	0,885			
	C4	0,913			
OL	OL1	0,864	0,944	0,816	0,957
	OL2	0,888			
	OL3	0,940			
	OL4	0,936			
	OL5	0,887			
EP	EP1	0,920	0,876	0,802	0,924
	EP2	0,899			



	EP3	0,866			
--	-----	-------	--	--	--

Source: Data obtained, 2024

The next step is to look at the R-square to test the predicted relationship between hidden variables or structural models. Figure 1 shows the structural model, and Table 2 shows the R-square values. The R-square value of employee performance is 0.778, which means that the variables of organizational culture, social commitment and organizational leadership can explain 77.8% and organizational leadership can explain 80.2%.

Table 2. Value of R Square

	R Square	Adjusted R Square
EP	0,778	0,775
OL	0,802	0,796

Source: Data obtained, 2024

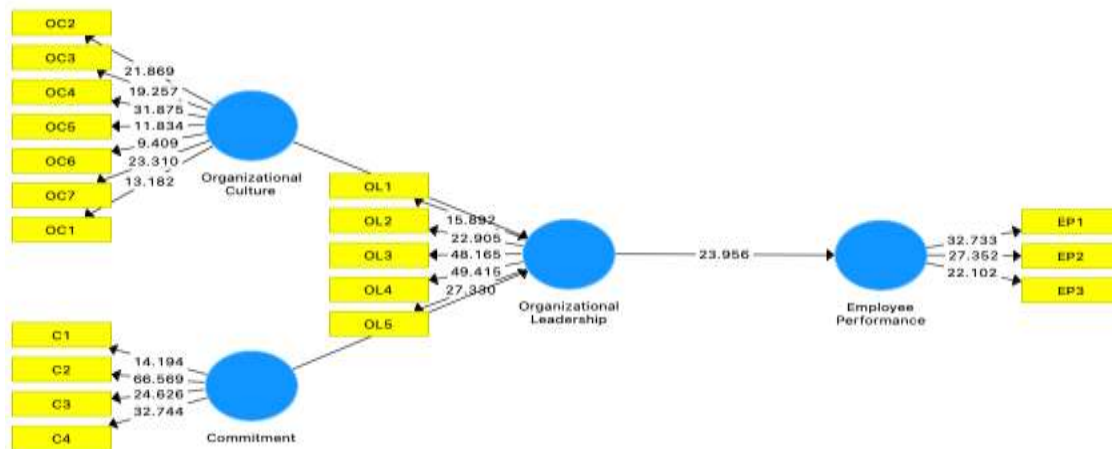


Figure 1. Structural Equation Model

Table 3: Hypothesis Test

Hypothesis	Relationships	Original Sample	T.Statistics	P-Value	Result
1	Organizational Culture ->	0,436	3,112	0,002	Accepted

	Organizational Leadership				
2	Commitment - > Organizational Leadership	0,488	3,288	0,001	Accepted
3	Organizational Leadership -> Employee Performance	0,882	23,956	0,000	Accepted

Source: Data obtained, 2024

DISCUSSION

Organizational culture influences organizational leadership

The first hypothesis which states that organizational culture influences organizational leadership is proven, this is because the P-Value value of 0.002 is smaller than the alpha value of 0.05, which means the hypothesis is accepted. Organizational culture plays an important role in shaping leadership style and effectiveness at BPR Bank in Banyumas Regency. A strong and positive organizational culture creates a conducive work environment for leaders to motivate and inspire employees. In the context of BPR Banks, an organizational culture that prioritizes values such as integrity, transparency and customer service will support leadership that focuses on empowerment and team development. Leaders who work in a healthy organizational culture tend to be more effective in making decisions, managing conflict, and achieving organizational goals. In addition, a cohesive and clear organizational culture also helps strengthen the leader's legitimacy and authority in the eyes of employees. When an organization's values and goals align with leadership practices and behaviors, employees will find it easier to accept and follow directions from their leaders. At BPR Bank in Banyumas Regency, leaders who are able to align themselves with the existing organizational culture will be more successful in implementing business strategies and achieving the expected performance. Thus, the relationship between organizational culture and leadership is very crucial in creating synergy that has a positive impact on bank performance and sustainability.



Commitment influences organizational leadership

The second hypothesis which states that commitment has an influence on organizational leadership is proven, this is because the P-Value value of 0.001 is smaller than the alpha value of 0.05, which means the hypothesis is accepted. Commitment has a significant influence on organizational leadership at BPR Bank in Banyumas Regency. Leaders who show a strong commitment to the organization's vision and mission will be better able to inspire and motivate employees to achieve common goals.

The commitment demonstrated by leaders reflects their dedication and responsibility towards the success of the organization, which in turn creates trust and respect among employees. At BPR Bank, the leadership's commitment to improving service quality, product innovation and employee welfare will form a productive and harmonious work culture, where every team member feels valued and motivated to give their best.

In addition, strong commitment from leaders also contributes to stability and consistency in strategic decision making. Leaders who are consistent in their commitment tend to be better able to overcome the challenges and obstacles facing the organization. At Bank BPR in Banyumas Regency, committed leaders will continue to look for ways to improve operational efficiency and customer satisfaction, as well as ensuring that every decision taken is aligned with the bank's long-term goals. This commitment also helps in building a solid organizational culture, where employees feel motivated to actively participate in achieving the organization's vision, resulting in better and more sustainable performance.

Organizational leadership influences employee performance

The third hypothesis which states that organizational leadership influences employee performance is proven, this is because the P-Value value of 0.000 is smaller than the alpha value of 0.05, which means the hypothesis is accepted.

Organizational leadership has a significant influence on employee performance at BPR Bank in Banyumas Regency. Effective leaders are able to create a positive work environment, where employees feel motivated and supported to achieve the best results. Leadership that is oriented towards setting an example, empowering employees, and open communication can increase productivity and employee involvement in achieving organizational goals. At BPR Bank, leaders who are able to demonstrate a clear vision and provide appropriate direction will help employees understand their roles and responsibilities, thereby encouraging overall performance



improvement.

In addition, effective leadership also plays an important role in employee professional development. Leaders who are committed to employee training and development will create opportunities for employees to hone their skills and knowledge. This not only increases individual employee competency but also strengthens the work team as a whole. At BPR Bank in Banyumas Regency, leaders who focus on employee development will help create a workforce that is more competent and ready to face the challenges of the ever-growing banking industry. Thus, good leadership not only impacts individual employee performance but also contributes to improving overall organizational performance.

CONCLUSION

Organizational culture has a proven effect on organizational leadership, this is because the P-Value value of 0.002 is smaller than the alpha value of 0.05, commitment has a proven effect on organizational leadership, this is because the P-Value value of 0.001 is smaller than the alpha value of 0.05 and organizational leadership has a proven effect on employee performance, this is because the P-Value value of 0.000 is smaller than the alpha value of 0.05. This research has limitations in that the sample size is still small, namely only 67, so future research is expected to be more general in sampling and research areas.

REFERENCES

- Ardiyansah, I., & Mon, M. D. (2023). Organizational Culture, Organizational Commitment, and Job Satisfaction on Employee Performance Using OCB as an Intervening State-Owned Enterprises Insurance Company in Batam City. *Business and Entrepreneurial Review*, 23(1), 69–92. <https://doi.org/10.25105/ber.v23i1.15835>
- Bagis, F., Kusumo, U. I., & Hidayah, A. (2021). JOB SATISFACTION AS A MEDIATION VARIABLES ON THE EFFECT OF ORGANIZATIONAL CULTURE AND ORGANIZATIONAL COMMITMENT TO EMPLOYEE PERFORMANCE. *International Journal*, 5(2).
- Etalong, T. A., & Chikeleze, F. O. (2023). Effect of Organizational Culture on Employee Performance: A Survey of Selected Public Sector Organizations in Enugu. *European Journal of Business and Innovation Research*, 11(7), 73–86. <https://doi.org/10.37745/ejbir.2013/vol11n77386>



- Gorap, S. I., Haerani, S., & Hakim, W. (2019). PENGARUH BUDAYA ORGANISASI, KOMITMEN ORGANISASI, DAN KOMPENSASI TERHADAP KINERJA PEGAWAI MELALUI KEPUASAN KERJA SEBAGAI VARIABEL INTERVENING (STUDI PADA DINAS KESEHATAN DAERAH KOTA TOMOHON). 2(2).
- Hadinata, I. M., & Chalidyanto, D. (2023). The Impact Of Organizational Culture And Organizational Commitment On The Work Motivation Of Employees. *Jurnal Aisyah : Jurnal Ilmu Kesehatan*, 8(3). <https://doi.org/10.30604/jika.v8i3.2180>
- Hasibuan, Y. (n.d.). The influence of organizational commitment, job satisfaction, and organizational culture on employee performance in the forestry service of north sumatra province. 5.
- Hasibuan, R. R. (2023). The Impact of Dental Satisfaction Questionnaire (DSQ) and Word of Mouth on Patient Satisfaction Educational Dental and Oral Hospital. *Telaah Bisnis*, 23(2), 129-143.
- Hasibuan, R. R., & Setyanugraha, R. S. (2021). Impact of the Company's Service Quality Dimension on Customer Customer Satisfaction at Imalez Multy Corp Cooperative. *Perwira International Journal of Economics & Business*, 1(1), 19-28.
- Iskamto, D. (2023). Organizational Culture and Its Impact on Employee Performance. *International Journal of Management and Digital Business*, 2(1), 47–55. <https://doi.org/10.54099/ijmdb.v2i1.584>
- Jigjiddorj, S., Zanabazar, A., Jambal, T., & Semjid, B. (2021). Relationship Between Organizational Culture, Employee Satisfaction and Organizational Commitment. *SHS Web of Conferences*, 90, 02004. <https://doi.org/10.1051/shsconf/20219002004>
- Kawiana, I. G. P. (2018). The influence of organizational culture, employee satisfaction, personality, and organizational commitment towards employee performance. *International Research Journal of Management, IT and Social Sciences*. <https://doi.org/10.21744/irjmis.v5i3.666>
- Korda, B. B., & Rachmawati, R. (2022). Influence of Organizational Culture on Employee Performance Mediated by Job Satisfaction and Employee Commitment. *Jurnal Organisasi Dan Manajemen*, 18(2), 57–73. <https://doi.org/10.33830/jom.v18i2.3706.2022>
- Nahar, B., & Indratjahyo, H. (n.d.). THE INFLUENCE OF ORGANIZATIONAL CULTURE AND ORGANIZATIONAL COMMITMENT TO EMPLOYEE PERFORMANCE THROUGH JOB SATISFACTION AT PT. SEOILINDO PRIMATAMA BEKASI. 1(1).



- Nila Sari, V., Hady, H., & Elfiswandi, E. (2023). The Influence of Organizational Culture and HR Competency on Employee Commitment and Their Impact on Organizational Performance. *International Journal of Social Science and Business*, 7(2), 287–295. <https://doi.org/10.23887/ijssb.v7i2.51921>
- Paramita, E., Lumbanraja, P., & Absah, Y. (2020). The Influence of Organizational Culture and Organizational Commitment on Employee Performance and Job Satisfaction as a Moderating Variable at PT. Bank Mandiri (Persero), Tbk. 3.
- Putri Rahmadani, A., & Winarno, A. (2023). Exploring the Mediating Role of Organizational Commitment between Organizational Culture and Employee Performance: Evidence from Public Sector Organization. *International Journal of Economics, Business and Management Research*, 07(04), 119–133. <https://doi.org/10.51505/IJEBMR.2023.7410>
- Ratnasari, S. L., Sutjahjo, G., & Adam, A. (2019). Impact of Organizational Culture and Organizational Commitment to Employee Performance through Job Satisfaction in Digital Era. *Proceedings of the 2nd Padang International Conference on Education, Economics, Business and Accounting (PICEEBA-2 2018)*. *Proceedings of the 2nd Padang International Conference on Education, Economics, Business and Accounting (PICEEBA-2 2018)*, Padang, Indonesia. <https://doi.org/10.2991/piceeba2-18.2019.32>
- Suleman, D., Febriyantoro, M. T., Fadly, R., Napitupulu, R. L., Safria, D., & Hasibuan, R. R. (2022). Perceptions On Halal Labels Impact On Purchase Decisions With Brand Image As Intervening Variables: A Consumer Study Of Solaria Restaurants In Jakarta. *International Journal of Social and Management Studies*, 3(6), 58-63.
- Syarifin, M. H., & Atmaja, H. E. (2023). THE INFLUENCE OF ORGANIZATIONAL COMMITMENT, ORGANIZATIONAL CULTURE AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE: A LITERATURE STUDY. *JOURNAL OF HUMANITIES SOCIAL SCIENCES AND BUSINESS (JHSSB)*, 2(3), 458–467. <https://doi.org/10.55047/jhssb.v2i3.631>
- Syauta, J. H., Troena, E. A., & Setiawan, M. (n.d.). The Influence of Organizational Culture, Organizational Commitment to Job Satisfaction and Employee Performance (Study at Municipal Waterworks of Jayapura, Papua Indonesia).



- Tuti Setyorini, Janri Delastriani Manafe, & Indawati Jauhar Nino. (2022). The Role of Organizational Commitment and Organization Culture Toward Job Performance. Jurnal Riset Dan Aplikasi: Akuntansi Dan Manajemen, 5(3). <https://doi.org/10.33795/jraam.v5i3.012>
- Widjajani, S., Khotimah, K., & Jatmoko, D. (n.d.). Organizational Culture, Commitment and Teacher Performance: The Role of Job Satisfaction.

