

## Motivation as Mediation for the Relationship between Situational Leadership Style, Organizational Culture, and Work Environment on Employee Performance at IZI Surabaya Branch Office

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### ABSTRACT

This study looks at how organizational culture, work environment, and situational leadership style affect employee motivation at the IZI Surabaya Branch Office and performance. Partial Least Square (PLS) was utilized in the quantitative analysis of the data, which involved a saturated sample of 35 employees. The findings demonstrate that, in contrast to organizational culture, situational leadership style and work environment have a direct impact on employee performance. The study also discovered that there was no significant effect of the three variables' indirect effects on employee performance through motivation. These results highlight the significance of work environment and leadership elements in enhancing performance, but they also imply that motivation's function as a mediator may have less of an impact in this particular organizational setting.

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## INTRODUCTION

The role of human resources is critical to an organization in this age of globalization and unrelenting competition. A company that follows its plan can win the competition, overcome challenges, and adjust to changes. Without the assistance of human resources that perform at a high level, capital, methods, and equipment alone cannot produce the best results (Lay et al., 2023). It is anticipated that superior employee performance will support both company expansion and employee happiness. Employee work assignments will limit the amount of work the organization can finish in its entirety. where an employee's performance level is evident in his capacity to carry out his job responsibilities. Motivation at work is essential for performance to be given at its best. In this study, motivation served as a mediator between various encouraging variables. Wibowo (2018) in (Wirae G, et al 2021) defines motivation as the desire to act in order to accomplish objectives. Aside from the motivational elements that impact business performance. Leadership style, organizational culture, and work environment are equally significant factors that can motivate employees to act in a way that aligns with the company's objectives, vision, and mission.

IZI is among the amil zakat establishments examined in this study. In terms of collection, distribution, and use, IZI performs its role as an amil zakat institution effectively and creatively. Therefore, in order to manage ZIS funds according to their functions and offer the best service possible, IZI employees must have high performance quality. According to the findings of the researchers' initial observations, IZI has a fairly dense work intensity to fulfill its responsibilities as a reliable Amil Zakat Institution. Annual programs, targets for distribution, monthly accountability reports to muzakki, and marketing efforts aimed at promoting ZIS to new muzakki are all necessary. Every action is taken to pursue and meet the annual branch goal. The zakat distribution strategy, which occasionally still retreats from the scheduled date so that the distribution piles up and requires rescheduling the implementation, worker tardiness upon entering the office, room management, inter-worker relationships, and work that is occasionally still completed outside of the designated working hours are, in fact, internal issues. The IZI Institution's performance in the Surabaya branch is also not performing to its full potential as a result of the subpar employee performance. Some data that the author has collected supports this phenomenon.

The following writers provide performance information regarding the accomplishment of goals and actualization of outcomes related to the IZI Institution's 2021–2023 zakat, infaq, and alms (ZIS) fund collection efforts.

**Table 1 Target of Zakat, Infaq, and Sadaqah (ZIS) Collection 2021-2023**

No	Tahun	Target	Realisasi	Persentase
1.	2021	6.700.000.000	6.565.339.562	83%
2.	2022	9.075.000.000	7.159.710.982	98%
3.	2023	8.500.000.000	5.849.035.339	69%

Source: secondary data; IZI, Surabaya

The information in Table 1 above pertains to the attainment of the goal and the realization of the outcomes of the ZIS fund collection, which has seen variations over the past three years. The target that the business can meet between 2021 and 2022 has grown in light of these data. Nevertheless, the company's capacity to meet the goal declined in 2023. The company's ability is declining as a result of a number of factors, including changes in the retail campaign type that have not been followed up on and have been replaced by the *semeru* program campaign; additionally, there are barriers to branch program sales because there are *dakwah* programs in Palestine and Safari. Moreover, there are still issues with the digital marketing program's performance, IZI partners' late fund transfers, their continued inactivity, which prevents them from receiving collections, and changes to EKZ volunteers' human resources that ended in mid-December. As a result, the company creates a lot of plans and schedules that are never followed, which hinders its ability to meet its goals.

Motivation is another element that influences worker performance. According to the employee absence report from the IZI Surabaya Branch Office for 2023, there are 34 employees who have permits for absences, approximately 43 people who get sick each year, and 253 employees who have delays, which is a relatively high number overall for a given year. This could be a sign to the company that workers aren't motivated at work, which makes the morning briefing and prayer culture less than ideal because so many workers haven't attended, making the information about progress and accomplishments less than ideal. This will ultimately affect the company's goals.

Employee performance is also impacted by the workplace. Employees who work in an unsupportive environment will be uncomfortable and less motivated to fulfill their responsibilities, and vice versa. There's little doubt that this will directly impact worker performance. The IZI staff members were pre-surveyed by the author. The employee survey's results indicate that IZI's other issues and worries include task assignments that occasionally don't match job descriptions, which leads to overtime and less productive work. The second issue is that workers are not always guided in their work, which makes it challenging for them to finish assignments. Regarding the third point, ten individuals expressed the opinion that the leader did not offer sufficient examples of how to accomplish the tasks delegated to them. There are other elements that affect performance in addition to leadership style, such as organizational culture. Furthermore, employees' sole focus when performing their tasks is risk control, which leads to an unbalanced organizational culture. The findings demonstrate the desire of employees to come up with novel ideas at work, risk control indicates that workers are not overly aggressive when completing tasks, and workers appear to be content with the one task that was assigned. Because it still fails to instill a sense of initiative and aggression in every employee, the organizational culture that IZI has established is therefore still insufficient.

This study aims to determine several factors that affect employee performance at IZI Surabaya Branch Office. The factors studied include

situational leadership style, organizational culture, and work environment. In addition, this research also studies the indirect effect of these three factors on employee performance through motivation as an intervening variable. Thus, this research tries to provide a comprehensive understanding of the factors that affect employee performance at IZI Surabaya Branch Office, both directly and indirectly through motivation.

## **LITERATURE REVIEW**

### ***Performance***

Performance, also known as actual performance or job performance in English, refers to how successfully employees carry out their responsibilities. Performance is defined as the outcomes and work habits attained over a predetermined amount of time in carrying out the duties and responsibilities assigned to oneself. Performance is determined by an individual's aptitude and drive. To finish a task or job, an employee needs to possess a certain amount of willingness and aptitude. Cashmere (2018), cited in Estiana et al. (2021), defines performance as the caliber and volume of work completed by an employee while performing their duties in compliance with their assigned responsibilities.

Mangkunegara (2013) states in (Laili & Irbayuni, 2022) that an employee's performance is defined as the work they accomplish. These outcomes are evaluated based on the caliber and volume of work completed in completing the tasks given to them. Stated differently, performance measures how well an employee meets both qualitative and quantitative job goals. In the meantime, performance is defined by Sinambela (2017) in (Estiana et al., 2021) as the output that an individual achieves in accordance with the job requirements or hiring process.

### ***Situational Leadership Style***

A leader can match his leadership style to the stage of follower development level, which is dependent on how prepared the subordinates are to finish the task, in accordance with the situational theory put forth by Hersey and Blanchard (2000) in (Fauzi et al., 2023). Focusing on tasks rather than relationships with subordinates or other members of the organization is a hallmark of commanding leadership through culture and tourism (telling). As the leader is at the center of the activity and where he performs his duties, he must explain each subordinate's position because they are immature and ill-prepared. Effective leadership is exercised when members of an organization have unprepared subordinates by using the offering (selling) leadership style. The goals of a participatory leadership style are tasks and connections with higher-ranking members of the organization. This leadership style essentially demonstrates the leader's capacity or willingness to use organizational members as subordinates. The delegation of authority in a leadership style is executed with minimal focus on tasks and minimal interaction with members as inferiors. According to Hai & Van (2021), this leadership style recognizes others' needs to become shared values, fosters group growth, and instills a strong commitment to accomplishing the organization's common objectives.

### ***Organizational Culture***

Organizational culture is defined by Soetam Risky (2022) in his book as the values, customs, and beliefs that influence attitudes, behaviors, and interactions within an organization. In most organizations, everyone understands and accepts this as the proper way of feeling, thinking, and acting. An organization's identity and the way its members perceive themselves as belonging to it have an impact on its culture. The foundation of an organization's problem-solving, both internal and external, is its organizational culture, which it then imparts to new members as the proper way to perceive, comprehend, and feel.

Based on the embraced principles, the prevailing culture within an organization shapes its employees' perceptions of their work (Widanegara & Sukarno, 2022). In order to achieve peak performance, it seeks to foster strong motivation and a deep trust in organizational values. The organization will be distinct and stand out from other organizations thanks to the values that serve as its model. As stated by Deal and Kennedy and referenced by Gafriyani et al. (2023), an organization's culture shapes its distinct identity. There are customs, agreements, and values that are common to this culture. Organizational culture is formed by a number of important elements, such as the nature of the business environment, common goals, role models, purposeful daily activities, and social interactions among team members.

### ***Work Environment***

The work environment, as defined by Susilowati (2005) in Achmad Fauzi (2022), is any entity that influences the environment and significantly influences the location where one or more individuals (groups) perform their activities (Robbins & Coulter, 2010). There are two distinct kinds of environments: specific and general. The term "work environment" refers to the work systems, work procedures, and all the information and tools that are used in an employee's workplace. As per Sedarmayanti (2017), the workplace is an area where diverse groups can collaborate to accomplish company objectives that align with the organization's vision and goals. Employee welfare and productivity can both rise in a comfortable work environment, claim Rosenda, Nur Fadila, and Swasti (2022). On the other hand, unfavorable working environments can cause employees to become chronically tired, lose their ability to concentrate, and perform poorly, all of which have a detrimental effect on the caliber of their work.

For this reason, the most crucial element in producing the best work outcomes is the workplace atmosphere. A poor work environment will prevent employees from performing to their full potential; on the other hand, a positive and supportive work environment will boost productivity. Since the workplace serves as employees' second home after their place of residence, it is imperative that it be given careful consideration. If employers cultivate and maintain a positive work environment, their employees will feel more at ease there, which will undoubtedly have a significant influence on their productivity. Employees

that have good working conditions will be able to complete their tasks efficiently and produce their best work. An environment is deemed good if people can carry out their tasks in a way that is safe, comfortable, optimal, and healthful.

### **Motivation**

The word "to direct" is *motere*, or *move* in Latin. Motive is derived from the root word *motus*, which denotes the desire to act, according to Nawawi (2011) in Hendra (2020). Thus, a state that deliberately prompts an individual to perform specific actions is referred to as motivation. As stated by Martoyo (2000) in Hendra (2020), people will stop at nothing to obtain what they deem to be valuable for themselves, such as security, happiness, welfare, and so forth. The ability to move or guide people and organizations so that they want to work successfully and that the desires of the people and the objectives of the organization can be realized is then defined as motivation, according to Edwin B. Flippo in (Hasibuan, 2020). Hasibuan (2020) explains that the Latin word *move*, which meaning drive or move, is the source of motivation. This motivation or drive relates to how businesses utilize the potential and power of their workforce to encourage collaborative efforts toward the accomplishment of predetermined objectives.

Motivation is defined by Mathis, Robert L. and H. Jackson in (Andhiluhung & Irbayuni, 2020) as an inner urge that prompts an individual to take action. Every action a person takes is intended to accomplish a certain goal. Thus, motivation serves as a catalyst that steers behavior in the direction of accomplishing particular objectives.

### **Conceptual Framework**

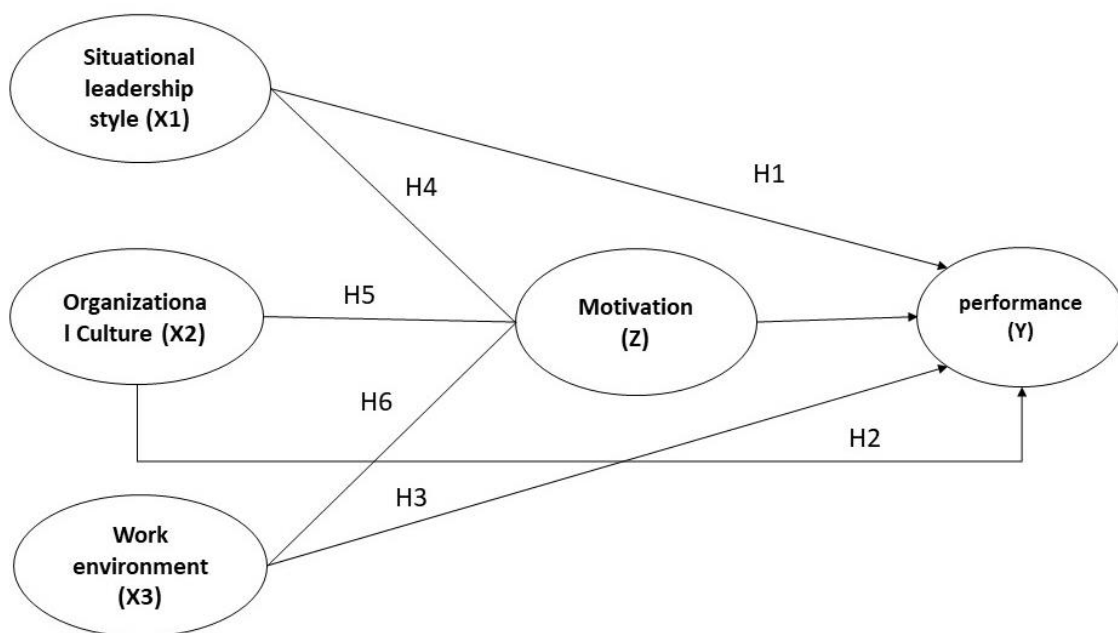


Figure 1. Conceptual framework

### ***Relationship Between Situational Leadership Style (X1) On Employee Performance (Y)***

Situational leadership is a theory that relies on employee characteristics, according to Robbin (2005) in P. Hellen Wijaya (2023). Put another way, employees who are less prepared than others need a different kind of leadership. The best leadership style for achieving company goals is situational. Organizational culture, motivation, and situational leadership style all have an impact on worker performance, according to research by Kadek Fajar Andika Karma et al. (2016) in P. Hellen Wijaya (2023).

In additional research, the significance value of  $t$  – which is determined by comparing it with  $\alpha$  (0.05) – demonstrates that the Situational Leadership Style positively and marginally affects PT Undagi Jaya Mandiri employees' performance. The Situational Leadership Style variable has a large  $t$  in the results, and a sig value of 0.109 greater than 0.05 means that  $H_0$  is accepted and  $H_1$  is rejected. Put another way, while not very, situational leadership has a favorable effect on worker performance.

**H1:** Situational Leadership Style has a positive effect on employee performance.

### ***Relationship between Organizational Culture (X2) on Employee Performance (Y)***

If an organization's culture can effectively support its strategy and respond to and overcome environmental challenges with speed and accuracy, it can be a powerful tool for competitive advantage. To accomplish organizational objectives, organizational culture can serve as a binding framework and a behavioral guide. On the other hand, an ineffective organizational culture will make it more difficult to manage the business. The findings of Hendra's (2020) study on the impact of organizational culture on worker performance at Tjut Nyak Dhien University reveal that  $t_{count} \geq t_{table}$ , or  $6.439 \geq 1.674$ , is in the  $H_a$  acceptance area, rejecting  $H_0$  and showing a significant impact of organizational culture on worker performance at Tjut Nyak Dhien University. This suggests that employee performance improves with a stronger corporate culture.

Furthermore, organizational culture has a positive and significant impact on the performance of employees of the Tangerang Regency Human Resources Staffing and Development Agency, according to Ahmad & Tomi's research findings (2023).

### ***Relationship between Work Environment (X3) on Employee Performance (Y)***

According to Reffi & Jhon's research (2023) findings, employee performance (Y) is positively and significantly impacted by the work environment variable (X1). The calculated  $t$  value is greater than the  $t$  table value ( $2.477 > 2.018$ ) or significant ( $0.017 < 0.05$ ), indicating that the work environment variable (X1) has a positive and significant effect on employee performance (Y).  $H_0$  was denied  $H_a$  gave her consent.

Then, additional research by Rini et al., (2023) revealed that UD Rahayu employees, Kec. Gurah, and Kab. Kediri, performed differently depending on

their work environment. The t test results indicate that the computed t value, which is 2.966 greater than 2.032, is greater than the t table and that the significance value of 0.005 is less than 0.05. Consequently, H3 is approved and Ho is rejected. Employee performance at UD Rahayu Kec. Gurah, Kab. Kediri is significantly impacted by the work environment.

**H3:** Work environment has a positive effect on employee performance

***Relationship between situational leadership style (X1) on employee performance (Y) through mediation of motivation variables (Z)***

Employee performance is significantly impacted by the leadership style used by the organization. Effective leadership has a significant impact on the people under its direction, enabling the achievement of the organization's primary goals. Employee performance will suffer and the leader will be unable to fulfill their responsibilities if they have a poor leadership style. The findings of Nasridah's research from 2021 demonstrate that situational leadership has a favorable impact on worker motivation. This demonstrates how the leader gives staff members a lot of direction in order to boost motivation.

According to the findings of Bradley and Inirwana's research (2022), the principal's situational leadership style has a noteworthy impact on teacher performance. The results indicate that the principal's leadership style has a positive and noteworthy effect on teacher performance.

**H4:** Situational leadership style has a positive effect on employee performance through motivation

***The Relationship Between Organizational Culture (X2) on Employee Performance (Y) through Mediation of Motivation Variables (Z)***

In accordance with Wahjoedi's study (2021 "the similarity index is higher when employees accept more values, so that the organizational culture becomes stronger, and this influence will be increasingly reflected in employee behavior" . A strong corporate culture can motivate employees to reach high levels of motivation, which can enhance their performance. According to this research, there is a direct and significant correlation between work motivation and organizational culture. High work motivation also directly and significantly improves individual and team performance within the organization. Workplace motivation is one way to apply organizational culture and raise employee performance. The association between organizational culture and employee performance, according to Manggis et al. (2018), highlights the significance of work motivation as a partial mediator. The value of organizational culture can be seen in its direct and indirect effects on worker motivation and performance. Corporate culture is valuable. Workplace motivation significantly improves employee performance, as shown by the values of p-value = 0.006 and t count = 2.765 (Putra and Dewi, 2019).

According to TJ's research (2022), there is a significant positive correlation (0.120) between employee performance and employee characteristics. The goals, vision, and mission of the organization should be followed by employees, as explained by their characteristics. This research demonstrates the relationship between employee traits and business performance that motivation factors

provide. This motivation variable eventually has a positive and significant effect on employee performance (0.091). Put simply, workers can achieve some improvement in their performance if they are highly motivated to work toward the company's objectives. Culture within an organization is reflected in its systems and ideals. According to Scaliza et al. (2022), employee motivation has an impact on these values and helps to improve productivity within the company.

**H5:** Organizational culture has a positive effect on employee performance through motivation

***Relationship between Work Environment (X3) on Employee Performance (Y) through Mediation of Motivation Variables (Z)***

The findings from Dewi and Sukarno's research (2021). The work environment has no significant effect on performance through motivation, implying that the work environment at the Surabaya branch bank has no effect on increasing employee performance via motivation as an intervening variable. Employee performance improves when they are motivated, and good performance is demonstrated. Rahimi (2019) contends that a favorable work environment and effective training should ensure that employees are more motivated and efficient at work. According to (Ariestrani et al., 2023) research, the work environment has a substantial effect on employee performance even while motivation does not.

**H6:** Work environment has a positive effect and insignificant on employee performance through motivation

## **METHODOLOGY**

This researcher employs a quantitative technique, with data acquired by distributing questionnaires distributed offline utilizing a questionnaire sheet. SmartPLS 3.0 software was used to determine the samples. This study employs data analysis methodologies in the form of Partial Least Squares (PLS) to 35 employees of the IZI Surabaya Branch office.

## **RESEARCH RESULT**

Convergent validity or good validity is achieved by the outer model, which identifies all indicators in the areas of organizational culture, work environment, motivation, situational leadership style, and employee performance. How many indicator variables are present in the latent variable is indicated by the AVE test value. In case the convergent AVE value exceeds 0.5, the variables are considered valid.

**Table 1 Average Variance Extracted (AVE)**

	Average Variance Extracted (AVE)
<b>Situational Leadership Style (X1)</b>	<b>0,868</b>
<b>Organizational Culture (X2)</b>	<b>0,638</b>
<b>Work Environment (X3)</b>	<b>0,691</b>
<b>Performance (Y)</b>	<b>0,696</b>
<b>Motivation(Z)</b>	<b>0,644</b>

Source: Data Processed, Smart PLS

The test results indicate that the variable's AVE value is greater than 0.5, which is above the required value. The variable with the highest AVE value is the leadership style variable, with a value of 0.868. An indicator of how trustworthy a measuring tool is can be found in its Composite Reliability.

To determine how dependable the measuring device is, one can look at Composite Reliability, which is represented by the following table:

**Table 2. Composite Reliability**

	Composite Reliability
<b>Situational Leadership Style (X1)</b>	<b>0,952</b>
<b>Organizational Culture (X2)</b>	<b>0,898</b>
<b>Work Environment (X3)</b>	<b>0,899</b>
<b>Performance (Y)</b>	<b>0,902</b>
<b>Motivation(Z)</b>	<b>0,900</b>

Source: Data Processed, Smart PLS

When the composite reliability value is greater than 0.70, the construct is considered reliable. This is why the indicator is referred to as consistent when assessing latent variable reliability. The situational leadership style (X1), organizational culture (X2), work environment (X2), employee performance (Y) (0.902), and motivation (Z) (0.990) are the variables that the Composite Reliability test results indicate. It can be concluded that all three of the study's variables are reliable because their Composite Reliability values are greater than 0.70.

The value of R-Square in the equation involving latent variables indicates the presence of inner model testing. How well the model's exogenous (free, independent) variables can explain the endogenous (dependent) variables is indicated by the R2 value.

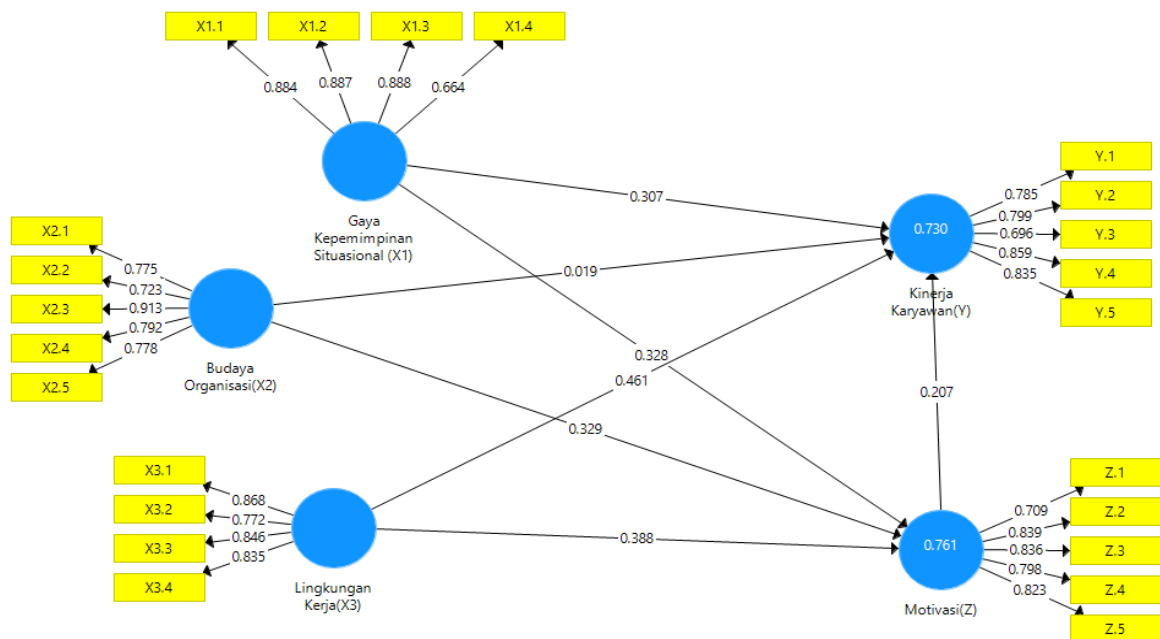
**Tabel 3. R - Square**

	R Square	R Square Adjusted
<b>Performance (Y)</b>	<b>0,712</b>	<b>0,673</b>
<b>Motivation(Z)</b>	<b>0,751</b>	<b>0,727</b>

Source: Data Processed, Smart PLS

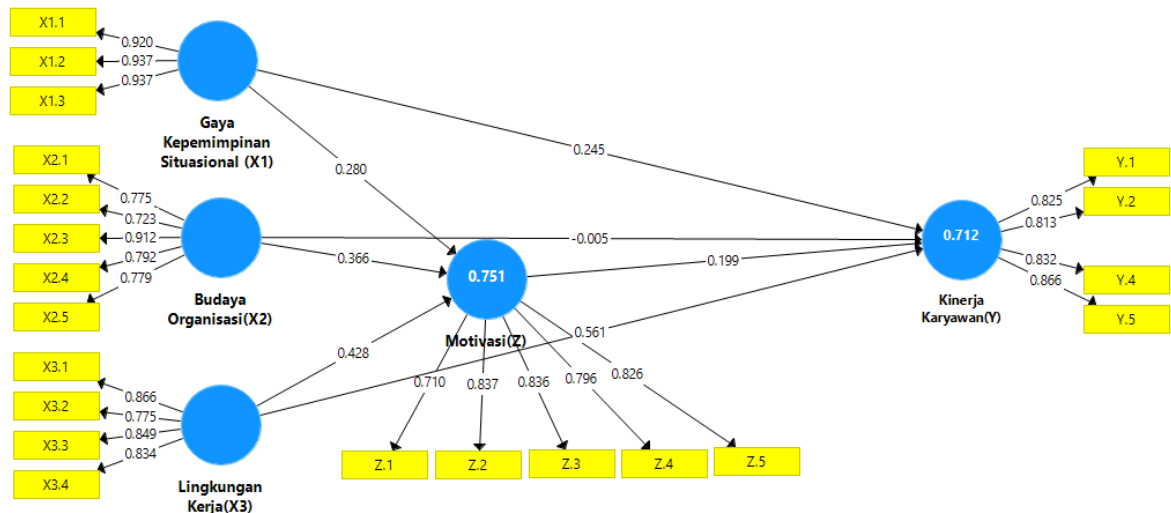
Based to the R-Square = 0.712 value, the model can account for 71% of the variation in employee performance (Y), which is determined by the

independent variables organizational culture (X2), work environment (X3), and situational leadership style (X1). However, other factors (apart from motivation, organizational culture, work environment, and situational leadership style) account for 29% of the explanation. Consequently, it can be concluded that the model accounts for 76% of the phenomenon or issue related to motivation based on the R-Square value of the Motivation variable, which is 0.751. The remaining twenty-four percent is explained by errors and other variables not included in the model (such as situational leadership style, organizational culture, and work environment)



**Figure 2. First Convergent Validity Test Results**

PLS Algorithm is used in SmartPLS 3.0 to test 23 statements out of 5 variables, as shown by Figure 2, which shows the results of the first convergent validity test. In contrast, the PLS Algorithm results show that two invalid indicator statements X1.4 (delegating) and Y3 (effectiveness) have an unqualified outer loading value, which prevents the AVE value from meeting the minimum requirement of 0.7. In order to repeat the PLS Algorithm procedure by removing unqualified indicators, the second stage path diagram was created.



**Figure 3 Second Convergent Validity Test**

Using the PLS Algorithm, SmartPLS 3.0 tests 21 statements out of 5 constructs, as shown by Figure 3, which shows the results of the second convergent validity test. The average variance extracted value and the outer loading value of all indicators changed after the second running, and these values are regarded as qualified when they are greater than 0.7.

*Hypothesis Testing*

**Table 4. Path Coefficients (Mean, STDEV, T-Values, P-Values)**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Leadership Style Situational (X1) -> Performance (Y)	0,245	0,233	0,123	1,953	0,023
Organizational Culture (X2) -> Performance (Y)	-0,005	-0,022	0,157	0,030	0,488
Work Environment (X3) -> Performance (Y)	0,561	0,573	0,154	3,679	0,000
Situational Leadership Style (X1) -> Motivation (Z) -> Performance (Y)	0,056	0,061	0,076	0,729	0,233
Organizational Culture (X2) -> Motivation (Z) -> Performance (Y)	0,073	0,073	0,097	0,755	0,225
Work Environment (X3) -> Motivation (Z) -> Performance (Y)	0,085	0,082	0,104	0,819	0,206

Based on the above table, it can be inferred that the following hypothesis is true:

1. Acceptable is the fact that the Situational Leadership Style improves employee performance, with path coefficients of 0.307 and a t value of 1.953 higher than the Z value  $\alpha = 0.05$  (5%) = 1.96, indicating a significant (positive) effect.
2. Employee performance is negatively impacted by organizational culture; this effect is not accepted; path coefficients of -0.005 and a t value of 0.030 less than the Z value  $\alpha = 0.05$  (5%) = 1.96 indicate that the relationship is not significant (negative).
3. It is acceptable to say that the work environment improves employee performance when path coefficients of 0.561 and t value of 3.679 are higher than the Z value  $\alpha = 0.05$  (5%) = 1.96, indicating a significant (positive) effect.
4. Employee performance through motivation is unaffected by situational leadership style; path coefficients of 0.056 and a statistical T value of 0.729 are less than the Z value  $\alpha = 0.05$  (5%) = 1.96, indicating that the relationship is not significant.
5. Employee performance is unaffected by organizational culture because motivation is minimal. Accepted, it is positive and not significant with path coefficients of 0.073 and a statistical T value of 0.755 less than the Z value  $\alpha = 0.05$  (5%) = 1.96.
6. Employee motivation is not affected by the work environment; path coefficients of 0.085 and a statistical T value of 0.819 are less than the Z value  $\alpha = 0.05$  (5%) = 1.96, indicating a positive but non-significant relationship.

## DISCUSSION

### *The Effect of Situational leadership style on Employee Performance*

Based on research findings, employee performance at the IZI Surabaya Branch office is positively and significantly impacted by the situational leadership style variable. In other words, increasing employee performance at the IZI Surabaya Branch office is a major benefit of the Situational Leadership Style. in order to ensure that the hypothesis is consistent with the findings. Research by Fauzi et al. (2023) indicates that situational leadership style can improve worker performance. This is consistent with their findings. The situational leadership style variable's strongest influencers are selling (offering) and participating, as demonstrated by the factor loading results. Leaders always involve staff members in conversations, allowing them to ask questions if they have any questions about the tasks or procedures assigned. Staff members also get the chance to voice their opinions by offering solutions to problems. Additionally, managers offer advice to staff members on how to resolve issues at work. As a result of receiving clear instructions from the leader, workers become more excited to work and are able to complete tasks more thoroughly to prevent errors. Task completion becomes more effective, and employees use the time allotted to complete tasks in compliance with the

company's standards. The IZI Surabaya Branch office will see an improvement in employee performance if the situational leadership style has been implemented correctly. The findings of this investigation are consistent with a study conducted by Irpan et al. (2022) that indicates a significant impact of the Situational Leadership Style variable on worker performance.

### ***The Effect of Organizational Culture on Employee Performance***

According to the data, employee performance at the IZI Surabaya Branch office is negatively and negligibly impacted by organizational culture. Thus, employee performance is not significantly impacted by organizational culture. The path coefficient test performed on the Employee Performance variable (Y) indicates this. The Organizational Culture variable (X1) yields a t-statistic value of  $0.123 < 1.96$  and p-values of  $0.451 > 0.050$ . Consequently, the first research hypothesis (H2), which states that "at the IZI Surabaya Branch Office, organizational culture has a positive and significant effect on employee performance," is rejected. The study's findings conflict with those of a number of earlier investigations that discovered an impact of organizational culture on performance (Dewi & Soekarno, 2021). This, however, is consistent with research by Sugiyono & Rahajeng (2022) that finds no relationship between organizational culture and worker performance. Similar research findings are consistent with research (Agustin, 2020) that demonstrates the negative and negligible effects of the organizational culture variable on worker performance. The organizational culture used at the IZI Surabaya Branch Office is inconsistent because the company's values differ from those of other businesses. Additionally, the office places a strong emphasis on religious values, which means that it takes time for each person to develop habits and understand these values. These are some of the potential explanations for the study's finding that organizational culture has little effect. Low performance is thus the outcome of a low organizational culture. This demonstrates how poor corporate culture cannot raise worker productivity. For an organization to operate at its best, its culture must be established, preserved, and reinforced. It also needs to be introduced to employees through a socialization process.

### ***The Effect of Work Environment on Employee Performance***

Based on the research findings, the Work Environment variable has a positive and significant impact on employee performance at the IZI Surabaya Branch office. This means that when the office environment is comfortable and conducive to work, employees perform better, indicating that their work environment has an impact on their ability to carry out daily tasks in the office. Accordingly, the research hypothesis H3, which states, "The work environment at the IZI Surabaya Branch Office has a positive and significant effect on employee performance," is appropriate or accepted. This is consistent with research by Kale et al. (2023) that shows employee performance is positively and significantly impacted by the work environment. It is evident from the factor loading results that the room's temperature or the temperature itself has the biggest impact on the Work Environment variable. It can be argued that a room that is appropriately heated not stuffy or too hot will make employees feel

more at ease while they work, which will motivate them to perform better. The findings of this study are consistent with those of Purnamasari's research from 2021, which demonstrates that employee performance is positively and significantly impacted by the work environment.

#### ***The Effect of Situational Leadership Style on Employee Performance through Motivation***

The study's findings suggest that motivation has no bearing on the situational leadership style's indirect impact on worker performance at the IZI Surabaya Branch Office. The data analysis results demonstrate that there is no discernible impact of the situational leadership style on employee motivation or performance. The particular indirect test of  $0.068 > 0.05$  indicates this. The resultant number exceeds 0.05. This indicates that the research hypothesis H4, which states that "Situational Leadership Style has a positive and significant effect on Employee Performance through Motivation at IZI Surabaya Branch Office," is not supported. indicating that, in the absence of an intervening variable such as work motivation, situational leadership has no discernible impact on employee performance. Work motivation is one example of an intervening variable that is not necessary when considering situational leadership variables as they directly impact performance. Therefore, it cannot be claimed that work motivation was an intervening variable in this study. This is consistent with research by Widianingrum (2018), who found no evidence of a significant impact of situational leadership style on employee motivation or performance. This study agrees with Agustin's research (2020), which demonstrates that situational leadership style has no appreciable impact on worker motivation or performance. Some potential explanations for the situational leadership style's lack of significance in this study include leaders who apply situational leadership styles inconsistently, such as by switching up their style frequently, which has a negative effect on subordinate motivation. Confusion and uncertainty can result from inconsistency. Furthermore, the leadership style is not appropriate for the situational leadership style, which emphasizes the necessity for leaders to modify their subordinates' maturity levels. The impact on motivation and output will be negligible if the style used does not fit the circumstances of the subordinates.

#### ***The Effect of Organizational Culture on Employee Performance through Motivation***

The study's findings demonstrate that, at the IZI Surabaya Branch Office, motivation has no bearing on the indirect impact of organizational culture on worker performance. The data analysis's findings demonstrate and demonstrate that organizational culture has no appreciable impact on worker motivation or performance. The specific indirect test of  $0.068 > 0.05$  indicates this. The outcome is more than 0.05. Consequently, the research hypothesis H5, which states that "at the IZI Surabaya Branch Office, organizational culture has a positive and significant effect on employee performance through motivation," is rejected. indicating that, when work motivation is considered as an intervening variable,

organizational culture has no discernible impact on employee performance. Motivation is not necessary as an intermediary variable when it comes to the direct impact that organizational culture variables have on performance. Motivation is therefore not considered to be an intervening variable in this study. This is consistent with research by Agustin (2020), who found that employee motivation has no discernible impact on organizational culture style in terms of employee performance. The findings of this study are consistent with those of Sugiyono & Rahajeng's research from 2022, which demonstrates that organizational culture has no discernible impact on worker motivation or performance. The organizational culture may not be strong and cohesive enough, which could be contributing factors to its lack of significance in this study. The values, norms, and practices that make up an organization's culture can have a limited impact on the attitudes and behaviors of its members if they are not deeply ingrained and consistent. It is challenging to find inspiration in a fractured culture. Employees are also less familiar with the current organizational culture if it is not implemented in the day-to-day management of the workforce, as culture has an indirect and long-lasting impact on motivation. For organizational culture to have a noticeable impact, implementation must be done gradually and consistently.

#### ***The Effect of Work Environment on Employee Performance through Motivation***

The study's findings indicate that, at the IZI Surabaya Branch Office, motivation has no bearing on the indirect impact of work environment on employee performance. The data analysis's findings demonstrate that employee performance is not significantly impacted by the work environment in terms of motivation. The specific indirect test result of  $0.081 > 0.05$  indicates this. The value that is obtained is more than 0.05. Thus, "Environment, motivation, and motivation" is the research hypothesis H6. At the IZI Surabaya Branch Office, work has no discernible impact on employee motivation or performance, indicating that this hypothesis is accepted. indicating that motivation, an intervening variable, has no discernible impact on the work environment's ability to affect employee performance. Work environment factors, such as work motivation, have a direct impact on performance without the need for intervening variables. Therefore, it cannot be claimed that work motivation was an intervening variable in this study. This is consistent with research (Ariestrani et al., 2023) that shows employee motivation has no discernible impact on work environment performance. The findings of this investigation align with the findings of Dewi & Soekarno's research, published in 2021. Employee performance is not significantly impacted by the workplace in terms of motivation. Employees' capacity for environment adaptation and their ability to adjust to various work environments are some potential explanations for the study's work environment's lack of significance. In addition, external elements like personality, work ethic, accountability, and personal objectives have a greater impact on an individual's motivation and performance than the actual workplace.

## CONCLUSIONS AND RECOMMENDATIONS

The IZI Surabaya Branch Office's employee performance is influenced by the situational leadership style. Furthermore, at the IZI Surabaya Branch Office, organizational culture has no bearing on worker performance. The work environment at the IZI Surabaya Branch Office affects employee performance. At the IZI Surabaya Branch Office, however, the indirect impact of situational leadership style does not improve worker performance through motivation. Consequently, neither the work environment nor the organizational culture at the IZI Surabaya Branch Office influence employee motivation or performance.

This study has some limitations that need to be noted. First, the sample of 35 respondents may be insufficient to provide a comprehensive picture of the actual situation. Second, the focus of the study was limited to three main variables: situational leadership style, organizational culture, and work environment. For future research, it is expected to expand the scope by adding other variables that could potentially affect employee performance, such as job satisfaction or discipline level. This recommendation is based on the demographic characteristics of the respondents in this study, which are dominated by young employees. By considering this age factor, future research can explore additional variables that may play an important role in encouraging and improving the performance of this young age group.

## ADVANCED RESEARCH

This study can be used as a reference for future research on organizational culture, work environment, situational leadership style, employee performance, and motivation. Future research can use this reference to employ various variables to determine the variables that can affect employee performance.

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