

CULTURAL AND BEHAVIORAL TRANSFORMATION: THE ROLE OF LEADERSHIP, COMPENSATION, WORK ENVIRONMENT CORPORATE VALUE ON EMPLOYEE PERFORMANCE

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ABSTRACT

Using the AKHLAK core values adopted by Indonesian State-Owned Enterprises (BUMN) as a foundation, this study underscores the importance of transformational leadership, equitable compensation, and a supportive work environment in improving performance while moderated by corporate value. Employing a qualitative literature review, this study proposes a conceptual model to guide policymakers in integrating spirituality into corporate culture, enhancing employee motivation and engagement, and driving sustainable organizational transformation in a competitive and dynamic environment. This study makes a significant contribution by bridging the gap between corporate values and employee performance through the lens of the AKHLAK framework, a core set of values specifically tailored for Indonesian State-Owned Enterprises (BUMN), advances the understanding of how corporate values, such as those embedded in AKHLAK, serve not only as a foundation for ethical and aligned organizational behavior but also as a moderating factor that strengthens the relationship between leadership, compensation, work environment, and performance outcomes. By proposing a conceptual model, this research provides a valuable resource for policymakers and organizational leaders, offering actionable insights on integrating spirituality and ethical principles into corporate culture.

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ABSTRAK

Menggunakan nilai-nilai inti AKHLAK yang diadopsi oleh Badan Usaha Milik Negara (BUMN) Indonesia sebagai dasar, penelitian ini menekankan pentingnya kepemimpinan transformasional, kompensasi yang adil, dan lingkungan kerja yang mendukung dalam meningkatkan kinerja yang dimoderasi oleh nilai-nilai perusahaan. Dengan menggunakan metode literature review, studi ini mengusulkan model konseptual untuk membimbing pembuat kebijakan dalam mengintegrasikan nilai spiritualitas ke dalam budaya perusahaan, meningkatkan motivasi dan keterlibatan karyawan, serta mendorong transformasi organisasi yang berkelanjutan dalam lingkungan yang kompetitif dan dinamis. Studi ini memberikan kontribusi yang signifikan dengan menjembatani kesenjangan antara nilai-nilai perusahaan dan kinerja karyawan melalui kerangka AKHLAK, sebuah seperangkat nilai inti yang dirancang khusus untuk Badan Usaha Milik Negara (BUMN) di Indonesia dan memperdalam pemahaman tentang bagaimana nilai-nilai perusahaan, seperti yang terkandung dalam AKHLAK, tidak hanya berfungsi sebagai dasar perilaku organisasi yang etis dan selaras tetapi juga sebagai faktor moderasi yang memperkuat hubungan antara kepemimpinan, kompensasi, lingkungan kerja, dan hasil kinerja. Dengan mengusulkan model konseptual, penelitian ini menyediakan sumber daya yang berharga bagi pembuat kebijakan dan pemimpin organisasi, menawarkan wawasan praktis tentang integrasi spiritualitas dan prinsip etika ke dalam budaya perusahaan.



INTRODUCTION

The Minister of State-Owned Enterprises (BUMN) highlighted the significance of emotional intelligence (EQ) and spiritual intelligence (SQ) in fostering relationships with God and others. This perspective aligns with the AKHLAK values (Amanah, Kompeten, Harmonis, Loyal, Adaptif, Kolaboratif), which form the foundation of the work culture and transformation efforts within BUMN. Akhlak represents positive behavior that positively influences the environment and emphasizes the importance of integrating good morals into all aspects of life. BUMN employees are called to emphasize akhlak in their work. It was articulated as a fundamental pillar for building organizational character and regarded as the core value of BUMN. The acronym AKHLAK encapsulates Trustworthy (Amanah), Competent (Kompeten), Harmonious (Harmonis), Loyal (Loyal), Adaptive (Adaptif), and Collaborative (Kolaboratif) values aimed at guiding BUMN management. Each aspect is important: Amanah for community responsibility, Kompeten for improving capabilities, Harmonis for fostering effective collaboration, Loyal for prioritizing national interests, Adaptif for encouraging innovation, and Kolaboratif for enhancing synergy. (www.republika.co.id)

Since being officially launched on July 1, 2020, the AKHLAK values have become an essential element of the work culture in the BUMN Group, aimed at consistent integration into everyday activities. The adoption of AKHLAK is anticipated to aid in transforming human resources within BUMN, boost the competitiveness of enterprises, and contribute to the welfare of the broader community. This cultural framework is recognized as a means to unify and standardize behaviors across various BUMNs, facilitating effective consolidation of attributes, mindsets, and employee actions. In addition, AKHLAK is considered a vital foundation that underpins all business operations, from planning and implementation to problem identification and resolution. This culture encourages a "culture fit" among BUMNs, allowing organizations to function more swiftly and flexibly. It fosters an environment conducive to collaboration, synergy, and innovation. Therefore, the AKHLAK work culture acts not only as a facilitator for reaching quantitative objectives, such as size and economic scale, but also for qualitative goals, which include flexibility, adaptability, and agility attributes that are increasingly essential in navigating the challenges of a dynamic business landscape.(www.esqtraining.com)

AKHLAK values in BUMN should progress to the fourth and fifth levels of the

socio-emotional scale. Research from the United States indicates that a lack of "meaning and purpose" in life can result in significant financial losses due to reduced productivity. During a training session at BUMN it was emphasized that BUMN must achieve levels 4 and 5 specifically the Intra-Independent and Inter-Dependent (Common Good) stages where individuals focus on contributing to society rather than just on personal interests. This aligns with the vision of *rahmatan lil 'alamin*, which is grounded in moral values that serve the nation, consistent with the mission of BUMN. The initiative seeks to integrate AKHLAK as a fundamental value, motivating employees to prioritize societal contributions over self-interest.

The research conducted by ACT Consulting on the health index of the AKHLAK work culture, involving 47 BUMNs and their subsidiaries from September 2020 to May 2021, revealed several key findings. First, the average AKHLAK Culture Health Index was 62.5%, categorized as "fairly healthy" (category B), though there are issues that need addressing. The Positive Energy Index, which measures the level of energy supporting employee productivity towards achieving targets, scored 82.1%, rated as "healthy" (category A), indicating a high level of positive energy that effectively supports organizational performance, although minor obstacles should be addressed for further improvement.

Figure 1
The Average Index of Core Value AKHLAK Implementation in State-Owned Enterprises (BUMN)



Source : ESQNews.id

The implementation of AKHLAK in daily behavior was found to be low, with an index of 43.1%, indicating that employees apply AKHLAK inconsistently. The

values with the lowest implementation scores were Adaptif (36.5%), Harmonis (37.7%), and Loyal (37.7%). The Balance Index for organizational focus in BUMNs stood at 73.9% (category B), showing a decent level of focus across five organizational awareness areas, but with room for improvement in the meaning purpose area. The alignment between personal and organizational values was found to be 54.4% (category B), highlighting the need for internalization programs to better align individual values with those of the organization. Finally, the alignment between current organizational culture and its future goals scored 58.9% (category B), indicating that the organizational culture is on track but requires minor adjustments to fully align with future transformation goals.

In conclusion, a conceptual model for Cultural and Behavioral Transformation in Indonesian State-Owned Companies is needed to be formed to effectively strengthen cultural transformation efforts within these organizations. This model can integrate key factors such as corporate values, transformational leadership, compensation, work environment, and employee performance that together create a resilient organizational culture and work behavior aligned with the company's vision. The implementation of corporate values, like AKHLAK, will be more impactful if supported by transformational leadership, fair compensation, a positive work environment, and a focus on improving both individual and organizational performance. With a holistic and comprehensive approach, cultural and behavioral transformation in state-owned companies can progress sustainably, enhancing competitiveness, fostering innovation, and contributing more significantly to economic growth and societal welfare.

THEORETICAL BACKGROUND

Employee Performance

Performance is the outcome delivered by an individual or organization over a specific period, used to evaluate effectiveness in areas such as production, finance, marketing, or employee output. It demonstrates the capability to complete assigned tasks successfully. Performance is often defined as an employee's ability to apply their skills effectively to their work. It also encompasses the results of actions taken to meet job requirements. Performance is commonly assessed across three dimensions: skill proficiency, quality of work, and initiative. (Rinny et al., 2020). Performance is the achievement of tasks and work behaviors within a

designated timeframe, serving as a tool to enhance accountability and guide decision-making. It plays a vital role in ensuring organizational effectiveness and reaching objectives.t.(Maizar et al., 2023)

Performance is measured by the achievements of employees against established company standards or criteria, defining the success of a job's fulfillment. (Andres Rodriguez-Clare & Jonathan Dingel, 2021). The importance of a well-rounded approach to performance evaluation is emphasized, with both technical skills and interpersonal dynamics within teams and organizations being considered.(Srimulyani et al., 2023). Employee performance is assessed through two dimensions: behavior and outcomes. Key factors influencing individual performance include personal traits (cognitive abilities, personality, motivation, skills), country-specific variables (knowledge, attitudes, skills, motivation), and situational factors (reward systems, peer relationships, leadership styles, workplace conditions). The interaction of these elements shapes overall performance, highlighting the complexity of what determines how employees perform within an organization..(Putu et al., 2022). Effective performance standards should align with company strategy, reflect employee responsibilities, consider external factors, account for technology and production processes, distinguish acceptable performance, offer challenges, be realistic and measurable, maintain consistency and fairness, and comply with labor laws and regulations.(Hardiyanti et al., 2022)

Transformational leadership

Transformational leadership is a leadership style that integrates creativity, perseverance, energy, intuition, and attentiveness to employees, enabling the achievement of numerous organizational goals and having a significant effect on employees.(Achmad & Sunaryo, 2020). Transformational leadership involves leaders who motivate their followers to prioritize the organization's interests over their own and have a profound impact on them. These leaders focus on fostering the self-development of their followers, shift their perspective on challenges by presenting problems in new ways, and inspire and encourage them to work diligently toward shared goals.(Hardiyanti et al., 2022)

Transformational leadership focuses on empathy, emphasizing collective identity, encouraging risk-taking, promoting kindness, fostering relationship-building, and clearly communicating goals. It also involves shared decision-making and distributing power. (Kateb & Prof. K., 2019). A transformational leader can generate enthusiasm among followers about the success of an organization, contributing to its overall achievements. Transformational leadership

includes four key factors: idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation.(Magasi, 2021). Transformational leaders encourage their followers to view leadership from new perspectives through intellectual stimulation. These leaders are seen as individuals who provide support and care for their followers through individualized consideration, inspirational motivation, and charisma.(Eliyana et al., 2019). Transformational leaders motivate and encourage their followers by helping them recognize the significance of a job's outcomes. They ask individuals to prioritize the team's goals over personal interests and work to adjust the fulfillment of subordinates' needs or expand the scope of those needs. (Suhartono et al., 2023)

Compensation

Compensation is considered a crucial factor in enhancing employee performance, motivation, and job satisfaction. A well-structured compensation system is designed to attract, hire, and retain skilled employees. It is defined as any form of payment or reward provided for work done, often linked to performance rather than tenure or hours worked. (Ridwan, 2023). Compensation is made up of both direct and indirect components. Direct compensation is comprised of salaries, wages, and bonuses, while indirect compensation includes benefits related to employee welfare. Key indicators of compensation include wages, salaries, incentives, goals, and facilities ((Maizar et al., 2023). Compensation includes all forms of remuneration given to employees as a reward for their work, aiming to ensure satisfaction. These forms may be financial or non-financial. Insufficient compensation is found to reduce employee motivation, job satisfaction, and organizational commitment. On the other hand, fair compensation can lead to improved job satisfaction, stronger organizational commitment, and lower turnover rates. However, compensation alone is not sufficient to ensure a company's success or employee retention, as leadership also plays a significant role .(Andres Rodriguez-Clare & Jonathan Dingel, 2021). Compensation is considered to include all forms of remuneration provided to employees for their work, ensuring their satisfaction. This includes both financial and non-financial compensation. Insufficient compensation is found to lower organizational commitment, job satisfaction, and motivation. (Suparyanto dan Rosad (2015, 2020)

Corporate Culture

Corporate Culture is defined as a system of shared perceptions held by members, distinguishing one organization from another . A broader perspective of culture is seen as

Cultural and Behavioral Transformation: The Role of Transformational Leadership, Compensation, Work Environment and Corporate Value on Employee Performance .Herudini Subariyanti, Andri Rizko Yulianto, Dina Purnamasari , Muhamad Harun providing a unique identity to an organization . It is recognized as a strategic advantage when alignment with organizational objectives and adaptability to change are supported. Organizational or corporate culture is described as consisting of shared values, beliefs, and practices , with employees' daily actions being guided toward the achievement of specific goals . Key cultural values used to evaluate organizational culture are identified as adaptability, collaboration, community, and customer focus.(Srimulyani et al., 2023).

The AKHLAK core value has been established as a fundamental principle that must be upheld by all state-owned enterprises (SOEs) in their daily operations and activities. It is intended to serve as a guiding framework for employee behavior, not only within the workplace but also at home and in the wider community. This directive is part of a government initiative aimed at ensuring the effective implementation of the SOEs' transformation process across all levels of human resources. The AKHLAK culture focuses on aligning employee behavior with key principles such as integrity, competence, collaboration, and accountability, to support the success of SOEs in Indonesia.. Corporate culture is commonly defined as the shared values and symbols that are collectively understood and followed within an organization. This sense of shared culture fosters unity among members, creating a family-like bond and setting the organization apart from others. Organizational culture serves as a guideline for members to achieve their objectives while establishing a distinct identity for the organization..(Hardiyanti et al., 2022)

Work Environment

The work environment is described as encompassing all aspects that influence the physical and mental well-being of employees. In organizational psychology, the physical, mental, and social environments in which employees work are analyzed to improve effectiveness and enhance performance. A conducive work environment is seen as reducing fatigue, monotony, and boredom, thus improving performance (Putu et al., 2022). It is recognized that the work environment significantly impacts employee morale and motivation, enabling skills and abilities to be utilized effectively in achieving organizational goals. The work environment is suspected to have a direct influence on employee motivation .(Parashakti et al., 2020) . The workplace is defined as the physical location where tasks are performed, ranging from home offices to large corporate buildings. It is viewed as an important social space beyond the home, playing a central role for employees, their families, the employing organization, customers, and society at large .(Kodarlikar & Umale, 2020). Workplace conditions, such as layout, lighting, cleanliness, air control, and job security, are acknowledged to significantly affect employee performance. These

factors, which are inherent in workplace planning, are recommended to be supports the conclusion that a comfortable work environment positively affects employee performance (Efawati, 2020). The work environment is described as including all facilities and infrastructure around employees, which are linked to psychological states that affect performance. Similarly, Winata and Mia (2005) . The work environment is encompassing all elements surrounding employees that influence their task execution, such as air conditioning, lighting, and other amenities (Aggreni et al., 2023).

RESEARCH METHODOLOGY

This study employs a qualitative approach to propose a research proposition regarding employee performance. Data were collected through a literature survey, a qualitative research method that develops insights based on previous studies. (Nur Islaminingsih et al., 2020) states that a literature survey aims to gather and summarize the essence of prior research while analyzing expert perspectives presented in texts. Snyder concludes that literature reviews can serve as a foundation for various types of research because their findings provide insights into scientific developments, support policy formulation, inspire the creation of new ideas, and act as valuable tools for critical thinking, research guidance, and field advancement. While the influence of corporate value , leadership, compensation and work environment on employee performance has been extensively studied, research on spirituality that integrated in corporate value as a moderating variable remains limited. The proposed model is expected to guide policymakers in recognizing the importance of employee spirituality integrated in corporate value influencing the effects of leadership , compensation and motivation on lecturer performance.

RESULTS AND DISCUSSION

Corporate Culture and Employee Performanc

Srimulyani's study explores the interplay between leadership, corporate culture, affective commitment, and employee performance among 135 BUMN employees in Madiun, East Java. Key findings include: (1) "AKHLAK" corporate culture partially mediates leadership's effect on affective commitment; (2) inclusive leadership does not directly influence performance nor is mediated by "AKHLAK" culture; (3) affective commitment fully mediates the relationship between inclusive leadership and performance; and (4)

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"AKHLAK" culture's impact on performance is fully mediated by affective commitment. The study highlights the importance of affective commitment and corporate culture in advancing leadership and organizational performance..(Srimulyani et al., 2023). Meanwhile , Research conducted by Putu at BNI Pare-Pare Branch examined the effects of workload and work environment on organizational commitment, with "AKHLAK" culture as a mediator. Analysis of 115 respondents using SmartPLS 4 revealed that workload reductions did not significantly impact organizational commitment, either directly or through "AKHLAK" culture. However, a positive work environment significantly enhanced commitment, though "AKHLAK" culture did not mediate this relationship. These findings suggest that a supportive work environment is crucial for boosting organizational commitment, while the mediating role of "AKHLAK" culture is limited.(Putu et al., 2022).

A study at PT PLN (Persero) UP3 Kebon Jeruk by Hardiyanti analyzed the impact of corporate culture and transformational leadership on employee performance, with employee engagement as a mediating factor. Based on data from 63 respondents using SEM-PLS, the results showed that both corporate culture and transformational leadership significantly influenced employee engagement and performance. However, while employee engagement effectively mediated the relationship between transformational leadership and performance, it did not significantly mediate the link between corporate culture and performance. (Hardiyanti et al., 2022)

A qualitative descriptive study by Lestari utilizing questionnaires and in-depth interviews was conducted to examine the role of "AKHLAK" as the core value of BUMN, specifically in Bank Syariah Indonesia. The findings confirmed that "AKHLAK," encompassing values such as trustworthiness, competence, harmony, loyalty, adaptability, and collaboration, was effectively implemented and met the criteria for enhancing employee performance by aligning with organizational targets (Lestari et al., 2023). On the other hand , an analysis of the influence of "AKHLAK" organizational culture on employee performance and job satisfaction was conducted at Semen Gresik Hospital using data from 101 organic employees, collected through proportional sampling. The findings , revealed that "AKHLAK" organizational culture had both direct and indirect effects on employee performance and job satisfaction. The direct influence (Anam & Suyoto, 2021).

Research in the State-Owned Enterprises (SOE) Oil and Gas Sector, employing a qualitative triangulation method and NVivo12 software, assessed the application of "AKHLAK" values as a cultural foundation to enhance employee performance. The study

Cultural and Behavioral Transformation: The Role of Transformational Leadership, Compensation, Work Environment and Corporate Value on Employee Performance .Herudini Subariyanti, Andri Rizko Yulianto, Dina Purnamasari , Muhamad Harun identified the need for improved collaboration across business units and structured "AKHLAK" training through needs analysis, program design, and continuous learning. Recommendations included strengthening exemplary leadership, fostering a collaborative culture, integrating "AKHLAK" into performance evaluations, and promoting transparency. While progress has been made, sustained efforts are required to embed "AKHLAK" values into employee behavior and align them with corporate objectives to drive better employee performance.(Sari & Elmi, 2024)

Transformational Leadership and Employee Performance

A study conducted by Kateb at ABC Apparel Manufacturing Company in Sri Lanka explored the impact of transformational leadership on job satisfaction and job performance. Using a stratified random sampling of 70 subordinates , the results revealed a significant positive correlation between transformational leadership and both job satisfaction and job performance. As transformational leadership qualities increased, both job satisfaction and job performance improved. Additionally, a reciprocal relationship between job satisfaction and job performance was found, highlighting the importance of developing transformational leadership to boost employee satisfaction and performance. (Kateb & Prof. K., 2019). Another study explored the impact of transformational leadership on the performance of Civil Servants in the Public Housing and Settlement Areas Department of Central Java Province. Using a quantitative explanatory research method, data were collected from 77 respondents through a saturated sampling technique. Analysis through Partial Least Square (PLS) using SmartPLS 3.0 revealed that transformational leadership did not directly influence employee performance. However, a significant direct effect was found on job satisfaction and employee engagement, which in turn significantly affected performance. These findings demonstrated that job satisfaction and engagement served as mediators between transformational leadership and employee performance (Achmad & Sunaryo, 2020). Further research on transformational leadership focused on its ability to elicit beneficial behaviors among employees, such as improved task performance and helping behaviors, through increased work engagement. A multitemporal and multisource design was adopted in a study involving 507 nurses from 44 teams. The results highlighted the importance of work engagement in explaining how transformational leadership influences performance and behavior(Lai et al., 2020). A study on SMEs employees examined the impact of transformational leadership on organizational citizenship behavior and employee performance, with a sample of 310 respondents from 30

SMEs. The findings revealed that transformational leadership positively influenced both organizational citizenship behavior and employee performance, with organizational citizenship behavior acting as a mediator between leadership and performance (Purwanto, 2022).

Additionally, research in the Kurdistan region of Iraq analyzed data from 252 respondents in Erbil and Sulaymaniyah, finding that transformational leadership had a positive impact on employee performance. Inspirational motivation and individual consideration were identified as key contributors, with recommendations for managers to focus on employee motivation and individual care to enhance performance performance (Top et al., 2020). In another study, the relationship between transformational leadership and job satisfaction was examined through data collected from 120 employees in Tangerang using online questionnaires. Analysis using Structural Equation Modeling (SEM) revealed that transformational leadership, characterized by inspiring employees, addressing intellectual challenges, and meeting individual needs, positively influenced job satisfaction. It was concluded that leadership styles, along with factors such as demographic characteristics, significantly impacted job satisfaction, reinforcing the reciprocal relationship between organizational culture, transformational leadership, and employee satisfaction (Syah et al., 2020).

A study in SMEs in Pakistan focused on the mediating role of corporate social responsibility (CSR) in the relationship between transformational leadership and job performance. Primary data were collected through a cross-sectional survey, with 130 completed questionnaires analyzed using regression techniques. Results indicated that transformational leadership was a significant predictor of job performance, with CSR acting as a complete mediator in this relationship. The findings suggested that adopting transformational leadership practices enhances both CSR and employee performance (Manzoor et al., 2019).

Compensation and Employee Performance

The study aims to examine and analyze the in of compensation, job promotions and job satisfaction on the performance of Mercu Buana University's teaching staff. This type of research is a causal analysis using a quantitative approach. Questionnaires were distributed to 77 Mercu Buana University employees from a total population of 332 employees using convenience sampling techniques. The analytical method used in this study is multiple linear regression. The results showed that compensation, job promotions and job satisfaction simultaneously had a significant effect on performance. Partial compensation does not affect performance. Job

satisfaction has a positive and significant effect on performance. Compensation has a negative and not significant influence on employee performance of Mercu Buana University. It shows that the higher the compensation given to employee, the decreased performance. The highest correlation between dimensions on the compensation variable to the performance variable is the indirect compensation dimension to work skills and quality of work. Thus, indirect compensation can improve performance in terms of work skills and quality of work.(Rinny et al., 2020)

This study supposed to determine the effect of compensation, training, competence and work discipline on employee performance of PT.Luas Retail Indonesia in batam branch. the sampling technique in this study is a census, the entire population makes a sample of 93 people.(Maizar et al., 2023). The purpose of this study to discuss about effect of competence and compensation on employee performance. This type of research is a correlational study. The population in this study are employees of PT Bintang Parabola, amounting to 75 people. In this study the authors used a population of 75 employees at PT Bintang Parabola by calculating the sample size using saturated sampling technique. Methods of data analysis using the t test..(Suparyanto dan Rosad (2015, 2020)

This study aimed to analyze the impact of the Islamic work ethic, competencies, compensation, and work culture on job satisfaction and performance among employees of four-star hotels. Additionally, it examined the influence of these factors on performance through the mediating role of job satisfaction. Conducted across 20 four-star hotels in South Sulawesi with a population of 2,491 employees, a sample of 345 respondents was selected using the Slovin formula. Data from questionnaires were analyzed using the Structural Equation Model (SEM) with AMOS 18. The results showed that there were nine hypotheses indicating a positive and significant effect: the Islamic work ethic, competencies, compensation, and work culture positively influenced both job satisfaction and employee performance in four-star hotels.(Saban et al., 2020)

Work Environment and Employee Performance

A quantitative study was conducted to evaluate the effects of Work-life Balance, motivation, and the work environment on the performance of PT Semen Tonasa employees, both directly and as moderated by the AKHLAK culture. Moderated regression analysis (MRA) using SPSS software was employed for data analysis. The findings indicated that Work-life Balance, Work Motivation, and the Work Environment were observed to have a partially significant and positive impact on employee performance. However, moral culture was not proven to

significantly mediate the relationship between these variables and employee performance (Mursham et al., 2022). Research conducted at Masmitra Hospital examined the influence of the work environment and competence on employee motivation and its subsequent impact on performance. Using a quantitative descriptive analysis and a Likert scale, data from 100 respondents were analyzed via path analysis. The results revealed that the work environment and competence positively and significantly impacted employee performance both directly and indirectly through motivation (Parashakti et al., 2020). An analysis of work conditions, workability, and leadership in the fashion industry of Bandung was conducted to explore their effects on employee performance. Proportional stratified random sampling was applied to collect data from 72 respondents, which were subsequently analyzed using multiple linear regression. The findings showed that workability and leadership were closely related to employee performance, with leadership being the most dominant factor influencing performance (Efawati, 2020).

A study at PT Pelabuhan Indonesia II (Persero) Tanjung Priok Branch assessed the effects of career development and the work environment on employee loyalty, with job satisfaction as an intervening variable. Data collected from a randomly selected sample were analyzed using structural equation modeling (SEM) with the assistance of the Amos software program. The results showed significant positive effects of career development and the work environment on job satisfaction and loyalty. Additionally, job satisfaction was confirmed as a mediating variable influencing the relationship between career development, the work environment, and employee loyalty (Yuliyanti et al., 2020).

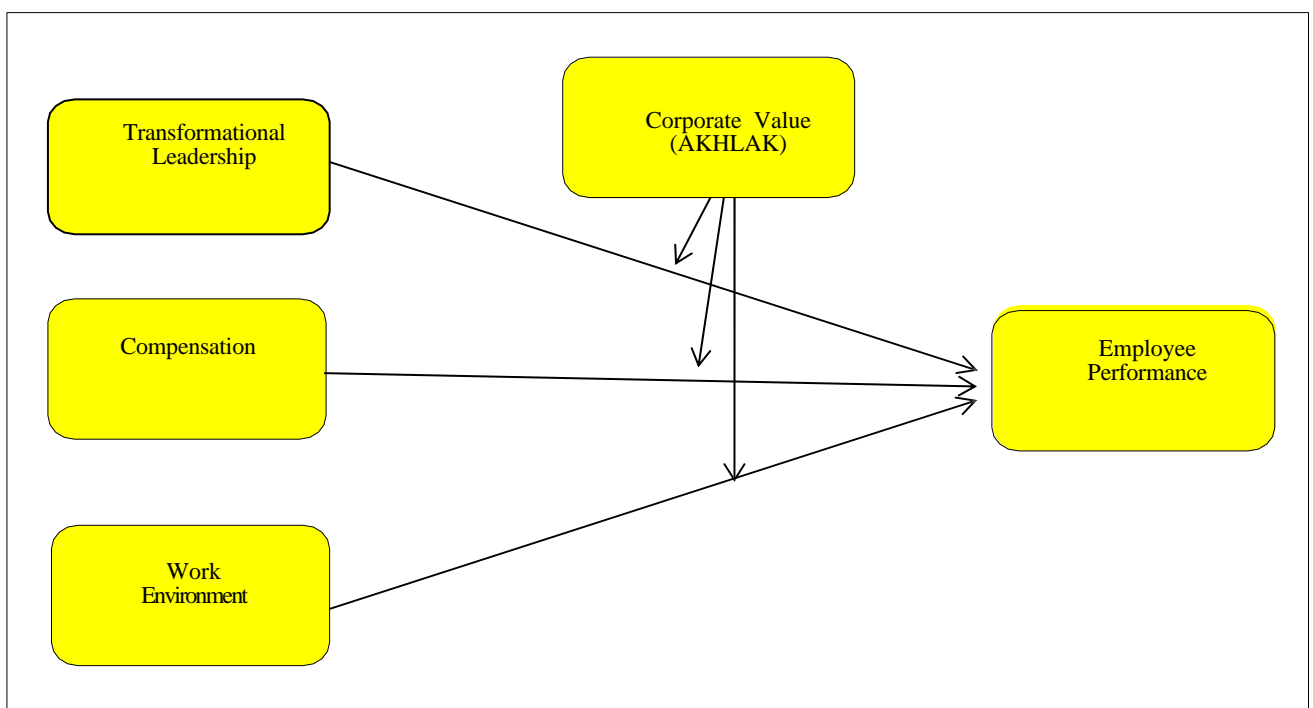
This study examined the impact of workplace environment on employee task performance under the mediating role of employee commitment and achievement-striving ability. For this purpose, data were collected from the academic staff under a cross-sectional research design, and they were approached through convenience sampling technique. As per recommendations of established sample size criteria, we distributed a sum of 420 questionnaires among the respondents. Among these distributed questionnaires, only 330 were received back. The returned questionnaires were checked for missing and incomplete responses and after discarding the missing responses useable responses were 314 which were used for the data analysis.. While in the case of mediation, it had also been observed that workplace environment triggered employee commitment and employee achievement-striving ability which further improved employee performance (Zhenjing et al., 2022). An investigation into the work environment, job satisfaction, and employee performance was conducted at Rumah Sakit Swasta in Jakarta. Data from 82

employees were collected through questionnaires and analyzed using a quantitative approach. The findings demonstrated that the work environment positively influenced job satisfaction and employee performance. Additionally, job satisfaction was observed to contribute positively to employee performance ((Ramli, 2019).

A conceptual framework resulted that connects corporate values, transformational leadership, compensation, work environment, and employee performance to explain their interrelationships and collective impact. Transformational leadership enhances trust and innovation, fair compensation boosts job satisfaction, and a supportive work environment improves well-being and productivity. Together, these elements drive cultural and behavioral transformation in state-owned companies, emphasizing their importance in improving employee performance moderated by Corporate values

Figure..2

Employee Performance Conceptual Model



Source : Literature Review Results

CONCLUSION AND RECOMMENDATION

Based on these findings, organizations should prioritize embedding "AKHLAK" values throughout their operations, promoting inclusive and transformational leadership, and fostering a supportive work environment to boost employee commitment and performance. Additionally, aligning corporate culture with organizational goals, utilizing job satisfaction as

a mediator, and implementing ongoing cultural training and feedback processes will ensure that "AKHLAK" culture is effectively ingrained and sustained within the organization. These efforts will contribute to enhanced employee engagement, improved performance outcomes, and overall organizational success. Furthermore, the studies collectively emphasize that organizational culture, particularly one rooted in "AKHLAK" values, plays a crucial role in shaping employee behavior and performance. While each study demonstrates varying degrees of mediation by "AKHLAK" culture, a consistent theme is the recognition that leadership, employee engagement, and a positive work environment are essential for cultivating a committed and high-performing workforce.

The alignment of cultural values with organizational goals provides employees with a clear understanding of expectations and performance standards. Additionally, the need for continuous reinforcement of these values through leadership development, training, and feedback mechanisms highlights the long-term commitment necessary to fully integrate these values into the organization's fabric. For future research and practice, exploring the specific ways in which "AKHLAK" culture influences daily operations and employee interactions, as well as its adaptability to different organizational contexts, would be beneficial. This approach would enable organizations to more effectively leverage culture as a strategic asset for sustained success and growth.

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