

Study on the Role of Ethical Leadership Implementation and Organizational Culture on the Organizational Performance of Regional Apparatus Work Units (SKPD) Within the Regional Government of West Nusa Tenggara Province

Dr. Mukmin Suryatni,MM¹, Drs. Lalu Hamdani Husnan,MBA.DBA² and Dr. Lalu Suparman,Drs.,MM³

¹ Magister of management, faculty of economics, and business, Mataram University, Mataram, Indonesia, mukminsurvatni.@unram.ac.id

² Magister of management, faculty of economics, and business, Mataram University, Mataram, Indonesia, lhkdeby1211@gmail.com

³ Magister of management, faculty of economics, and business, Mataram University, Mataram, Indonesia, lalusuparman77@gmail.com

Abstract

This study aims to find out the Study of the Role of Ethical Leadership Implementation and Organizational Culture In the Organizational Performance of Regional Apparatus Work Units (SKPD) in the West Nusa Tenggara Provincial Government Environment The type of research used is descriptive quantitative which is correlational causality. The data collection method used is the survey sample method. The research population was all employees who occupied functional positions as supervisors (previously echelon IV structural positions, such as the Head of Sub-Section in each SKPD) in the West Nusa Tenggara Provincial Government Environment with a total of 200 respondents. The sampling technique used in this study was a survey sample. purposive sampling technique. Data was collected through an online survey and analyzed using SEM-PLS through the SmartPLS application version 3.0. The results showed three research results, namely ethical leadership did not have a significant effect on organizational performance while organizational culture had a significant influence on organizational performance and ethical leadership had a significant effect on organizational culture.

Keywords: *Ethical Leadership, Organizational Culture, Organizational Performance*

INTRODUCTION

Studies on organizational performance draw the attention of researchers, especially to government-run public service organizations. Until now, it is rare to hear of any government agency that has a good reputation and image of the service user community. In fact, the government management has tried to provide optimal services by trying to use large enough resources, to support these services.

In terms of theory, organizational performance is the result of work achieved by the organization as a whole, which is seen from production performance, marketing performance, HR performance and financial performance. According to Steers (2003) organizational performance is a level that shows how far the implementation of tasks can be carried out in actual terms and the mission of the organization is achieved. Institutions or organizations that take performance measurements seriously are business institutions. Because it is used as evaluation material by management and its *stakeholders*. Then followed by non-profit organizations and government-owned public service

organizations, which have begun to pay attention, because they are used as the basis for evaluation for the community. The success rate achieved can be used as the basis for the next stage of policies. In addition, according to Rukky (2004) in his book that organizational performance is the result of work that has been achieved by an organization in carrying out various activities. The success of an organization in achieving a certain level of performance, depends on the process of managing, organizing and using the resources owned. The achievement of organizational performance is also influenced by many organizational factors including human resource management, the use of technology, leadership, organizational culture, environmental conditions, and others.

The role of the leader in a government organization can be seen from the efforts to move, direct and motivate his subordinates, so that they are able and willing to carry out the various tasks assigned to him. Leaders who are well received by their subordinates are those who in carrying out their leadership ethically, who uphold truth, justice, honesty, transparency and responsibility, in acting and making decisions. Relatedly, Yukl (2005) explains ethical leadership, by reviewing the opinion of James McGregor Burns (1978), that leadership as a process by which leaders and followers exalt the other to a higher level of morality and motivation. Leaders seek to elevate the consciousness of the followers by appealing to idealism and moral values such as freedom, justice, equality, peace, humanitarianism, not basic emotions such as fear, gluttony, jealousy or hatred.

In addition to leadership that determines the achievement of organizational performance, that work culture applied to an organization, can support the implementation of the main activities of an organization achieving its goals. Gibson, at all (1996) states that culture influences the way humans act within organizations. How they work, view their work, work alongside colleagues, and view the future, is largely determined by cultural norms, values and beliefs. Furthermore, Yukl (2005:212) elaborates on values and states that values are internalized attitudes regarding what is right and wrong, ethical and unethical, which are moral and immoral.

Some of the results of previous research have linked organizational performance to leadership. Madanchian, at al. (2016) conducted research on the relationship between ethical leadership and organizational performance. The result is that ethical leadership in an organization has an impact on organizational performance. Mulyadi (2021) conducted research on state-owned companies in Indonesia, the results of which showed that ethical leadership has a significant positive effect on organizational performance. The findings reveal that the higher the ethical leadership, the higher the organizational performance will be. In addition, Soedjono (2005) states that organizational culture affects performance. Angel maudul (2018) states that ethical leadership affects organizational culture.

BIBLIOGRAPHY REVIEW

Brown, Trevino, and Harrison (2005) define ethical leadership as a demonstration of appropriate normative behavior through personal actions and interpersonal relationships. The study of ethical leadership is built on the basis of social learning. Social learning 7 proposes that leaders will influence the ethical behavior of others through modeling (Brown, Trevino, & Harrison, 2005). It is the leader's responsibility to model the ethical behavior they want from followers.

According to Robbins and Coulter (1999:150), the term ethics usually refers to the rules or principles that formulate right and wrong behavior. This means that ethics is a determining factor in the success of a leadership. In organizations, leadership is considered good if leadership functions are carried out based on ethical principles in accordance with the values adopted by the organization.

Ethical leadership will create a more comfortable working atmosphere in the organization, higher productivity, and resolve conflicts that exist within the organization. Relatedly, Yukl (2005) explains ethical leadership, by reviewing the opinion of James McGregor Burns (1978), that leadership as a process by which leaders and followers exalt each other to a higher level of morality and motivation.

According to Schein (2004), organizational culture is defined as a dynamic symptom around us all the time, which is continuously carried out and created through interaction with other parties and is shaped by the behavior of the leader and which consists of structures, routines, rules and norms that guide and limit behavior. A practical way to define organizational culture is in the environment in which we work, in this environment behaviors, attitudes, beliefs, skills, views. According to Mulyadi (2012) states that organizational culture is a framework that guides daily behavior and makes decisions for employees and directs their actions to achieve organizational goals. Organizational culture is a pattern of beliefs and values (Values) of the organization that is understood, imbued, and practiced by the organization, so that the pattern gives its own meaning and becomes the basis of the rules of behavior in the organization. Therefore, organizational culture is used as a controller and direction in shaping human attitudes and behaviors in the organization.

According to Mangkunegara (2006: 67), expressing the notion of performance (work performance) is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Performance according to Simamora (1997: 339), that to achieve for the organization to function effectively and in accordance with organizational goals, the organization must have good employee performance, namely by carrying out its duties in a reliable way.

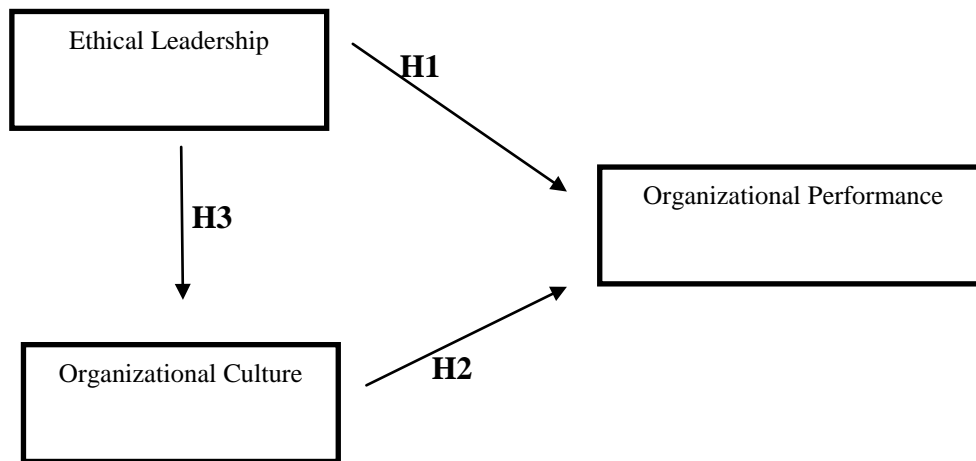


Figure 1. Research Concept Framework

Research Hypothesis

Based on the theoretical concepts of several experts and the results of previous research, researchers can formulate the following hypotheses:

- (1) It is suspected that ethical leadership has a positive and significant influence on organizational performance; This means that if the implementation of ethical leadership is

declared good, it will be able to have an impact on the performance of the organization that is getting higher and higher, and vice versa.

- (2) It is suspected that organizational culture has a positive and significant influence on organizational performance; This means that if the implementation of organizational culture is stronger, then the performance of the organization will be higher or increasing, and vice versa.
- (3) It is suspected that ethical leadership has strong relationships and significant positive influences on organizational culture; This means that if the implementation of ethical leadership is better, it will be able to support the implementation of the organizational culture stronger and vice versa.

RESEARCH METHODS

This study uses a causality coresional approach. Data collection was carried out by utilizing the *Google form* online questionnaire application. Respondents came from all employees who occupied functional positions as supervisors (who were previously structural positions at echelon IV level, such as the Head of Sub-Section in each SKPD). The questionnaire was distributed to respondents using sample *survey* techniques, a total of 200 respondents' answers were used in this study. The measurement of variable indicators adopts previous research, namely: organizational performance; ethical leadership and organizational culture. All items were evaluated using a five-point Likert scale, ranging from 1=strongly disagree to 5=strongly agree. Data analysis is carried out using SEM-PLS through the SmartPLS application version 3.0.

RESULTS AND DISCUSSION

1. Validity Test

Table 1. Validity Test

Variable	Statement	Loading Factor	Information
Ethical Leadership (X1)	Clarity of delivery of the vision and mission and objectives of the organization	0.842	Valid
	Goodness of ways of monitoring <i>and providing feedback</i>	0.768	Valid
	Efforts to <i>empower and assist subordinates</i>	0.793	Valid
	Politeness in <i>brintraksi</i> and socializing with subordinates	0.757	Valid
	Fairness and non-discrimination in the division of duties to subordinates	0.885	Valid
	Civility in the giving of commands, instructions and directions	0.849	Valid
	Suitability of awarding with the work achievements of subordinates	0.773	Valid
	The main concern for the <i>welfare</i> (economy) of subordinates	0.860	Valid
	Concern in providing motivation and morale to subordinates	0.823	Valid
	Transparency of the reality experienced (problems or events) of the organization	0.817	Valid

	Willingness to listen and value the ideas or opinions of subordinates	0.763	Valid
	<i>Involvement (participation) of subordinates</i> in decision making	0.582	Tidak Valid
Organizational Culture (X2)	Have the belief that working as a civil servant is a worship charity	0.764	Valid
	Have a trusting attitude with colleagues or subordinates	0.837	Valid
	Strive to be willing and sincere in accepting duties and responsibilities	0.788	Valid
	Say hello, spread a smile and say hello in service	0.797	Valid
	Have the determination to work earnestly	0.859	Valid
	Have the determination to work according to the right rules	0.797	Valid
	Behaving and trying to enjoy work	0.738	Valid
	Behave politely in interacting and communicating	0.743	Valid
	Have the determination to help each other's colleagues and subordinates	0.867	Valid
	Memiliki tekad bersikap jujur dan transparan	0.824	Valid
	Have a responsible attitude towards tasks and work results	0.871	Valid
	Organizational Performance (Y)	The plan of activities or annual work programs in the field or section handled is appropriate and clear	0.785
The main task load carried out in accordance with capacity and competence		0.780	Valid
The level of satisfaction of <i>stakeholders</i> , non-peer colleagues or the community for services from the field or part handled		0.871	Valid
The level of satisfaction with the performance of employees themselves in carrying out their duties and responsibilities to provide services		0.853	Valid
The achievement targets or standards for achieving work results contained in the operational plan in the field or section are appropriate and clear		0.837	Valid
The level of achievement of activities (physical) or the percentage of achievements (physical realization) in the field or part handled is in accordance with the plan		0.840	Valid
Level of achievement (finance) or		0.831	Valid

	percentage of achievement (realization of funding) in the field or sections handled according to plan or target		
	Problems or obstacles faced in carrying out (physical) activities in fields or sections that are handled are many and varied	0.603	Invalid
	Problems or obstacles faced in carrying out activities (funding) parts that are handled are many and varied	0.484	Invalid
	Solving problems encountered in the field or part handled in the form of physical activities or funding, with a high level of difficulty	0.380	Invalid
	In carrying out duties as an employee in the field or part handled, there are adequate and feasible work facilities and facilities available	0.662	Invalid
	In carrying out duties as an employee, it has been supported by employees, colleagues or subordinates who are quite adequate and competent and have high performance	0.642	Invalid

The results of processing using SmartPLS 3.0 can be seen in the table above the outer model value or correlation between constructs and variables shows that overall the loading factor value is greater than 0.7 so it is declared valid but for items X9, Y5, Y6, Y7, Y8 and Y9 have loading factor values below 0.7 so they are said to be invalid. The invalid data is deleted and the validity test is carried out again and the result is that other items are valid.

This test is done to see how much difference between variables. The value seen in this test is the *average variance extracted (AVE)* value on all variables obtained as a result of estimation where the value > 0.50 so that it can be declared valid.

2. Reliability Test

Table 2. Reliability Test

Variable	Cronbach's Alpha	Composite Reliability	Rule of Thumb	Model Evaluation
Ethical Leadership (X1)	0.951	0.955	> 0.70	Reliabel
Organizational Culture (X2)	0.949	0.956		Reliabel
Organizational Performance (Y)	0.937	0.949		Reliabel

The composite reliability value of each variable is greater than 0.70. Likewise, the value of cronbach's alpha is in accordance with the recommended value (>0.70). Therefore, internal consistency is inferred to have been fulfilled.

Hypothesis Test

To determine the significant degrees path coefficient, the value of t (t-count) generated by running the Bootstrapping algorithm is used to determine whether the proposed hypothesis is accepted or not. At the signif level of fishion 0. 05, the hypothesis would be supported if the significance level was below 0. 05 (5%).

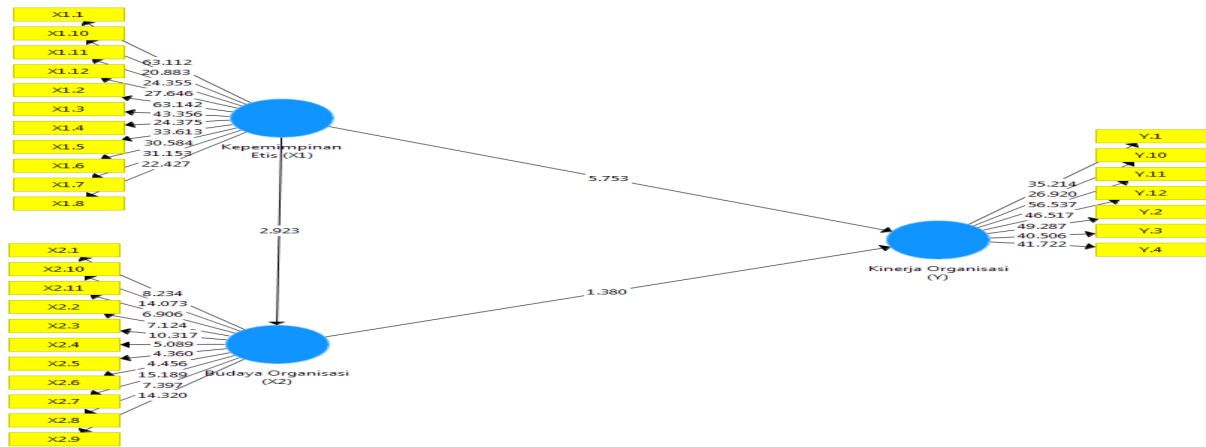


Figure 2. Hypothesis Test

Table 3. Hypothesis Test

Intervariable silencing	Original Sample	T Statistic	P Value	Information
Ethical leadership ->organizational performance	0.099	1.380	0.168	Insignificant
Organizational culture -> organizational performance	0.187	2.923	0.004	Significant
Ethical leadership -> organizational culture	0.356	5.753	0.000	Significant

Based on the table above, the results of the study were obtained as follows:

- 1.The first hypothesis (H1) The *ethical leadership* variable has a positive and insignificant influence on the performance of the SKPD organization within the scope of the NTB Provincial Government through hypothesis testing with SEM PLS with test results showing that the value with a p-value of 0.168 (higher than the error tolerance of 5%/0.005) which means positive and insignificant so that it can be stated that the **first hypothesis is rejected**
- 2.Hypothetical two (H2) *Organizational culture* variables have a positive and significant influence on the organizational performance of SKPD within the scope of the NTB Provincial Government through hypothesis testing with SEM PLS with test results showing that the coepisien value is 0.57 with a p-value of 0.004 (lower than the error tolerance of 5%/0.005) which means positive and significant so that it can be stated that the **second hypothesis is accepted**
- 3.Hypothetical three (H3) The *ethical leadership* variable has a strong relationship with a positive and significant influence on organizational culture, meaning that if the implementation of ethical leadership is better, it will be able to support the implementation of the stronger SKPD within the scope of the NTB Provincial Government through hypothesis testing with SEM PLS with test results showing that

the coepisien value is 0.57 with a p-value of 0.000 (lower than the error tolerance of 5%/0, 005) which means positive and significant so that it can be stated that **the third hypothesis is accepted.**

R Square

Table 4. R Square

Variable	Value R ²
Organizational performance	0.150

The R^{value of 2} of the relationship of the Organizational Performance variable with the ethical leadership variable is 0.150. This means that 15% of the diversity of organizational performance variables can be explained by ethical leadership variables, the remaining 85% is explained by other variables outside the research model. So that the value of R² is included in the category of weak models.

Discussion and Research Results

The relationship between ethical leadership and organizational performance

Based on the results of the analysis on the first hypothesis (H1) shows that there is a positive and insignificant influence between *ethical leadership* and organizational performance, meaning that H1 is rejected. Insignificant influence means that *ethical leadership* is not in the same direction as organizational performance . This indicates that the significant influence of ethical leadership on organizational performance, because organizational performance is not only influenced by *ethical leadership variables*, but there are also other factors such as organizational culture. It is proven in the results of this study that *ethical leadership* will affect organizational performance if mediated by competence. The results of the study obtained through hypothesis testing with a p-value of 0.168 showed that the personality of managers had a positive and significant effect on the performance of the SKPD organization within the scope of the West Nusa Tenggara provincial government. This means that the better the personality possessed by the leadership of the West Nusa Tenggara provincial government, it cannot be ascertained that the organization's performance is also higher in the SKPD within the scope of the NTB provincial government.

This is also shown by the responden response to the application of ethical leadership applied by the SKPD leadership of the NTB provincial government is in the category of very effective and organizational performance is also in the very high category, as well as the results of inferential analysis resulting in that *ethical leadership* variables have a direct positive effect on organizational performance variables. And it was also found that another inhibiting factor that can hinder *ethical leadership* is the organizational climate. The results of this study are not in line with the results of a study conducted by Amaudul entitled the influence of ethical leadership on employee performance, the results of the research showed that ethical leadership had a positive and significant effect.

In addition, a similar study was also conducted by Ayu Wulandari et al entitled the influence of ethical leadership with employee attachment as a mediator of studies in the West Kalimantan regional police. The results of the study showed that ethical leadership had a positive and significant effect on employee performance in the West Kalimantan police. However, the research is in line with research conducted by Koesworo, Supriyono, Sutono (2022) stating that ethical leadership does not affect employee performance. So the better the ethical leadership in an organization, the less it improves employee performance.

The relationship between organizational culture and organizational performance

The results of the analysis show that there is a relationship between organizational *cultures* that have a significant positive effect on organizational performance in the work environment of SKPD NTB. This means that the second hypothesis (H2) of this study is accepted, namely that it is suspected that organizational power has a positive effect on organizational performance. This also means that the more effective the *culture of organization* of the work environment of SKPD NTB. Jhon koter found that companies that do and implement a good organizational culture are significantly superior to companies that do not implement an organizational culture. The impact of organizational culture is that employee happiness will be able to increase productivity, performance and *customer experience*. Organizational culture can be a selling point for both internal and external parties.

The results of this study are in line with the results of a study conducted by Samahita Wirotama with the title of the impact of corporate culture on corporate performance and innovation which proves that organizational culture has a positive and significant effect on organizational performance. In addition, it is in line with research conducted by Soedjono (2005) which states that organizational culture affects organizational performance.

The relationship between ethical leadership and organizational culture

Based on the results of the analysis shows that ethical leadership has a strong relationship and a significant positive influence on organizational culture. This means that if the implementation of ethical leadership is getting better, it will be able to support the implementation of organizational culture in the SKPD NTB work environment stronger and vice versa. So the third hypothesis(H3) is acceptable. This is in line with research conducted by Angel Maudul entitled the influence of ethical leadership and organizational culture on employee performance at PT Asuransi Umum Bumi putra muda 1967. The results showed that ethical leadership affects organizational performance as well as organizational culture together affects employee performance

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the results of research on 200 respondents at SKPD which is within the scope of the NTB Provincial government, it can be concluded that several things can be concluded as follows, namely:

- 1) Ethical leadership has a positive but not significant effect on organizational performance within the scope of the NTB Provincial SKPD. This shows that leaders within the NTB government skpsd show high ethical leadership behavior so that they cannot improve organizational performance.
- 2) Organizational culture has a positive and significant effect on skpd organizational performance in the context of NTB Prov, meaning that if the organizational culture is better implemented, it can strengthen and improve the organizational performance of the NTB provincial government.
- 3) Ethical leadership has a positive and significant effect on organizational culture in the SKPD within the scope of the NTB provincial government, meaning that the better the ethical leadership in the future, the more it will strengthen the organizational culture within the SKPD scope , on the contrary, if the less good the ethical leadership is stated, it will weaken the organizational culture within the scope of the NTB provincial government.

Suggestion

Based on the understanding and conclusions that have been put forward, the suggestions of this study are:

1) Respondents' responses about attention and well-being can be obtained from skpd showed the lowest percentage value on *ethical leadership variables*. Therefore, ethical leadership activities need to get the attention of the leadership, by scheduling special meetings for workers periodically, so that *ethical leadership* can be used as a culture in growing ideas, knowledge and work experience to improve their performance. 2) Respondents' responses about skpd officials lacking hospitality in the work environment both with smiles and so on showed low value because it affected the level of performance of employees. Therefore, the leadership needs to evaluate the attitude of hospitality in the work environment because it can support a more conducive and comfortable work environment for the NTB Provincial SKPD. 3) SKPD officials need to foster and improve the ability of employees to work in accordance with the quality standards set by the company, as well as encourage employees to always complete work faster than time.

REFERENCES

- Angel Maudul, Riane J. Pio, Roy F. Runtuwene. (2018) Pengaruh Kepemimpinan Etis dan Budaya Organisasi Terhadap Kinerja Karyawan Pada PT. Asuransi Umum Bumiputera Muda 1967. Jurnal Administrasi Bisnis. Vol 6 No 003.
- Brown, M.E., Trevino, L.K., dan Harrison, D.A. (2005) : Ethical leadership: A social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Processes*, Vol. 97, 117–134.
- Butt, Assaad Ali; Butt, Azlan Naseer; Ayaz, Muhammad (2016); *Impact of Ethical Leadership on Organizational Performance and Mediating Role of Corporate Social Responsibility: Evidence from Banking Sector of Pakistan*; International Journal of Management Sciences and Business Research, June-2016 ISSN (2226-8235) Vol-5, Issue 6
- Dwiningwarni, Sayekti Sundryah dan Dindah, Prince (2017); Pengaruh Budaya Organisasi Dengan Pendekatan Integritas, Etos Dan Lingkungan Kerja Terhadap Kinerja Organisasi; *EKSIS*, Vol 12, No 2 Oktober 2017
- Gibson, James L; Ivancevich, John M; Donnelly, James H, Jr, (1996), *ORGANISASI, Perilaku, Struktur, Proses, Jilid I*, Edisi Kedelapan, Penerbit Binarupa Aksara, Jakarta.
- James McGregor. (1978). *Leadership*. New York: Harper & Rows.
- Kim, Min-Seong and Thapa, Brijesh (2018); *Relationship of Ethical Leadership, Corporate Social Responsibility and Organizational Performance*; *Sustainability* 2018, 10, 447
- Luthans, Fred (2006); "Perilaku Organisasi", Edisi Sepuluh, Terjemahan : Vivin Andhika Yuwono, dkk; Penerbit Andi, Yogyakarta
- Madanchian, Mitra; Hussein, Norashikin; Noordin, Fauziah; Taherdoost, Hamed (2016); *The Relationship Between Ethical Leadership, Leadership Effectiveness and Organizational Performance: A Review of Literature in SMEs Context*; *European Business & Management* 2016; 2(2): 17-21
- Mangkunegara. 2006. *Evaluasi Kinerja Sumber Daya Manusia*. Jakarta: Refika Aditama

- Mulyadi (2021); Pengaruh Kepemimpinan Etis dan *Good Corporate Governance* Terhadap Kinerja Perusahaan BUMN di Indonesia; *Media Riset Akuntansi, Auditing & Informasi* Vol. 21 No.1 April 2021
- Risianto, Deni; Irawanto, Dodi W.; Mugiono (2018); PERAN BUDAYA ORGANISASI DALAM MEMEDIASI PENGARUH GAYA KEPEMIMPINAN DAN ETIKA TERHADAP KINERJA PERUSAHAAN; *MIX: Jurnal Ilmiah Manajemen*, Volume VIII, No. 1, Feb 2018
- Robbins, Stephen P dan Judge Timothy A, (2009), ”Perilaku Organisasi”, Buku I, Edisi 12, Terjemahan Diana Angelica, dkk, Penerbit Salemba Empat, Jakarta.
- Ruky, Achmad S, (2004), *Sistem Manajemen Kinerja*, Jakarta, Gramedia Pustaka Utama
- Santoso, Eko Boedhi; Fiernaningsih, Nilawati; Murtiyanto, Rizky Kurniawan (2018); PENGARUH BUDAYA ORGANISASI TERHADAP KINERJA ORGANISASI; *Jurnal Administrasi dan Bisnis*, Volume : 12, Nomor : 1, Juni 2018
- Soedjono (2005); Pengaruh Budaya Organisasi Terhadap Kinerja Organisasi dan Kepuasan Kerja Karyawan pada Terminal Penumpang Umum di Surabaya; *JURNAL MANAJEMEN & KEWIRAUSAHAAN*, VOL. 7, NO. 1, MARET 2005: 22- 47
- Simamora. (1997). *Manajemen Sumber Daya Manusia*, STIE YKPN, EdisiKedua, Yogyakarta.
- Steers, M. Richard, (2003), *Efektivitas Organisasi*, Jakarta, Erlangga
- Wollah, Aprillia L; Cahyaningrum, Bambang N; Wijayanti,Ariyani W (2020); Pengaruh Kepemimpinan Transformasional, *Servant Leadership* Dan Pembelajaran Organisasi Pada Kinerja Organisasi; *Journal of Business Finance and Economic (JBFE)*; Volume 1, Nomor 1, Juni 2020
- Yukl, Gary; 2005, *Kepemimpinan Dalam Organisasi*, Edisi Kelima, Terjemahan: Budi Supriyanto, PT. Indeks Kelompok Gramedia, Jakarta.