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The Effect Of Leadership And Organizational Culture On Employee Performance: The Mediating Role Of Service Quality (A Study At Sidotopo Public Health Center)

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ABSTRACT

This study examines the effect of leadership and organizational culture on employee performance at Sidotopo Public Health Center in Surabaya, with service quality as a mediating variable. A quantitative approach was employed using a saturated sampling technique, involving all 44 employees of Sidotopo Public Health Center as respondents. Data were collected through a five-point Likert scale questionnaire and analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS) with SmartPLS version 4. The results indicate that leadership and organizational culture have positive and significant effects on service quality. Both leadership and organizational culture also positively and significantly influence employee performance. In addition, service quality has a positive and significant effect on employee performance. The mediation analysis confirms that service quality partially mediates the relationship between leadership and employee performance, as well as between organizational culture and employee performance. These findings provide both theoretical and practical implications for public health service organizations, emphasizing the importance of effective leadership, a strong organizational culture, and continuous improvement in service quality to enhance employee performance.

INTRODUCTION

Public health centres, as primary health care facilities and functional organizations, require leaders with excellent and high-quality leadership skills in order to achieve their goals, namely to create a healthy working environment through access to quality health care and improved public health. In addition to leadership, organizational culture also has significant influence on shaping behaviour and increasing employee motivation. Organizational culture

consist of values, beliefs, and norms that are inherent and embraced by all members of the organization, thereby becoming guidelines for behaviour in interacting, acting, and carrying out daily work (Sedarmayanti, 2018, as cited in Naimah & Nurhidayati, 2023). A positive organizational culture can foster togetherness, strengthen collaboration, and create a work environment conducive to productivity. Employee performance is the result of the quality and quantity of work achieved by an individual in carrying out tasks in accordance with the responsibilities given by the organization (Adhari, 2021). Performance evaluation is conducted to determine the level of achievement of employee work results and serves as a basis for improving service quality through continuous improvement efforts (Nurhidayah et al., 2024). The results of the TPCB evaluation at 11 Public Health Center in Surabaya City with a "poor" category are presented in Table 1.

Table 1
TPCB Assessment Scores for 11 Public Health Centers in Surabaya (2024)

No	Public Health Center	HR	Planning	Implementation	Supervision & PKP	Quality	P2 & Environmental Health	SKDR	Program Coverage	Category
1	Gading	75	72	92	75	60	96	100	88	Poor
2	Gunung Anyar	75	74	83	75	100	88	100	84	Poor
3	Jemursari	81	95	100	75	100	63	100	72	Poor
4	Krembangan Selatan	81	84	67	100	60	83	100	69	Poor
5	Medokan Ayu	75	90	58	100	90	96	100	78	Poor
6	Pacar Keling	63	100	92	100	50	100	67	78	Poor
7	Sidotopo	75	90	100	50	100	100	100	78	Poor
8	Tambak Wedi	94	100	100	100	40	100	100	84	Poor
9	Wiyung	63	69	92	75	70	100	100	78	Poor
10	Wonokromo	75	95	100	75	100	79	100	84	Poor
11	Wonokusomo	81	100	100	100	40	100	100	75	Poor

Source: Surabaya City Health Office (Dinas Kesehatan Kota Surabaya) (2024)
Note: All scores are in percent (%); TPCB = Cluster Development Team; HR = Human Resource Capacity Fulfillment; PKP = Community Health Center Performance Assessment; P2 = Disease Prevention and Control; SKDR = Early Warning and Response System.

Based on Table 1, 11 out of 63 Public Health Centers in Surabaya were classified as having "poor" rating in the 2024 TPCB assessment conducted by the Surabaya City Health Office, including the Sidotopo Public Health Center. Sidotopo Public Health Center received the lowest score in the supervision, control, and performance assessment (50%), indicating weaknesses in monitoring and performance control systems to encourage optimal performance improvement. The evaluation was conducted using management performance indicators, service coverage indicators for Community Health Efforts (UKM) and Individual Health Efforts (UKP), including laboratory and pharmaceutical services. The 2024 PKP evaluation revealed that nine health service indicators and eight management indicators at Sidotopo Public Health Center failed to meet the established targets. Several service indicators showed very low scores, such as the environmental health program (STBM), which achieved only 0% of the 20% target. In maternal and child health services, the achievement of the first antenatak visit (K1) reached 70.1% of the 100% target, while the standard-compliant antenatal care (ANC) indicator and essential neonatal services did not meet the minimum threshold of ≥80%. Nutritional status monitoring also

remained below the specified target. In addition, the achievement of the Healthy Family Index (IKS) had not reached the required target of ≥80%. From a management perspective, several indicators also fell short of expectations, including compliance with facility and infrastructure standards based on the Health Facilities, Infrastructure, and Equipment Application (ASPAK), utilization of the integrated referral system (Sisrute), and the completeness of reporting documents for sub-district development planning (Musrenbang) and mini workshop reports. These findings highlight the importance of strengthening intervention strategies, enhancing human resource capacity, and optimizing leadership functions in supervision and performance control to improve Public Health Center performance (Surabaya City Health Office & Public Health Center Performance Assessment Data (PKP) Sidotopo, 2024). Furthermore, Pearce & Robinson (1997, as cited in Silalahi, 2023) emphasizes that leadership and organizational culture are interconnected elements that play essential roles in fostering work motivation and improving organizational performance. In addition, the availability of health human resources, both in terms of quantity and competence, is an important factor in ensuring that health services at the Sidotopo Public Health Center operate optimally. Adequate human resources contribute significantly to improving the quality of services delivered to the community, thereby supporting the overall organizational performance. Sidotopo Public Health Center employs various health professionals, including doctors, nurses, traditional health practitioner, and supporting service staff such as pharmacists, pharmacy assistants, psychologists, sanitarians, health promotion officers, medical laboratory technologists, administrative staff, and nutritionists (Sidotopo Public Health Center Personnel Data, 2025).

Service quality refers to an organization's ability to meet the needs and expectations of service users through appropriate service delivery (Tjiptono, as cited in Apriliana & Sukaris, 2022). In public health service organizations, service quality plays an essential role in building patient trust, enhancing satisfaction, and strengthening public acceptance of services provided by public health centers (Endalamaw et al., 2023; Zhang et al., 2025). Based on patient visit data at Sidotopo Public Health Center in 2024, the facility recorded a total of 58,203 visits. The highest number of visits occurred in the General Clinic (Poli Umum) with 26,764 visits (approximately 46.7% of total visits, followed by the Pediatric Clinic (Poli Anak) with 12,620 visits, the Geriatri Clinic (Poli Lansia) with 6,984 visits, the Dental Health Clinic (Poli Kesehatan Gigi) with 4,902 visits, and the Maternal and Child Health-Family Planning Clinic (Poli KIA-KB) with 3,938 visits. Meanwhile, the lowest number of visits was recorded at the Poli Kesehatan Tradititional with only 223 visits (Sidotopo Public Health Center Management Information System, 2024).

Previous studies have shown the influence of leadership and organizational culture on performance through the mediating variables such as innovative behavior and job satisfaction, as well as specific leadership approaches (Adhiguna & Hartono, 2023; Hundie & Habtewold, 2024; Purnamaningtyas & Rahardja, 2021). However, empirical studies that examine service quality as a mediating variable in the relationship between leadership and organizational culture on performance, particularly in the context of public health center as public service organizations, are still limited. Therefore, this study aims to analyze the influence of leadership and organizational culture on service quality and its impact on performance at Sidotopo Public Health Center in Surabaya City. The findings of this study are expected to enrich the literature on public sector performance management and provide strategic recommendations for improving service quality and performance through effective leadership and organizational culture.

LITERATURE REVIEW

Leadership

Leadership plays a central role in organizational success, as leaders are responsible for setting direction, defining goals, and formulating strategies to achieve organizational objectives. Leadership may be defined as a leader's ability to influence, direct, mobilize and motivate

individuals or groups to work effectively to achieve predetermined goals. Effective leadership can encourage positive change, support employee development, and create a conducive work environment that enhances employee performance. Moreover, strong leadership contributes to systematic coordination, supervision, and evaluation, thereby ensuring that organizational activities remain aligned with long-term objectives.

In public service organizations such as public health centers, leadership is particularly important for ensuring the effective implementation of health services and programs, strengthening a quality-oriented work culture, and encouraging employee discipline and accountability. The public health center environment is highly dynamic due to diverse community health needs, demands to achieve program indicators according to established standards, and variations in employees' competencies, educational backgrounds, and work experience. These conditions require leaders to demonstrate adaptive capabilities in managing human resources, including providing clear direction and motivation, as well as delegating tasks appropriately to support optimal performance. Therefore, leadership in this context must be flexible and responsive to both situational demands and employee readiness. One leadership approach that is relevant is situational leadership, which emphasizes that no single leadership style is universally effective. Leadership effectiveness depends on leader's ability to adjust leadership behaviors according to the work situation and subordinates' readiness levels. Hersey and Blanchard argue that situational leadership is grounded in employees' readiness to perform tasks, the clarity of leader guidance, and the quality of leader-subordinate relationships. Based on this framework, Hersey and Blanchard identify four dimensions of situational leadership: 1) Directing; 2) Coaching; 3) Participating; 4) Delegating (Jaka, 2020). In this study, leadership is measured using five indicators proposed by Kartono (2016): 1) Decision-making ability; 2) Motivational ability; 3) Communication ability; 4) Ability to control subordinates; 5) Responsibility.

Organizational Culture

Organizational culture is a shared system of meaning embraced by members of an organization that distinguishes one organization from another. The values embedded in organizational culture foster a sense of identity, encourage commitment to prioritize collective interests over personal interests, and shape employees' attitudes and behaviors in the workplace (Robbins & Judge, 2019, p. 53, as cited in Pujilestari, 2021). Organizational culture plays an important role in creating consistency in work behavior, strengthening employees' adaptability to the organizational environment, and uniting organizational members in achieving common goals. In public health service organizations, organizational culture also contributes to the development of service quality-oriented work behavior, strengthens teamwork, and reinforces employee compliance with standard operating procedures (SOP).

Furthermore, organizational culture influences how employees respond to change, solve problems, and adapt to the demands of a dynamic work environment. In the context of public health centers, the need to meet health program indicators and service targets, along with diverse community demands, requires an organizational culture that is adaptive, collaborative, and results-oriented. A positive and consistently applied organizational culture may enhance employee motivation, strengthen responsibility, and support improvements in service quality. In this study, organizational culture is used as a conceptual foundation, while its measurement is based on six dimensions developed from Robbins' theory (2003) and adapted by Sulaksono (2015) for public service organizations: 1) Innovation and risk-taking; 2) Attention to detail; 3) Outcome-oriented; 4) Team orientation; 5) Aggressiveness; 6) Maintaining work stability.

Employee Performance

Employee performance reflect the extent to which employees accomplish their assigned duties and responsibilities in ways that contribute to organizational objectives, while remaining consistent with applicable legal, ethical, and moral standards (Moeheriono, 2014). It represents

not only the outcomes of employees' work but also their ability to meet expected standards within a given timeframe and deliver outputs of acceptable quality. Performance appraisal is commonly used as an organizational tool to evaluate work results and may serve as a basis for recognition, rewards, and employee development. In public service organizations such as public health center, performance is solely determined by administrative or technical task completion. It is also strongly connected to how well services are delivered to the community. Therefore, employee performance becomes a crucial aspect in supporting service standards, achieving program targets, and maintaining continuous improvement in the quality health service delivery.

Employee performance is assessed using indicators that reflect both work outcome and task effectiveness. In this study, performance is measured through six dimensions: 1) Effectiveness; 2) Efficiency; 3) Quality; 4) Timeliness; 5) Productivity; 6) Safety (Moeheriono, 2014).

Service Quality

Service quality refers to the degree to which a service is able to meet users' need and expectations and is commonly reflected in users' satisfaction after receiving the service. Satisfaction arises when users perceive that the service they receive is consistent with or exceeds their prior expectations (Tjiptono, as cited in Apriliana & Sukaris, 2022). Similarly, Kotler & Keller (2007, p. 180, as cited in Vidananda & Setiawan, 2021) describe service quality as an individual's assesment of service attributes based on the comparison between perceived service performance and expected standards. In health service context, Ovretveit (1992) emphasizes that service quality not only a matter of satisfaction outcomes, but also depends on how effectively and efficiently services are delivered while remaining patient centered and ensuring safety. This perspective suggests that service quality in public health organizations should be assessed not only from patients' perceived outcomes but also from service process and its ability to meet professional standards and public health objectives (Endeshaw, 2021; Madjid et al., 2023; Nakkeeran et al., 2011)

In public health service organizations such as public health centers service quality is closely related to organizational success because it influences public trust, patient satisfaction, and the level of community utilization of health services. High service quality strengthens community confidence and supports program achievement, while low service quality may lead to dissatisfaction, declining trust, and challenges in meeting health service targets. To measure service quality, this study adopts the SERVQUAL framework developed by Parasuraman, A., Zeithaml, V. A., & Berry (1988), which consists of five core dimensions: 1) Reliability; 2) Responsiveness; 3) Tangibles; 4) Assurance; 5) Empathy.

Previous Research

Donkor et al., 2021, in their study titled "The Mediating Effects of Organizational Commitment on Leadership Style and Employee Performance in SOEs in Ghana: A Structural Equation Modeling Analysis," found that a positive and significant relationship between transformational leadership and employee performance. Meanwhile, transactional and laissez-faire leadership did not show a significant effect on performance. The study also confirmed that organizational commitment positively influenced employee performance and mediated the relationship between transformational leadership and performance, but it did not mediate the effect of transactional and laissez-faire leadership.

Purnamaningtyas & Rahardja (2021) examined the influence of inclusive leadership and organizational culture on employee performance, with innovative behavior as a mediating variable. Their findings indicate that inclusive leadership had no significant direct effect on employee performance. However, organizational culture and innovative behavior significantly improved performance. In addition, innovative behavior served as a mediator in the relationship between organizational culture, leadership and employee performance.

Tri Haryani (2021) investigated the effect of leadership, organizational culture, and work motivation on employee performance, with job satisfaction as an intervening variable. The findings showed that leadership and work motivation significantly affected performance, whereas organizational culture had no significant influence on job satisfaction or employee performance. Job satisfaction did not mediate the effect of leadership and organizational culture, but it mediated the effect of work motivation on performance.

Furthermore, Adhiguna & Hartono (2023) analyzed the influence of organizational culture and situational leadership on employee performance through job satisfaction as an intervening variable. The results showed that organizational culture significantly effect on job satisfaction. Other findings show that situational leadership and job satisfaction were found to have positive effect on performance, while organizational culture did not directly affect on performance. Job satisfaction mediated the relationship between organizational culture and performance, but not between situational leadership and performance.

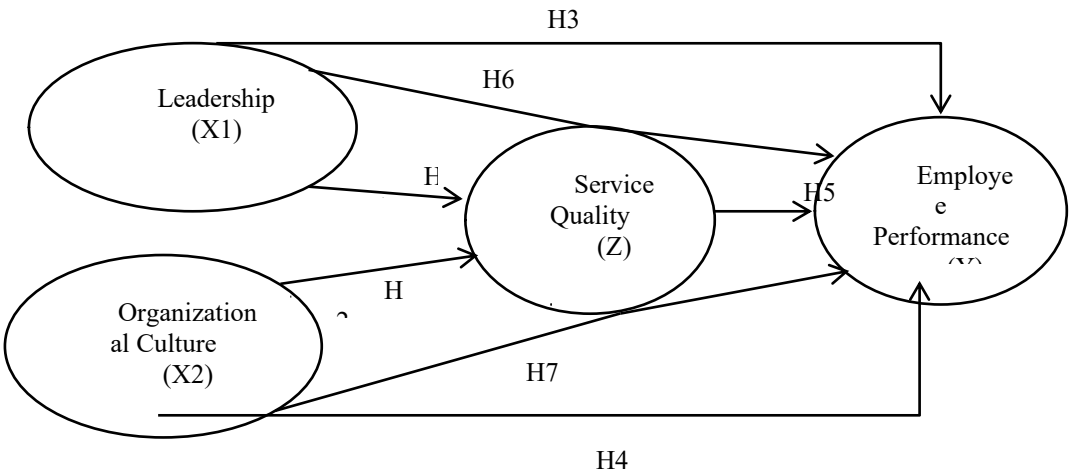
Hundie & Habtewold (2024), in their study "The Effect of Transformational, Transactional, and Laissez-Faire Leadership Styles on Employees' Level of Performance: The Case of Hospitals in the Oromia Region, Ethiopia," reported that transformational and *laissez-faire* leadership styles had positive and significant relationship with employee performance. However, transactional leadership showed no significant effect on employee performance.

Overall, previous studies commonly use innovative behavior, job satisfaction, and organizational commitment as mediating variables in examining the relationship between leadership, organizational culture, and performance. However, empirical studies that employ service quality as a mediating variable-especially in the context of public health service organizations remain limited. Therefore, this study focuses on analyzing the influence of leadership and organizational culture on employee performance through service quality at Sidotopo Public Health Center in Surabaya.

Conseptual Framework

A conceptual framework is a structured model that serves as a guide for explaining the relationships among variables examined in a study. It provides a systematic illustration of how the independent variables are expected to influence the dependent variable, either directly or indirectly through a mediating mechanism. In this study, the conceptual framework explains the influence of leadership and organizational culture on employee performance, with service quality positioned as a mediating variable. The proposed relationships among variables are illustrated in the following figure:

Figure 1 Conseptual Framework of The Study



Hypothesis

Hypotheses are formulated as preliminary answers to the research questions, derived from theoretical perspectives and empirical evidence from previous studies (Sugiyono, 2024). Accordingly, the hypotheses proposed in this study are as follows:

H1: Leadership has a positive effect on service quality.
H2: Organizational culture has a positive effect on service quality.
H3: Leadership has a positive effect on employee performance.
H4: Organizational culture has a positive effect on employee performance.
H5: Service quality has a positive effect on employee performance.
H6: Service quality mediates the effect of leadership on employee performance.
H7: Service quality mediates the effect of organizational culture on employee performance.

METHODS

This study used a quantitative approach wit a cross-sectional survey design to examine the relationships among leadership, organizational culture, service quality, and employee performance. The research was conducted at Sidotopo Public Health Center, Surabaya, in October 2025. Primary data were collected through self-administered questionnaires. The population consisted of all employees working at Sidotopo Public Health Center (N = 45). A saturated sampling technique was applied, involving the entire population. Based on the inclusion criteria, 44 employs werw eligible and participated in the study, while the Head of the Public Health Center was excluded because they served as the object of leadership assessment. Eligible respondents included civil servants and non-civil servants who were willing to participate and completed the questionnaire. All questionnaires distributed (n = 44) were returned and deemed valid for analysis. Responses were measures using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Participants completed the questionnaire voluntarily after receiving information regarding the study objectives and assurances of confidentiality.

Data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS version 4.0. This method was chosen because it is suitable for small sample sizes, does not require strict normality assumptions, and allows simultaneous testing of complex structural relationships, including mediation effects (Hair et al., 2019). Convergent validity was assessed through outer loading values (≥ 0.70) and Average Variance Extracted (AVE ≥ 0.50). Discriminant validity was evaluated using the Fornell–Larcker criterion and the Heterotrait–Monotrait ratio (HTMT), with HTMT values considered acceptable when < 0.90 (Henseler et al., 2016). Reliability was examined using Cronbach's alpha and composite reliability (CR). Hypotheses were tested using bootstrapping at a 5% significance level (p-value ≤ 0.05) with a t-statistic threshold of ≥ 1.96 to assess both direct and indirect effects, including mediation through service quality.

RESULTS

In this study, the majority of respondents were female (70.5%), while 29.5% were male. In terms of age, most respondents were aged 31–40 years (45.4%), followed by 20–30 years (27.3%), 41–50 years (25.0%), and over 50 years (2.3%). Regarding educational background, the largest proportion of respondents held a Diploma (D3) and a Bachelor's degree (S1), each accounting for 38.6%, followed by senior high school/vocational school graduates (18.2%), and elementary and junior high school graduates (2.3% each). Based on length of employment, most respondents had worked for ≤5 years (65.9%), followed by those with ≥16 years of service (18.2%), and those with 6–15 years of service (15.9%).

Data were analyzed using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach with SmartPLS version 4.0. The analysis was conducted in two

main stages: evaluation of the measurement model (outer model) and evaluation of the structural model (inner model). The measurement model results show that all indicators had outer loading values above 0.70, indicating satisfactory convergent validity. In addition, the Average Variance Extracted (AVE) values for all constructs exceeded 0.50, suggesting that each latent construct explained more than 50% of the variance in its indicators. The highest AVE value was observed for organizational culture (0.728), followed by service quality (0.722), leadership (0.715), and employee performance (0.701). These findings confirm that the measurement indicators adequately represent their respective constructs. Discriminant validity was further assessed using the Fornell-Larcker Criterion, as presented in Table 2.

Table 2 Fornell-Larcker Criterion

	Leadership (X1)	Organizational Culture (X2)	Employee Performance (Y)	Service Quality (Z)
Leadership (X1)	0.846	0.012		
Organizational Culture (X2)		0.853		
Employee Performance (Y)	0.591	0.565	0.837	
Service Quality (Z)	0.551	0.497	0.831	0.850

Source: Authors' calculations (2025)

As shown in Table 2, the √AVE values for each construct exceed the inter-construct correlation values. This indicates that each construct is empirically distinct and therefore satisfies the discriminant validity criterion based on the Fornell–Larcker approach. Discriminant validity was further assessed using the Heterotrait–Monotrait Ratio (HTMT).

Table 3 HTMT Ratio (Heterotrait-Monotrait Ratio)

	Leadership (X1)	Organizational Culture (X2)	Employee Performance (Y)	Service Quality (Z)
Leadership (X1)		0.118		
Organizational Culture (X2)				
Employee Performance (Y)	0.596	0.570		
Service Quality (Z)	0.555	0.501	0.850	

Source: Authors' calculations (2025)

As shown in Table 3, all HTMT values between constructs are below the recommended threshold of 0.90, indicating that the measurement model satisfies discriminant validity. This confirms that each construct is empirically distinct from the others. In addition, reliability was assessed using Cronbach's Alpha and Composite Reliability(CR) to evaluate the internal consistency of each construct.

Table 4 Reliability Assesment (Cronbach's Alpha & Composite Reliability)

	Cronbach's Alpha	Composite Reliability (rho_c)	Composite reliability (rho_c)
Leadership (X1)	0.971	0.975	0.974
Organizational Culture (X2)	0.978	0.980	0.980
Employee Performance (Y)	0.975	0.976	0.977
Service Quality (Z)	0.972	0.974	0.975

Source: Authors' calculations (2025)

Based on Table 4, all Cronbach's Alpha and Composite Reliability values for each construct are above 0.70, indicating good reliability and internal consistency. Therefore, it can be concluded that all indicators and constructs used in this study have adequate measurement quality, allowing the analysis to proceed to the structural model (inner model) evaluation. Next, the predictive power of the model is assessed using the R-square (R^2) value. A higher R^2 values reflects stronger predictive accuracy, indicating that the proposed model is able to explain a greater proportion of variance in the endogenous constructs (Hair et al., 2019), as presented in Table 5.

Table 5 R-Square (R^2) Values

	R-square	*R-square adjusted*
Employee Performance (Y)	0.778	0.762
Service Quality (Z)	0.545	0.523

Source: Authors' calculations (2025)

Based on Table 5, the R^2 value for employee performance (Y) is 0.778, which can be categorized as substantial category, meaning that 77.8% of the variance employee performance is explained by leadership (X1), organizational culture (X2), and service quality (Z). while the remaining 22.2% is attributable to other factors outside the proposed model. Meanwhile, service quality (Z) has R^2 value of 0.545, which is in the moderate category, suggesting that 54.5% of the variance service quality is explained by leadership (X1) and organizational culture (X2), whereas 45.5% is influenced by variables not included in this study. Overall, these results demonstrate that the model has good explanatory power, particularly in predicting employee performance.

Next, hypothesis testing was performed by examining the path coefficients and their statistical significance, which were obtained using the bootstrapping procedure. This analysis was conducted to evaluate the strength and direction of the relationships among variables in the structural model, including both direct and indirect effects through the mediating variable. A relationship is considered statistically significant when the $t_{\text{-statistics}}$ is ≥ 1.96 and the $p_{\text{-values}}$ is ≤ 0.05 at the 5% significance level. The results of the direct effect testing are presented in Table 6.

Table 6 Results of Hypothesis Testing (Direct Effects)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
H1: K -> KP	0,546	0,536	0,179	3,049	0,002
H2: BO -> KP	0,491	0,500	0,166	2,952	0,003
H3: K -> KJ	0,307	0,307	0,138	2,233	0,026
H4: BO -> KJ	0,309	0,322	0,136	2,278	0,023
H5: KP -> KJ	0,508	0,489	0,166	3,057	0,002

Source: Authors' calculations (2025)

The results presented in Table 6 demonstrate that all direct effects are statistically significant, as indicated by $t_{\text{-statistics}}$ greater than 1.96 and $p_{\text{-value}}$ below 0.05. Accordingly, leadership and organizational culture exert significant positive influences on service quality and employee performance, supporting hypotheses H1–H5. Subsequently, mediation analysis is conducted to determine whether service quality transmits the effects of leadership and organizational culture on employee performance through significant indirect pathways. After confirming the significance of the direct relationships, this study further examined the mediating role of service quality in the structural model. Mediation analysis was performedusing

bootstrapping to estimate the indirect effect of leadership and organizational culture on employee performance. The results of the indirect effect test are reported in Table 7.

Table 7 Mediation Analysis Results (Indirect Effects)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
K -> KJ	0.277	0.272	0.141	1.971	0.049
BO -> KJ	0.249	0.251	0.126	1.973	0.049

Source: Authors' calculations (2025)

Table 7 presents the results of the mediation analysis. The findings indicate that service quality partially mediates the effects of leadership on employee performance ($t\text{-}_{statistics}$ = 1.971; $p\text{-}_{value}$ = 0.049). This suggests that leadership contributes to improved employee performance not only directly, but also indirectly by enhancing service quality. Similarly, service quality is also partially mediates the effect of organizational culture on employee performance ($t\text{-}_{statistics}$ = 1.973; $p\text{-}_{value}$ = 0.049). This result implies that a strong and consistent organizational culture improves employee performance through its influence on service quality. Overall, these findings confirm the mediating role of service quality in the proposed model, thereby supporting hypotheses H6 and H7.

DISCUSSION

The Effect of Leadership on Service Quality

The findings show that leadership has a positive and significant effect on service quality (path coefficient (β) = 0.546; $t\text{-}_{statistics}$ = 3.049; $p\text{-}_{value}$ = 0.002). This suggests that stronger leadership practices at Sidotopo Public Health Center are associated with better service quality. Effective leadership is reflected through clear direction, strengthening employee motivation, demonstrating role modelling, and the creation of a supportive work environment. Furthermore, leadership is essential in ensuring coordination, supervision, and evaluation are conducted effectively so that service implementation aligns with established standards and organizational objectives. These findings are consistent with previous studies (Amir et al., 2021; Lucky Sugiharti et al., 2023) which emphasize that leadership improves service quality through staff support, structured planning, capacity development, and effective resource management. However, the findings contrast with Kusuma (2021), who reported that leadership unwilling to accept employee feedback can reduce motivation and caring attitudes, potentially weakening service quality.

The Effect of Organizational on Service Quality

The findings show that organizational culture has a positive and significant effect on service quality (β = 0.491; $t\text{-}_{statistics}$ = 2.952; $p\text{-}_{value}$ = 0.003). this indicates that a strong and supportive organizational culture encourages employees to demonstrate consistent, disciplined, and service-oriented work behavior, which ultimately improves service delivery quality. This result is consistent with prior studies (Kusuma, 2021; Ratnaningsih et al., 2024; Tui et al., 2024), which also reported that organizational culture contributes significantly to service quality improvement. A strong organizational culture helps create a conducive work environment, strengthens teamwork, and supports the implementation of fair reward and compensation systems—factors that promote sustainable service quality enhancement. In addition, this finding reinforces Robbins' (2003) view (as cited in Sulaksono, 2015) that organizational culture functions as a shared system of meaning that strengthens employee commitment and guides behavior in

alignment with organizational goals, thereby supporting the achievement of optimal service quality.

The Effect of Leadership on Employee Performance

The findings show that leadership has a positive and significant effect on employee performance ($\beta = 0.307$; $t_{statistics} = 2.233$; $p_{value} = 0.026$). This suggests that stronger leadership practices at Sidotopo Public Health Center contribute to improved employee performance. Effective leadership reflected in clear direction, motivational support, and structured supervision and evaluation encourages employees to work more discipline and productively in completing their duties.

This finding aligns with Kartono (2016), who emphasizes that leadership effectiveness is demonstrated through decision-making ability, motivation, effective communication, subordinate control, and responsibility in carrying out organizational roles. In addition, the findings are consistent with previous studies (Alhidayatullah et al., 2023; Amir et al., 2021) which also reported a positive and significant relationship between leadership and employee performance.

However, this result contrasts with Febrianti et al. (2024), who found that leadership did not significantly influence employee performance. The inconsistency may be explained by organizational context, where employee performance may be shaped more strongly by other dominant factors such as organizational culture, work motivation, or individual work orientation.

The Effect of Organizational Culture on Employee Performance

The findings indicate that organizational culture has a positive and significant effect on employee performance ($\beta = 0.309$; $t_{statistics} = 2.278$; $p_{value} = 0.023$). This suggests that the stronger and more consistently a positive organizational culture is implemented, the higher the level of employee performance. A supportive organizational culture can foster disciplined work behavior, enhance employees' commitment to organizational goals, and strengthen teamwork, while also encouraging compliance with established performance standards. This finding is consistent with prior studies (Febriani & Ramli, 2023; Febrianti et al., 2024), which reported that a constructive and stable organizational culture improves productivity, work effectiveness, and the quality of task completion, resulting in better performance outcomes.

However, this result contrasts with Adhiguna & Hartono (2023), who found that organizational culture did not have a significant influence on employee performance. Such differences may be attributed to variations in organizational context, workplace conditions, or the presence of other dominant factors, such as job satisfaction, motivation, or organizational systems that may not fully support the effective internalization of organizational culture.

The Effect of Service Quality on Employee Performance

The findings show that service quality has a positive and significant effect on employee performance ($\beta = 0.508$; $t_{statistics} = 3.057$; $p_{value} = 0.002$). This finding suggests that higher service quality is associated with better employee performance, as quality service delivery reflects employees' ability to work effectively, comply with procedures, respond promptly to service users, and produce accurate and timely outputs.

In the context of public health centers, improved service quality indicates that employees are able to perform their duties more consistently and professionally, which ultimately strengthens performance outcomes. This result is consistent with previous studies (Lengkong et al., 2021; Violin et al., 2022), which reported that better service quality contributes directly to improved employee performance. Service quality is closely related to employees' responsiveness, reliability, and overall service orientation, which are essential components in meeting user expectations and achieving organizational targets.

Service Quality Mediates The Effect of Leadership on Employee Performance.

The mediation analysis indicates that service quality partially mediates the relationship between leadership and employee performance in a positive and significant direction (β = 0.277; $t_{statistics}$ = 1.971; p_{value} = 0.049). This finding suggests that leadership contributes to employee performance not only through a direct effect, but also indirectly by improving service quality. In other words, effective leadership strengthens employee performance by promoting better service delivery practices. Leaders who provide clear direction, appropriate support, and effective supervision encourage employees to deliver services according to established standards and to respond more consistently to community needs. As service quality improves, employees tend to perform their duties more efficiently and effectively, which ultimately enhances overall performance outcomes. This finding highlights the important role of leadership in shaping service-oriented behaviors that support performance improvement.

Service Quality Mediates The Effect of Organizational Culture on Employee Performance

The result also confirm that service quality partially mediates the relationship between organizational culture and employee performance (β = 0.249; $t_{statistics}$ = 1.973; p_{value} = 0.049). This finding suggests that a strong and consistently implemented organizational culture contributes to improved employee performance not only directly but also indirectly through enhancements in service quality. A culture that emphasizes results orientation, teamwork, attention to detail, and work stability encourages employees to demonstrate more disciplined, responsive, and service-oriented behaviors. These behaviors improve the quality of services delivered to the community, which subsequently strengthens employee performance. Overall, the results underline the importance of organizational culture as a key mechanism that shape service quality and serves as a pathway for performance improvement.

Theoretical Implications

Based on the research findings, this study contributes to the theoretical development of leadership and organizational culture literature in improving service quality and employee performance in the public-sector service organizations, particularly within public health centers. The significant effect of leadership on both service quality and employee performance supports Hersey and Blanchard's (1969) situational leadership theory, which emphasizing that leadership effectiveness depends on the leader's ability to adapt to workplace conditions, subordinate readiness, clarity of direction, and the quality of leader–subordinate relationships. In addition, the significant influence of organizational culture on service quality and performance is consistent with Robbins' (2003) perspective that organizational culture functions as a shared system of meaning that shapes employee commitment and guides disciplined, responsible, and service-oriented behavior. The positive role of service quality in enhancing performance further reinforces Ovretveit's (1992) service quality framework and the SERVQUAL model by Parasuraman et al. (1988), suggesting that high-quality service results from both effective organizational systems and professional, responsive, and empathetic employee conduct. Finally, these findings align with Moeheriono's (2014) performance theory by confirming that performance reflects the achievement of organizational objectives, while extending it by demonstrating that employee performance is shaped not only by individual capability, but also by leadership effectiveness, organizational culture strength, and service quality outcomes.

Practical Implications

The research findings, leadership has a significant effect on service quality and employee performance. Accordingly, public health center leader should apply an adaptive situational leadership approach that matches situational leadership approach that matches workplace conditions and employee readiness by providing clear direction, support, and motivation, supported by structured supervision and performance evaluation to ensure services meet

established standards and organizational goals. In addition, organizational culture is shown to significantly affect service quality and employee performance. Therefore, management should strengthen core work values such as discipline, teamwork, results orientation, and service orientation through regular coaching, leadership role modeling, and a reward system that reinforces behaviors aligned with organizational values. This study also confirms that service quality serves as a mediating mechanism linking leadership and organizational culture to employee performance. Thus, service quality improvements should be pursued through routine monitoring and evaluation, competency development, and the strengthening of employee responsiveness and empathy toward community needs. Finally, to support sustained performance improvement, public health centers should implement continuous performance management practices, including tracking performance indicators, providing regular feedback, recognizing high performing employees, and offering targeted coaching for employees whose performance declines. These actions are expected to enhance employee productivity and service quality, thereby improving overall organizational performance.

CONCLUSION

This study investigates the effects of leadership and organizational culture on employee performance, with service quality as a mediating variable, at the Sidotopo PublicHealth Center in Surabaya. The findings indicate that leadership and organizational culture significantly improve service quality and employee performance, while service quality also significantly enhances employee performance. Mediation analysis confirms that service quality partially mediates the effects of leadership and organizational culture on performance. Overall, strengthening leadership and organizational culture supported by continuous improvements in service quality can be an effective pathway to enhance employee performance in public health service organizations.

LIMITATION

This study has several limitations. First, it was only at one institution (Sidotopo Public Health Center in Surabaya, which may limit generalizability of the findings to other public health centers or institutions with different characteristics. Second, the use of a self-administered questionnaire may introduce subjective response bias, as perceptions can vary depending on respondents' work experience and organizational position. Third, the model focused only on leadership, organizational culture, and service quality, whileother relevant determinants of performance (e.g., motivation, employee competence, and work environment) were not examined. Finally, the cross-sectional design limits the ability to capture changes in relationships among variables over timeor to infer causal dynamics longitudinally.

RECOMMENDATION

Future research should expand the research location to several public service organizations so that the results are more representative and can be generalized, as well as adding other variables such as motivation, job satisfaction, competence, and work environment to enrich the research model. In addition, consider longitudinal mixed methods designs to better capture changes over time and deepen understanding.

For Hang Tuah University is expected to encourage Master's students to conduct applied research aligned with public sector needs, improve methodological competencies through regular advanced training, and expand collaborative partnerships with the Surabaya City Government and other public service institutions.

Meanwhile, the Sidotopo Public Health Center, it is advised to strengthen adaptive leadership through open communication, role modelling, motivation, and effective supervision,

while reinforcing a disciplined, collaborative, and service-oriented organizational culture. Additionally, regular monitoring and evaluations of performance indicator achievements and service quality should be institutionalized, supported by continuous competency development programs and a structured reward system to enhance employee motivation and loyalty and ultimately improve overall organizational performance.

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