

# THE ROLE OF ORGANIZATIONAL CULTURE AND COMPENSATION ON PERFORMANCE THROUGH MOTIVATION : A SHARIA-BASED PUBLIC MANAGEMENT APPROACH

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## Abstract :

Enhancement of public institution performance does not depend solely on administrative system and procedural but also about the strength of values underlying behavior. This research aims to test the effect of organizational culture and compensation on performance thorough motivation as a mediating variable by using a shariah valued public management approach. The study was conducted at the ad hoc body General Election Commission (KPU) Mojokerto City Boa... consisting of sub-district election committee (PPK) and voting committee (PPS) in 2024 election. This research used an explanatory quantitative design based on a survey, with data collection through questionnaires to 69 respondents, as well as analysis using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that organizational culture has positive and significant effects on motivation ( $\beta = 0.404$ ,  $p < 0.001$ ) and performance ( $\beta = 0.269$ ,  $p = 0.009$ ). Compensation has positive and significant effects on motivation ( $\beta = 0.410$ ,  $p < 0.001$ ), but it has no direct effect on performance ( $\beta = 0.120$ ,  $p = 0.151$ ). Motivation has positive and significant effects on performance ( $\beta = 0.483$ ,  $p < 0.001$ ), and is shown to mediate the relationship between organizational culture and performance (indirect effect = 0.195,  $p = 0.009$ ) and between compensation and performance (indirect effect = 0.198,  $p = 0.008$ ). These findings confirm motivation as a psychological and moral mechanism that connects your culture compensation system to performance in public organizations. In shariah values context, work culture based on justice, responsibility, and integrity is able to foster continuous intrinsic motivation. This research contributes to strengthening shariah values public management theory and has practical implications for human resources policy development in public institutions to be more oriented towards ethical and spiritual values that can increase performance in a sustainable manner.

**Keywords:** *organizational culture, compensation, motivation, performance, sharia values public management.*

## INTRODUCTION

As a key institution in a democratic system, general elections play a strategic role in the leadership selection process and determining the direction

of public policy. In Indonesia, the General Elections Commission (KPU), as the election organizer, is assisted by a number of ad hoc institutions, such as the Elections Committee (PPK) and the Elections Committee (PPS), which operate at the field level. The strategic position of these institutions makes the quality of their performance a benchmark for the success of the democratic process. However, in their implementation, various obstacles such as time pressure, technical complexities, and psychological issues, including decreased work motivation, often disrupt consistent professionalism.

Organizational culture emerges as a determining factor in performance in public institutions. This construct represents the values, norms, and work practices that develop within the KPU ecosystem and its networks. A robust culture can strengthen social integration and enhance an individual's sense of responsibility (Robbins & Judge, 2017). Conversely, a fragile organizational culture has the potential to diminish work ethic and collective solidarity. In the context of public organizations, a culture based on the values of trustworthiness, honesty, and moral responsibility is significant because it reflects an Islamic work ethic that emphasizes sincerity, discipline, and social contribution (Pratiwi, 2020).

In addition to organizational culture, the compensation system also influences performance outcomes. Compensation is not simply interpreted as a financial reward, but also as a form of organizational appreciation and fairness for employee contributions. This principle aligns with the Islamic concept of 'adl (justice), which guarantees every individual the right to receive proportional rewards commensurate with their efforts and responsibilities (Lelyana, 2023). Fair compensation can build positive perceptions of the organization and stimulate intrinsic motivation to perform optimally. Conversely, inequality in the compensation system risks reducing work commitment and productivity.

However, previous literature has presented inconsistent findings regarding the correlation between compensation and performance. Some studies demonstrate a positive effect of compensation on performance, while others suggest the relationship is insignificant and is mediated more by motivational factors (Julingrum & Sudiro, 2013; Uygur & Kilic, 2009). This situation suggests the need for a holistic approach that integrates spiritual dimensions and sharia values in analyzing the relationships between variables.

Based on McClelland's (1961) perspective, work motivation is an internal driver that drives the achievement of individual goals. Within the Islamic framework, motivation is not only material but also spiritual—oriented toward work as a form of worship and social contribution. The findings of Sahabuddin et al. (2024) reinforce this view by proving that Islamic Work Ethics plays a crucial role in improving the motivation and performance of public sector employees through work engagement. In parallel, research by Murniyati and Dessyarti (2023) confirms Islamic work ethics as a significant antecedent to motivation and performance, demonstrating that moral values such as trustworthiness, discipline, and work ethic can strengthen the relationship

between organizational factors and performance outcomes.

In the context of election administration, work motivation based on Islamic values such as honesty (*ṣidq*), justice (*'adl*), and trustworthiness becomes relevant given the significant moral responsibility inherent in election organizers' duties towards society and the state. Therefore, a sharia-based public management approach is an appropriate framework for analyzing the behavior and performance of the KPU's ad hoc bodies, as it integrates professionalism with spiritual values and social ethics.

This study aims to analyze the role of organizational culture and compensation on performance through motivational mechanisms using a Sharia-based public management approach. The theoretical contribution of this study is expected to enrich the human resource management literature by integrating an Islamic perspective into the analysis of public sector organizational behavior. Practically, the research findings can serve as a reference for the General Elections Commission (KPU) in strengthening an ethical work culture, a fair compensation system, and work motivation oriented toward moral values and social responsibility.

## RESEARCH METHODS

This study applies a quantitative approach with a causal design to examine the causal relationship between the independent variables (organizational culture and compensation), the mediating variable (motivation), and the dependent variable (performance). The quantitative method was chosen based on its ability to provide empirical evidence based on statistically tested numerical data, while also facilitating the identification of patterns of relationships between variables within the framework of sharia values and Islamic work ethics.

The population in this study includes all members of the PPK and PPS in the administrative area of the Mojokerto City KPU who have been determined through an official decree for the 2024 Election. The consideration for selecting this population refers to their special characteristics as public management implementers who carry out the mandate and moral responsibility towards the community, in line with the principles of *'adl* (justice) and trustworthiness in Islam.

The sampling technique used was total sampling, considering the limited population size, allowing all members to be respondents. This strategy is considered to increase the validity of research findings, given that data is obtained from all relevant population units.

The research instrument used a structured questionnaire with a Likert scale of 1-5. The development of variable constructs was carried out through an integrative approach that combines contemporary management theory with Islamic management principles, as detailed below:

### **Organizational Culture ( $X_1$ )**

Operationalized based on Schein's (2017) organizational value dimensions and Cameron & Quinn's (2011) competing values framework

model, adapted to the concept of Islamic Organizational Culture (Lelyana, 2023). Measurement indicators include the values of trustworthiness, integrity, ukhuwah (collaboration), and 'adl (justice) as the foundation of organizational culture that guides the behavior of civil servants in carrying out public duties.

#### **Compensation (X<sub>2</sub>)**

This construct is measured based on the Total Rewards model of WorldatWork (2015) and the compensation theory of Armstrong & Taylor (2014), which is aligned with the principles of distributive justice in Islam. The compensation dimension includes financial remuneration, non-financial benefits, and moral recognition based on the principles of 'adl (justice), ihsan (excellence in giving), and kifayah (adequate living).

#### **Motivation (Z)**

This variable was developed based on Pink's (2009) Drive theory on intrinsic motivation, integrated with the Islamic Work Ethics framework (Pratiwi, 2020; Sahabuddin et al., 2024). Work motivation, from a sharia perspective, encompasses spiritual dimensions, including the intention to worship, moral responsibility (amanah), sincerity in deeds (ikhlas), and social contribution (maslahah).

#### **Performance (Y)**

Performance measurement adapts Aguinis' (2019) individual performance indicators, synergized with Islamic performance principles (Murniyati & Dessyarti, 2023). Performance is assessed not only from the perspective of work effectiveness and efficiency but also encompasses ethical dimensions such as integrity, fairness, and spiritual accountability for work results.

Before being used for data collection, the research instrument underwent validation and reliability testing to ensure measurement consistency and accuracy. Convergent and discriminant validity were tested using outer loading values, average variance extracted (AVE), and cross-loadings between variables. Construct reliability was evaluated using Cronbach's Alpha and Composite Reliability.

Data analysis used Structural Equation Modeling (SEM) with the Partial Least Square (PLS) approach through SmartPLS 4 software. This analysis technique was chosen based on its ability to process complex relationships between latent variables simultaneously, as well as its efficiency for samples with limited sizes.

## **FINDINGS AND DISCUSSION**

### **General Description of Research Variables**

This study involved all respondents from the PPK and PPS within the Mojokerto City General Elections Commission (KPU) administrative area, formally designated through a Decree for the 2024 Election. Based on the data analysis, respondents' perceptions of all study variables ranged from good to excellent. These findings indicate that the implementation of public management within the KPU has been carried out with a positive work ethic

and is oriented towards organizational values.

Specifically, descriptive statistical analysis reveals the profile of the research variables as follows: organizational culture ( $X_1$ ) achieved an average score of 4.54 which is classified as very good, reflecting the strong internalization of collective values such as responsibility, discipline, and collaboration in the work practices of ad hoc institutions. The compensation variable ( $X_2$ ) recorded an average value of 4.14 with good qualifications, indicating that the reward and remuneration system is adequate although it still requires improvement in the aspects of transparency and proportionality. Work motivation ( $Z$ ) obtained a score of 4.39 which is included in the very good category, confirming the high intrinsic drive of members in carrying out their duties as a form of moral responsibility and public trust. Meanwhile, performance ( $Y$ ) recorded a value of 4.33 with very good qualifications, illustrating the effectiveness of carrying out duties, responsibilities, and work integrity in accordance with the performance standards of public organizations based on ethical values.

**Table 1. General Description of Research Variables**

Variables	Mean	Category	Interpretation
Organizational Culture ( $X_1$ )	4.54	Very good	Organizational values such as trust, responsibility, and cooperation have been deeply ingrained.
Compensation ( $X_2$ )	4.14	Good	The reward and allowance system has been running fairly and proportionally.
Motivation ( $Z$ )	4.39	Very good	High intrinsic motivation in working as a form of worship and public responsibility.
Performance ( $Y$ )	4.33	Very good	The implementation of duties is carried out with discipline, honesty and high responsibility.

Source: Primary data processed by researchers (Smart PLS 4, 2025).

### Measurement Model Test Results (Outer Model)

Overall, descriptive findings reveal that moral principles and work ethics have served as a fundamental foundation for the operations of local public institutions. This phenomenon aligns with the Sharia-based public management philosophy, which emphasizes trustworthiness, integrity, and justice ('adl) as the primary pillars of public service delivery.

An evaluation of the measurement model (outer model) was conducted to test the accuracy and consistency of the indicators within each construct. The analysis verified that all indicators recorded outer loadings exceeding 0.50, supported by Average Variance Extracted (AVE) values above 0.5 and Composite Reliability (CR) exceeding 0.7. This configuration confirmed that all research instruments met scientifically justifiable standards of convergent validity and construct reliability.

**Table 2. Results of the Measurement Model Test (Outer Model)**



Variables	Dominant Indicators	Outer Loading	AVE	Composite Reliability (CR)	Information
Organizational Culture (X <sub>1</sub> )	X1.7 (Stability)	0.842	0.655	0.915	Valid & Reliable
Compensation (X <sub>2</sub> )	X2.3 (Allowance)	0.861	0.671	0.908	Valid & Reliable
Motivation (Z)	Z2 (Affiliation Needs)	0.875	0.682	0.924	Valid & Reliable
Performance (Y)	Y3 (Punctuality)	0.888	0.689	0.930	Valid & Reliable

Source: Smart PLS 4 processing results (2025).

Further analysis identified the dominant indicators in each variable, where organizational culture is represented by value stability (X1.7) with the highest loading factor reflecting the significance of consistent work norms as a foundation for ethical behavior. In the compensation variable, the benefit indicator (X2.3) emerged as the strongest predictor, confirming the role of a proportional reward system in improving employee well-being. Meanwhile, motivation is dominated by the need for affiliation (Z2), confirming social relations and colleague solidarity as crucial sources of motivation, while performance shows punctuality (Y3) as the most influential indicator, reflecting discipline as a manifestation of professional responsibility and trust. Based on these findings, all constructs are declared to meet the validity and reliability requirements for further structural model analysis.

#### Structural Model Test Results (Inner Model)

The results of the structural model analysis using Structural Equation Modeling (SEM) based on Partial Least Square (PLS) showed that the model had a good level of goodness of fit. The R<sup>2</sup> value for the Motivation variable was 0.58, while for Performance it was 0.64, indicating that 64% of performance variation can be explained by organizational culture, compensation, and motivation.

This model also meets the model feasibility criteria (APC, ARS, and AARS are significant; GoF is in the large category). This indicates that the research's empirical model is appropriate and has strong explanatory power for the phenomenon under study.

**Table 3. Structural Model Test Results (Inner Model)**

Relationship between variables	Path Coefficient ( $\beta$ )	p-value	Information
Organizational Culture → Motivation	0.404	0,000	Significant
Compensation → Motivation	0.410	0,000	Significant
Organizational Culture → Performance	0.269	0.009	Significant
Compensation → Performance	0.120	0.151	Not

			Significant
Motivation → Performance	0.483	0,000	Significant

R<sup>2</sup> Value of Motivation = 0.58 R<sup>2</sup> Value of Performance = 0.64

Source: Results of SEM-PLS analysis (2025).

### Hypothesis Test Results

The results of the path coefficient test show the relationship between variables as follows:

**Hypothesis Test Results Table**

Inter-influence			H	Path Coefficient	p - value	Conclusion
Latent Variables						
Organizational Culture (X1)	-->	Motivation (Z)	H <sub>1</sub>	0.404	0,000	Significant
Compensation (X2)	-->	Motivation (Z)	H <sub>2</sub>	0.410	0,000	Significant
Organizational Culture (X1)	-->	Ad Hoc Agency (Y)	H <sub>3</sub>	0.269	0.009	Significant
Compensation (X2)	-->	Ad Hoc Agency (Y)	H <sub>4</sub>	0.120	0.151	Not Significant
Motivation (Z)	-->	Ad Hoc Agency (Y) Performance	H <sub>5</sub>	0.483	0,000	Significant

Source: Results of SEM-PLS analysis (2025).

These findings indicate that organizational culture and compensation have a significant direct effect on motivation, and motivation has a significant effect on performance. However, the direct effect of compensation on performance is insignificant, indicating that compensation improves performance primarily by increasing motivation.

### Mediation Effect Analysis

The indirect effects analysis shows that motivation acts as a significant mediator in the relationship between organizational culture and compensation on performance.

Indirect Relationship	Mediation Effect	p-value	Information
Organizational Culture → Motivation → Performance	0.195	0.009	Significant
Compensation → Motivation → Performance	0.198	0.008	Significant

Source: Results of SEM-PLS analysis (2025).

These results indicate that work motivation serves as a psychological and spiritual bridge between organizational systems and performance outcomes. In the context of Sharia-based public management, motivation guided by the values of trust, ihsan, and justice serves as a moral force that strengthens the relationship between organizational policies (culture and compensation) and employee performance productivity.

### Discussion

#### The Role of Organizational Culture in Increasing Work Motivation

The results of the study indicate that organizational culture has a positive and significant influence on work motivation, where the stronger the internalization of the culture within the Mojokerto City KPU environment, the higher the work motivation of ad hoc body members. This finding is in line with the organizational behavior perspective put forward by Robbins and Judge (2017), who view organizational culture as a system of shared meanings that shape individual attitudes, behaviors, and work motivation. In the realm of public management, the implementation of a culture that emphasizes collaboration, responsibility, and an orientation towards public service has been proven to be able to increase employees' sense of ownership and psychological attachment, in line with the results of Denison and Mishra's (1995) research which emphasized the important role of organizational culture in increasing work effectiveness and motivation in the public sector.

The link between organizational culture and motivation is also strengthened by studies that adopt Islamic values. Ali and Al-Owaihan (2008) found that Islamic Work Ethics (IWE) is positively correlated with intrinsic motivation, with principles such as honesty, responsibility, and brotherhood encouraging high dedication to work. Research by Abbasi et al. (2010) and Ali et al. (2015) shows that integrating Islamic values into organizational culture increases commitment and work enthusiasm because work is seen as a form of worship and social contribution, not simply a professional obligation. Thus, the KPU's organizational culture, which emphasizes moral responsibility, collaboration, and public service, has the potential to strengthen the intrinsic motivation of election organizers as a form of real service to the community.

From a sharia perspective, an organizational culture based on the values of amanah (trust and responsibility) and ihsan (professionalism and optimality) provides a substantial source of spiritual motivation. The concept of Islamic Work Ethics according to Ali (1988) emphasizes that working with trust is a manifestation of faith and a means of achieving blessings (barakah). Empirical support by Hayati and Caniago (2012) shows that spiritual motivation based on Islamic values significantly increases the work enthusiasm of Muslim employees in the public sector. This is in line with the findings of Beekun and Badawi (2005) and Kamil et al. (2011), who emphasized that understanding work as worship fosters spiritual energy in the workplace, strengthens loyalty, triggers intrinsic motivation, and fosters ethical awareness in carrying out public duties. Thus, Islamic organizational culture becomes an effective psychological mechanism in managing employee motivation and commitment.

### **The Role of Compensation in Increasing Work Motivation**

Research findings indicate that compensation has a positive and significant impact on the work motivation of ad hoc agency members at the Mojokerto City General Elections Commission (KPU). A fair, equitable, and transparent compensation system encourages increased motivation, as employees feel recognized and valued. Herzberg's (1966) two-factor motivation theory perspective supports this finding, which positions compensation as a



hygiene factor that prevents job dissatisfaction while influencing motivation through perceptions of fairness. In public human resource management practices, Armstrong and Taylor (2014) emphasize that proportional compensation plays a crucial role in increasing employee engagement, as a sense of financial fairness fosters loyalty and appreciation for the organization.

Empirically, the positive relationship between compensation and motivation is also reinforced by international research. Khan and Rasheed (2015) found that public employees in Pakistan were more motivated when the compensation system was fair and transparent, particularly when aspects of justice and social responsibility were considered. Kuvaas et al. (2017) emphasized that perceived fairness is a key factor in strengthening the link between job satisfaction and motivation. Meanwhile, Mohamed et al. (2021) highlighted that the principle of justice ('adl) in Islamic value-based compensation can enhance the intrinsic motivation of Muslim workers. Thus, compensation serves not only as a financial incentive but also as a moral instrument that fosters integrity and dedication to public institutions.

From a sharia perspective, a compensation system that prioritizes the principles of 'adl (justice) and ihsan (going beyond obligations) serves as the foundation for employees' spiritual motivation. The Qur'an emphasizes this in Surah An-Nahl [16]:90, which commands fair treatment and the exercise of rights with kindness. Beekun and Badawi (2005) demonstrated that Islamic management that implements fairness in compensation creates an empathetic and grateful work environment, thereby enhancing morale and organizational morale. Hayati and Caniago (2012) also found that the perception of fair compensation strengthens the spiritual motivation of Muslim workers, as they feel they are being treated as trustworthy partners. The application of the principle of maslahah in compensation strengthens moral and social motivation in a sustainable manner, making rewards not only an administrative mechanism, but also a means of building spiritual and ethical engagement among employees in public institutions.

### **The Role of Organizational Culture in Improving the Performance of *Ad Hoc* Agencies**

The study revealed that organizational culture had a significant positive effect on the performance of ad hoc bodies ( $\beta = 0.269$ ;  $p = 0.009$ ). This finding confirms that the stronger the implementation of cultural values within an organization, the higher the performance of public employees. Schein (2017) emphasized that organizational culture functions as a system of values and basic assumptions that guide member behavior to achieve collective goals. In the context of public institutions, a strong culture can create stability, integration, and social responsibility towards public service. Research by Martins and Martins (2003) also shows that organizations with an adaptive culture and openness to innovation can significantly increase productivity and individual performance.

The positive relationship between organizational culture and performance is also supported by various international studies. Lok and

Crawford (2004) found that a culture emphasizing collaboration and managerial support plays a role in increasing work effectiveness and employee satisfaction. Naranjo-Valencia, Jiménez-Jiménez, and Sanz-Valle (2016) added that a values-based and innovative culture strengthens an organization's ability to adapt to change, thus triggering improved performance. Prajogo and McDermott (2011) emphasized that cultural consistency with organizational values is a crucial factor in ensuring service quality and optimal work results in the public sector.

From an Islamic perspective, an organizational culture that emphasizes amanah (responsibility), ikhlas (sincerity), and ihsan (sincerity) plays a crucial role in building quality performance. Ali and Al-Kazemi (2007) demonstrated that internalizing Islamic spiritual values in work culture influences the intrinsic motivation of Muslim employees to deliver top-notch performance. Rahman et al. (2020) added that a work culture based on Islamic values increases productivity because employees feel a social and spiritual responsibility for their work. Conceptually, the application of Islamic Work Ethics, such as honesty, responsibility, and fairness, strengthens work ethics and fosters professional and efficient performance, as demonstrated by Arslan (2001) and Yousef (2001). Thus, Islamic organizational culture serves as a moral foundation that guides employees to work with high integrity and social responsibility, resulting in performance that is not only effective but also meaningful.

#### **The Role of Compensation in Improving the Performance of *Ad Hoc* Agencies**

The results of the study showed that compensation did not significantly influence the performance of the ad hoc body ( $\beta = 0.120$ ;  $p = 0.151$ ). This finding indicates that increasing compensation alone does not automatically improve the performance of members of the ad hoc body of the Mojokerto City KPU. Vroom's (1964) Expectancy Theory perspective explains that compensation will only be effective if individuals believe there is a clear link between the effort expended, the results obtained, and the rewards received. Therefore, compensation that is not supported by a fair and transparent appraisal system tends to fail to trigger employee motivation. This is in line with the view of Milkovich, Newman, and Gerhart (2014) who emphasized that the effectiveness of compensation is highly dependent on the perception of fairness and the relationship of rewards to work contributions.

International empirical evidence supports these findings. Ahmad and Al-Khalaf (2020) found that in the United Arab Emirates public sector, compensation only significantly impacted performance when employees were highly intrinsically motivated. Torre et al. (2015) emphasized that financial compensation is not always the primary driver of performance; factors such as organizational justice, emotional engagement, and meaningfulness of work have a greater influence on work outcomes. Osman et al. (2011) added that in the context of Islamic value-based organizations, performance quality is more influenced by moral and spiritual values than by material incentives. Thus, the relationship between compensation and performance in Islamic value-based

public institutions is indirect and is strongly influenced by perceptions of justice and employee motivation.

From a sharia perspective, these findings can be explained through the principles of *niyyah* (intention) and *amanah* (moral responsibility), where work is viewed as a form of worship, so that work results are not solely measured by material rewards. Rizk (2008) emphasized that excessive compensation without justice and the intention of worship can diminish the spiritual meaning of work and shift employees' orientation from public service to self-interest. Ali and Al-Kazemi (2007) showed that Muslim employees who view their work as a mandate tend to maintain high performance despite limited financial compensation, because internal moral motivation is the primary driver of productive behavior. Conceptually, this confirms that in sharia-based public management, compensation plays a role as part of a system of social justice and moral rewards, while employee performance improvement is more effectively achieved through a combination of fair compensation, transparency in work systems, and the development of spiritual values such as *amanah*, *ihsan*, and *ikhlas*. These findings emphasize the importance of an integrative approach between modern management theory and sharia principles in understanding performance behavior in the public sector.

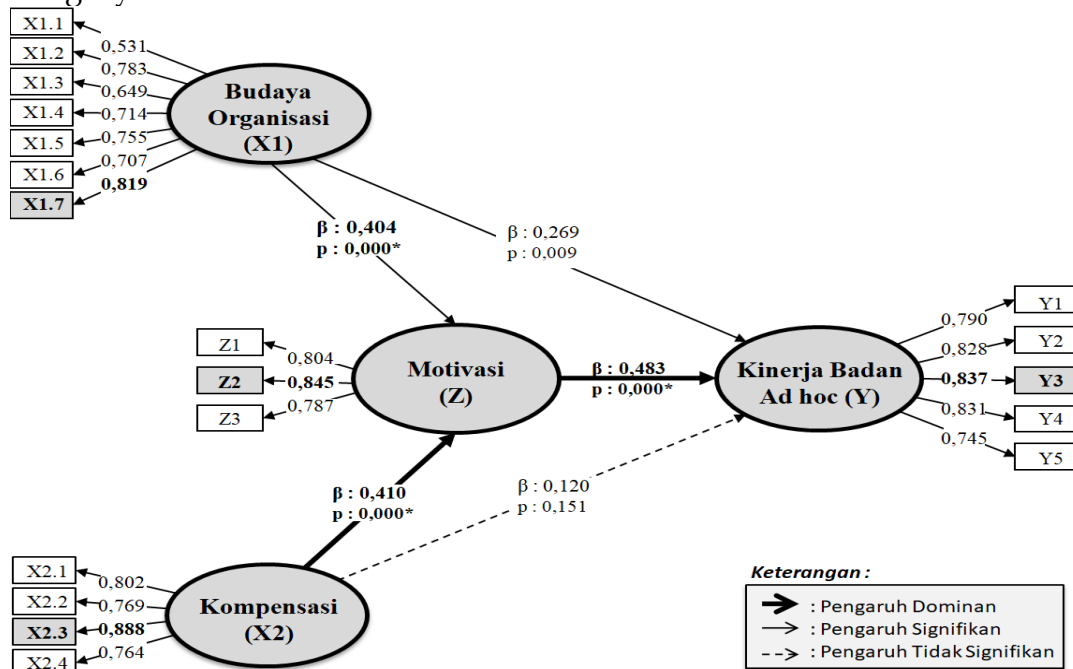
#### **The Role of Motivation in Improving the Performance of *Ad Hoc* Agencies**

The results of the study indicate that motivation has a positive and significant influence on the performance of ad hoc bodies ( $\beta = 0.483$ ;  $p = 0.000$ ). This means that increased work motivation of ad hoc body members is correlated with improved performance in carrying out election duties. This finding is in line with Deci and Ryan's (2000) Self-Determination Theory, which states that individuals with high intrinsic motivation tend to demonstrate stronger commitment and better performance. Locke and Latham (2002), through Goal Setting Theory, added that motivation focused on clear goals increases effort, persistence, and work results. In the realm of public institutions, motivation is a crucial factor in maintaining consistency and integrity of performance, especially amidst time pressure and task complexity.

International empirical evidence supports a positive relationship between motivation and performance. Rahman et al. (2020) found that work motivation significantly influences the performance of public employees in Malaysia, particularly when the work environment emphasizes values of fairness and social responsibility. Chaudhary and Panda (2018) emphasized that intrinsic motivation plays a significant role in increasing government employee productivity, where morale and ethical commitment lead to more consistent performance. Kuvaas et al. (2017) added that intrinsically motivated employees have a stronger relationship between job satisfaction and performance than those driven solely by extrinsic factors such as compensation or job status.

From an Islamic-values-based public management perspective, motivation stemming from ethical and spiritual awareness significantly impacts performance quality. Hayati and Caniago (2012) demonstrated that spiritual

motivation, rooted in moral responsibility and honesty, improves the performance of Muslim employees. Tlaiss (2015) added that public employees in the Middle East who work driven by ethical values and social meaning demonstrate higher performance because their work is linked to contributing to societal well-being. Conceptually, these findings confirm that in Sharia-compliant public institutions, work motivation is not merely an individual psychological factor but also a structural component that strengthens the relationship between organizational culture and performance. Al-Ghazali et al. (2018) and Awan and Akram (2012) emphasize that motivation guided by ethical values enhances employee loyalty, professionalism, and resilience to organizational pressures. Therefore, improving the performance of public institutions such as the General Elections Commission (KPU) can be achieved by strengthening a motivational system based on honesty, responsibility, and integrity.



**Figure 1 Path Diagram of Measurement Model and Structural Model (Overall)**

### **Motivation Mediation in the Relationship between Organizational Culture (X1) and Ad Hoc Agency Performance (Y)**

The results of the study indicate that motivation significantly mediates the effect of organizational culture on the performance of ad hoc agencies ( $\beta = 0.195$ ;  $p = 0.002$ ). This suggests that a strong organizational culture does not directly improve public employee performance, but rather first fosters work motivation, which then drives performance improvement. This finding aligns with the classic mediation model of Baron and Kenny (1986), which emphasizes the role of mediator variables in explaining the psychological mechanisms behind the relationship between independent and dependent variables. In the context of public institutions, a culture that emphasizes responsibility, participation, and collaboration creates a conducive psychological climate,

thereby spurring work motivation, which in turn strengthens employee performance.

Empirical support from various international studies confirms this mediation mechanism. Kim (2002) reported that in the South Korean public sector, the influence of organizational culture on performance only becomes significant when mediated by motivation. Abdullah and Ramay (2012) added that a work culture that internalizes the values of integrity, openness, and cooperation increases intrinsic motivation, which in turn has a positive impact on employee performance. Joo and Lim (2009) emphasized that motivation acts as a psychological link between organizational culture and performance-oriented behavior, particularly in public service-based organizational environments.

From an Islamic perspective, an organizational culture that instills trustworthiness, *ihsan*, and social responsibility fosters intrinsic motivation that drives employees to work with high dedication. Chanzanagh and Akbarnejad (2011) found that Islamic Work Ethics influence performance not only directly but also through increased work motivation. Similarly, Yousef (2001) showed that employees in organizations that internalize Islamic culture exhibit higher motivation and more consistent performance, as ethical values provide a sense of meaning and responsibility for work outcomes. Conceptually, these findings support the Sharia-based public management paradigm, where work motivation acts as a “moral energy” that bridges organizational culture with productive work behavior. Chughtai (2016) and Hassi (2012) assert that when organizational culture reflects ethical values and social responsibility, employees respond with increased motivation and commitment, thus effectively translating Islamic culture into superior performance in the public sector.

#### **Motivation Mediation in the Relationship between Compensation (X2) and Ad Hoc Agency Performance (Y)**

The results revealed that motivation significantly mediated the relationship between compensation and ad hoc agency performance ( $\beta = 0.178$ ;  $p = 0.004$ ). This means that compensation does not directly encourage increased employee performance, but rather first stimulates work motivation, which then contributes to better performance. This finding aligns with Baron and Kenny's (1986) mediation model, which explains that the effect of compensation on performance only emerges when individuals are internally motivated to contribute more. Thus, compensation acts as a motivational trigger that stimulates work enthusiasm, not merely a material factor that directly influences work output.

Conceptually, these results support Equity Theory (Adams, 1963) and Expectancy Theory (Vroom, 1964), which emphasize that perceptions of fairness and expectations of rewards are the foundation for motivation. When employees perceive that the compensation they receive is commensurate with their workload and contribution, their motivation to maintain and improve performance will increase. Similar findings were demonstrated by Choong et al.



(2012), who stated that in the Malaysian public sector, the relationship between compensation and performance became significant through motivational mediation. Gupta and Shaw (2014) added that a fair and transparent reward system can stimulate employees' intrinsic motivation, thereby maximizing their contribution to the organization.

In the context of Islamic value-based organizations, these findings are reinforced by studies emphasizing compensation as a moral and spiritual instrument. Abu Bakar et al. (2018) found that compensation based on the principles of justice and fairness enhances employee moral and spiritual motivation in Islamic financial institutions, which positively impacts performance. Rahman et al. (2020) emphasized that reward systems aligned with Islamic values—such as honesty, fairness, and social responsibility—stimulate intrinsic motivation, thus driving optimal performance. Ali et al. (2021) added that in the Omani public sector, motivation is a key link between compensation and productivity, especially when compensation is designed beyond financial considerations to include moral recognition. Conceptually, these findings confirm that a value-based compensation system in Islamic public management is not simply an economic reward, but rather a symbol of trust and organizational mandate. Hassi and Storti (2019) emphasized that compensation reflecting justice and social responsibility strengthens sustainable employee motivation and loyalty, while Khan et al. (2020) demonstrated that the combination of fair compensation and an ethical work climate results in high motivation and stable performance. Thus, motivation acts as a psychological and moral bridge between compensation and performance, especially when organizational rewards affirm values of fairness, integrity, and social responsibility.

## CONCLUSION

This study concludes that organizational culture and compensation significantly influence performance, both directly and indirectly through the mediating role of motivation. The results of the structural model analysis indicate that a strong organizational culture based on shared values such as integrity, responsibility, and cooperation has a significant influence in increasing individuals' internal drive to perform optimally. Similarly, a fair and transparent compensation system has been shown to strengthen work motivation, which ultimately has a positive impact on improving the performance of members of the ad hoc election management body. Thus, motivation acts as a psychological and moral mechanism that translates organizational values into measurable work results.

The findings of this study support Robbins and Judge's theoretical perspective on organizational behavior, Adams's Equity Theory, and Vroom's Expectancy Theory. Furthermore, these results strengthen the empirical literature on Islamic Work Ethics and Sharia-based public management. This study confirms that within the framework of Sharia values, management practices are not only oriented towards administrative efficiency but must also

integrate ethical, moral, and social dimensions into the organization's culture and compensation systems. These values are not merely symbolic but serve as operational principles that drive consistent motivation and performance within public institutions. By implementing the principles of justice, accountability, and social responsibility, public organizations can achieve sustainable effectiveness while maintaining institutional moral integrity.

Conceptually, this research contributes to the development of studies on Sharia-based public management by empirically demonstrating that motivation acts as a bridge between organizational structure and work behavior. Practically, the research findings emphasize the importance of building an ethical work culture and a fair compensation system to maintain employee engagement and performance, particularly in public institutions oriented toward moral values such as the General Elections Commission. Strengthening motivation based on ethical values not only increases individual productivity but also strengthens the credibility and public trust in the institution.

Further research is recommended to expand this study through comparisons across public institutions or between institutions with conventional and Sharia-based management systems. A longitudinal or mixed-methods approach could also be used to more deeply understand how Sharia values develop and influence organizational performance over time. Thus, future research is expected to enrich the integration of Islamic management ethics theory into modern public management and administration disciplines.

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