JOURNAL OF CONTEMPORARY TOURISM AND HOSPITALITY
KSTCL IIUM
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA
Garden of Knowledge and Virtue

Organizational Culture, Work Environment, and Leadership Increase Loyalty: The Mediating Role of Employee Performance

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ARTICLE HISTORY
Received : 15/6/2026
Accepted : 11/7/2026
Online : 30/9/2026

KEYWORDS
Organizational Culture; Work Environment,; Leadership; Work Performance; Employee Loyalty

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ARTICLE CLASSIFICATION
Research paper

Abstract - This study examines the influence of organisational culture, work environment, and leadership on employee loyalty, with employee performance as a mediating variable, among employees of Archipelago Group hotels in Jakarta and West Java, Indonesia. A quantitative survey approach was employed, with data collected through structured questionnaires from 200 respondents selected using purposive sampling. The data were analysed using partial least squares structural equation modelling (PLS-SEM) in SmartPLS to examine the relationships among the variables and the mediating role of employee performance. The findings indicate that organisational culture positively influences employee loyalty both directly and indirectly through employee performance. Leadership influences employee loyalty indirectly through employee performance, whereas the work environment has a direct effect on employee loyalty but no significant indirect effect through employee performance. The study is limited to Archipelago Group hotels in Jakarta and West Java, which may restrict the generalisability of the findings. Future research should encompass broader geographical areas, other hospitality sectors, and additional variables associated with employee loyalty. From a practical perspective, hotel managers should strengthen organisational culture, improve workplace conditions, and adopt leadership practices that enhance employee performance and loyalty, thereby supporting workforce stability and reducing turnover. This study contributes to the hospitality management literature by clarifying the mediating role of employee performance in the relationships between organisational culture, work environment, leadership, and employee loyalty within the Indonesian hotel context.

eISSN: 3122-6744

1. INTRODUCTION

Following the COVID-19 pandemic, the Indonesian hotel industry has demonstrated a consistent recovery trend, characterised by increases in the number of accommodation establishments and hotel room occupancy rates. Throughout 2024, the occupancy rate of star-rated hotels in Indonesia averaged approximately 56–59%, indicating a steady recovery in the national tourism sector. Official data indicate growth in the number of accommodation establishments and higher occupancy rates, signalling increased activity within the hotel industry and a corresponding need for qualified and loyal human resources (Kementrian Pariwisata, 2025).

Employees are central to organisational success because they are not merely recipients of organisational objectives but active participants in achieving them. They serve as planners, implementers, and controllers and therefore play an important role in accomplishing organisational goals. Employee loyalty reflects an employee's psychological attachment and commitment to an organisation (Reza & Andalas, 2024). It can also be understood as an individual's strong desire to remain with an organisation (Amin et al., 2024) and is an important component of organisational success because it reflects employees' commitment and attachment to their employer (Laksana et al., 2024). Both employee loyalty and work performance may contribute to achieving organisational goals. Work performance refers to how individuals carry out their roles and contribute to organisational objectives (Zaid et al., 2021). It can also be understood in terms of the quality and quantity of work employees accomplish in fulfilling their duties and responsibilities. Accordingly, good work performance may reflect employees' capabilities and loyalty to the organisation (Jaya & Adnyani, 2020).

Organisational culture is an intangible social force that guides employees towards behaviours and practices expected within an organisation (Agmasari & Septyarini, 2022). It encompasses the norms and principles governing how individuals interact and communicate within an organisation and how their performance contributes towards organisational goals (Dewanti & Wahyudi, 2025). Organisational culture may also involve integrating individuals' prior lifestyles and behaviours into shared norms and philosophies, thereby fostering collective energy and a sense of group pride in pursuing common goals (Kusuma, 2022). When employees identify with an organisation's shared values, beliefs, and norms, they may demonstrate greater loyalty (Widuri et al., 2025). Consistent with this perspective, Hendrix and Abrian (2022) found that organisational culture plays an important role in enhancing employee loyalty. Organisational culture may also positively contribute to employee performance (Zaid et al., 2021).

The work environment encompasses the conditions in which employees undertake their work activities and may have either positive or negative implications for their ability to achieve desired outcomes (Widuri et al., 2025). Aldiman et al. (2023) described the work environment as the conditions surrounding employees that may influence how they perform tasks assigned by the organisation. The physical work environment may therefore affect employee performance. Supporting this relationship, Ishak (2021) found that the work environment positively affected employee performance.

Leadership refers to the ability to unite and motivate individuals and groups towards achieving shared goals (Pratikno & Nugraha, 2016). Effective leadership can facilitate communication among team members while providing the guidance, encouragement, and motivation required to achieve organisational objectives (Putri & Mani, 2023).

eISSN: 3122-6744

Leadership also involves establishing organisational goals, influencing followers' behaviour to achieve those goals, and facilitating change within groups and organisational culture (Tirtadidjaja & Sarudin, 2022). Previous research has indicated that leadership significantly influences employee loyalty (Pratikno & Nugraha, 2016). Moreover, both transactional and transformational leadership styles have been associated with employee work performance (Wen, 2022).

Previous studies have produced mixed findings regarding the determinants of employee loyalty. Organisational culture has been found to influence employee loyalty (Widuri et al., 2025), whereas Rosanne et al. (2025) reported that a multitasking culture did not significantly affect employee loyalty. Similarly, Aldiman et al. (2023) found that the work environment had a relatively strong influence on employee loyalty, whereas Riyadi (2025) reported no significant effect. Conflicting findings have also emerged regarding leadership. Several studies have reported significant relationships between organisational culture or leadership and employee loyalty (Kartika et al., 2022; Rahmatila, 2025; Tirtadidjaja & Sarudin, 2022), whereas Salju (2023) found that leadership did not significantly affect employee work performance.

These inconsistent findings indicate that the relationships among organisational culture, work environment, leadership, employee loyalty, and work performance require further investigation. Moreover, previous studies have predominantly examined direct relationships between these variables, with comparatively limited attention given to the mediating role of employee work performance, particularly within the hospitality industry and large hotel chains such as the Archipelago Group. Addressing this research gap, the present study examines the influence of organisational culture, work environment, and leadership on employee loyalty, with employee work performance as a mediating variable, among employees of Archipelago Group hotels.

1.1 Theoretical Basis and Hypothesis Development

Organisational Culture

Organisational culture is an intangible social force that guides employees towards behaviours and practices expected within an organisation (Agmasari & Septyarini, 2022). It encompasses the shared attitudes, assumptions, and beliefs that shape behaviour within and beyond an organisation (Amin et al., 2024). Organisational culture also comprises the norms, customs, beliefs, and values established within an organisation, which may influence how employees behave and perform their roles (Francis, 2024). As a distinctive organisational identity, it differentiates one organisation from another while shaping employees' mindsets, attitudes, and approaches to work. Consequently, organisational culture may influence operational effectiveness and the achievement of organisational goals (Sembiring et al., 2025). In this regard, Rahmatila (2025) described organisational culture as a system of shared meanings collectively understood by organisational members that distinguishes one organisation from another.

Organisational culture provides a framework that guides employees' behaviour and supports the achievement of organisational goals. It may be understood as a pattern of fundamental assumptions developed or adopted by a group and subsequently embedded within the organisation (Tirtadidjaja & Sarudin, 2022). An organisational culture that reflects institutional values may therefore strengthen employee loyalty and enhance employee performance. Key dimensions of organisational culture include innovation and risk-

eISSN: 3122-6744

taking, attention to detail, outcome orientation, people orientation, team orientation, and stability (Robbins & Judge, 2014).

Previous empirical studies provide support for the relationships between organisational culture, employee loyalty, and employee performance. Hendrix and Abrian (2022) found that organisational culture positively influenced employee loyalty, suggesting that employees who identify with organisational values and norms may develop a stronger attachment to the organisation. Similarly, Prandnyana and Suwandana (2019) reported that organisational culture influenced employee performance. These findings suggest that a supportive organisational culture may not only strengthen employees' loyalty but also enhance their performance. Furthermore, because employee performance may contribute to stronger employee loyalty, it is proposed that employee performance mediates the relationship between organisational culture and employee loyalty. Accordingly, the following hypotheses are proposed:

H1: Organisational culture has a positive influence on employee loyalty.

H2: Organisational culture has a positive influence on employee performance.

H3: Employee performance mediates the relationship between organisational culture and employee loyalty.

Work Environment

The work environment encompasses the physical and non-physical conditions in which employees perform their daily duties. Physical aspects of the work environment include lighting, air conditioning, noise levels, and the condition of work equipment (Putra & Sriathi, 2019). More broadly, the work environment is the setting in which employees carry out their activities and may influence their performance (Fitri et al., 2023).

A safe, comfortable, and supportive work environment may enhance employees' well-being and enable them to perform their duties effectively (Agmasari & Septyarini, 2022). Similarly, Mon and Herman (2024) described the work environment as a combination of tools, surrounding conditions, work methods, and arrangements that affect employees at both individual and group levels. Tambunan (2018) further emphasised that although the work environment is not directly involved in an organisation's production process, it may directly influence the employees responsible for carrying it out.

A comfortable, functional, and supportive workplace can facilitate employees' performance of their duties while fostering positive interpersonal relationships, mutual respect, and effective collaboration. Non-physical aspects of the work environment, including supportive relationships and a positive workplace atmosphere, may also contribute to employees' psychological well-being and ability to perform effectively (Agmasari & Septyarini, 2022). Consequently, a conducive work environment may strengthen both employee performance and loyalty. Previous research has also demonstrated relationships between the work environment and these employee outcomes (Fitri et al., 2023). A supportive work environment may therefore enhance employee loyalty, both directly and indirectly, by improving employee performance. Accordingly, the following hypotheses are proposed:

H4: The work environment has a positive influence on employee performance.

H5: The work environment has a positive influence on employee loyalty.

H6: Employee performance mediates the relationship between the work environment and employee loyalty.

Leadership

eISSN: 3122-6744

Leadership is the process by which leaders influence and guide employees towards productive behaviour and the achievement of organisational goals. It involves establishing organisational goals, influencing followers' behaviour towards achieving those goals, and facilitating development within groups and organisational culture (Tirtadidjaja & Sarudin, 2022). Leadership may also be understood as an interpersonal process through which an individual directs and influences a group to work collaboratively towards shared objectives (Pratikno & Nugraha, 2016). Similarly, Wahyudi (2016) described leadership as the ability to influence and mobilise individuals within a group by integrating and coordinating their competencies.

Leadership also involves the ability to influence others through direct or indirect communication (Dewanti & Wahyudi, 2025). Effective leaders can inspire and encourage employees to accomplish their responsibilities and work towards common organisational goals (Putri & Mani, 2023). Appropriate leadership practices may therefore improve employee performance by providing direction, motivation, and support while fostering a safe and comfortable work environment. Leadership may also strengthen employees' attachment and commitment to the organisation. Supporting this relationship, Wardana (2024) reported that leadership influenced employee loyalty. Thus, effective leadership may influence employee loyalty both directly and indirectly through enhanced employee performance. Accordingly, the following hypotheses are proposed:

H7: Leadership has a positive influence on employee performance.

H8: Leadership has a positive influence on employee loyalty.

H9: Employee performance mediates the relationship between leadership and employee loyalty.

Employee Performance

Employee performance refers to the quality and quantity of work accomplished by employees in fulfilling their assigned duties and responsibilities (Mangkunegara, 2017). Employee performance may be influenced by both organisational and individual factors. Organisational factors include reward systems, quality of supervision, workload, organisational values and interests, and workplace conditions, whereas individual factors may include age, length of service, work-related abilities and skills, family-related circumstances, and life satisfaction (Zaid et al., 2021).

Employee performance can also be understood in terms of the extent to which employees' work outcomes meet organisational targets, including expectations relating to quality, quantity, productivity, and overall effectiveness (Jabbar & Supriyadi, 2025). Relevant dimensions of employee performance include work quality, work quantity, working time, and cooperation (Wardhana, 2021). Employees who perform effectively may develop a stronger sense of achievement and attachment to their organisation, potentially contributing to greater employee loyalty. Accordingly, the following hypothesis is proposed:

H10: Employee performance has a positive influence on employee loyalty.

Employee Loyalty

Employee loyalty reflects employees' commitment, attachment, and willingness to contribute their abilities and efforts to an organisation. Loyal employees may demonstrate dedication through responsible behaviour, honesty, discipline, enthusiasm, and a willingness to apply their skills and abilities to support organisational objectives (Armadita & Sitohang, 2021). Employee loyalty

eISSN: 3122-6744

JOURNAL OF CONTEMPORARY TOURISM AND HOSPITALITY
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can also be understood as a psychological attitude towards an organisation that encourages employees to remain with it despite changes in internal organisational conditions (Jaya & Adnyani, 2020). Similarly, Pratama (2023) defined employee loyalty in terms of commitment and employees' willingness to comply with, implement, and uphold organisational rules consciously and without coercion.

Employee loyalty is further reflected in employees' willingness to contribute their abilities, skills, ideas, and time towards achieving organisational objectives while avoiding actions that could harm the organisation. It may be reflected through indicators such as compliance with organisational regulations, responsibility, willingness to cooperate, a sense of belonging, and dedication to the organisation (Fitri et al., 2023). Similarly, Marentek (2021) described loyalty as an individual's willingness and ability to follow and implement organisational expectations with awareness and accountability.

Taken together, these perspectives indicate that employee loyalty extends beyond employees' intention to remain with an organisation or their compliance with organisational rules. It encompasses psychological attachment, dedication, responsible behaviour, and a willingness to contribute towards shared organisational goals. In the present study, employee loyalty is therefore conceptualised as an outcome that may be influenced by organisational culture, the work environment, and leadership, both directly and indirectly through employee performance.

2. METHODOLOGY

This study employed a quantitative survey approach. Quantitative research involves collecting data from a defined population or sample using research instruments and analysing the resulting

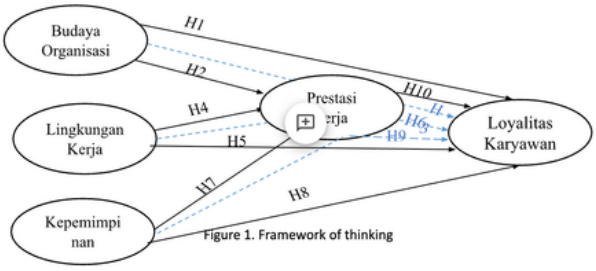

Figure 1. Framework of Thinking

data statistically to test the proposed hypotheses (Sugiyono, 2017). The study population comprised employees of Archipelago Group hotels in Jakarta and West Java, Indonesia. Data were collected between October and December 2025 using a structured online questionnaire administered through Google Forms. The questionnaire measured five constructs: organisational culture, work environment, leadership, employee performance, and employee loyalty.

Purposive sampling was employed to ensure that respondents met the characteristics relevant to the research objectives. Respondents were eligible to participate if they met the following inclusion criteria: (a) they were permanent, contract, or daily employees of an Archipelago Group hotel; (b) they had been employed for at least one year; (c) they were directly involved in hotel operational or administrative activities; and (d) they voluntarily agreed to participate and complete the questionnaire. The final sample comprised 200 respondents. This sample was used for partial least squares structural equation modelling (PLS-SEM), taking into consideration the number of indicators and structural paths specified in the research model.

Respondents' attitudes, perceptions, and opinions regarding the study constructs were measured using a five-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree), with 3 representing neutral. Higher scores indicated greater agreement with the corresponding

eISSN: 3122-6744

questionnaire statements (Sugiyono, 2023). The measurement indicators for each construct were adapted from established literature. Organisational culture was measured using six dimensions: (a) innovation and risk-taking, (b) attention to detail, (c) outcome orientation, (d) people orientation, (e) team orientation, and (f) stability (Robbins & Judge, 2014). The work environment was measured using six indicators: (a) workplace lighting, (b) temperature and air circulation, (c) cleanliness and safety, (d) relationships among colleagues, (e) work facilities, and (f) workspace layout (Sedarmayanti, 2017). Leadership was assessed using five indicators: (a) leaders' communication skills, (b) motivation and inspiration, (c) role modelling and integrity, (d) decision-making, and (e) employee participation and empowerment (Yukl, 2013).

Employee performance was measured using five indicators: (a) quality of work, (b) quantity of work, (c) timeliness, (d) initiative and responsibility, and (e) cooperation (Mangkunegara, 2017). Employee loyalty was assessed using five indicators: (a) affective commitment, (b) continuance commitment, (c) normative commitment, (d) compliance with organisational rules and values, and (e) willingness to exert additional effort for the organisation (Sangadji & Sopiah, 2013). Data were analysed using PLS-SEM with SmartPLS. The analysis involved evaluating both the measurement and structural models. The measurement model was assessed for convergent validity and construct reliability. Convergent validity was evaluated using outer loadings and average variance extracted (AVE), whereas construct reliability was assessed using composite reliability and Cronbach's alpha. The structural model was evaluated using the coefficient of determination (R^2), the significance of the path coefficients, and the model's predictive capability. The direct and indirect effects were also examined to determine the mediating role of employee performance in the relationships between organisational culture, work environment, leadership, and employee loyalty.

Table 1 presents the respondents' demographic profile. In terms of age, the largest group comprised respondents aged 20–30 years, with 83 respondents (41.5%). Based on gender, the majority of respondents, 102 people (51%), were male. Based on educational background, the majority were high school/vocational high school (106 people) (53%). The longest employment period was <5 years, with 129 people (64.5%). The most common employment status was contract employees, with 112 (56%). Respondents by position were mostly staff/attendants, at 101 (51%). The most common work unit was Five Pamanaukan, with 30 people (15%).

Table 1. Respondent descriptiion

	Characteristics	Frequency	Percentage (%)
Age:	≤ 20 Years	61	30.5%
	21 - 30 Years	83	41.5%
	31 - 40 Years	23	11.5%
	> 40 Years	33	16.5%
Gender:	Man	102	51%
	Woman	98	49%
Last Education:	High School/Vocational School	106	53%
	D3	29	14.5%
	D4/S1	59	29.5%
	S2S3	51	2.5%0.5%

eISSN: 3122-6744

JOURNAL OF CONTEMPORARY TOURISM AND HOSPITALITY
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Table 1. Continued

Characteristics		Frequency	Percentage (%)
Age:	≤ 20 Years	61	30.5%
	21 - 30 Years	83	41.5%
	31 - 40 Years	23	11.5%
	> 40 Years	33	16.5%
Gender:	Man	102	51%
	Woman	98	49%
Last Education:	High School/Vocational School	106	53%
	D3	29	14.5%
	D4/S1	59	29.5%
	S2S3	51	2.5%0.5%
Length of Working	≤ 5 Years	129	64.5%
	5 – 10 Years	37	18.5%
	>10 Years	34	17%
Employee Status	Daily Worker	30	15%
	Contract employees	112	56%
	Permanent employees	58	29%
Position	Staff / Attendant	101	50.5%
	Supervisor	27	13.5%
	Assistant	15	7.5%
	Manager	25	12.5%
	Others	31	16%
Work Unit	Five PGC Jakarta	15	7.5%
	Haper Cawang	15	7.5%
	Aston Kemayoran	22	11%
	Five Jababeka Cikarang	19	9.5%
	Harper Cikarang	23	11.5%
	Five Karawang	15	7.5%
	Five Pajajaran Bogor	21	10.5%
	Five Pamanukan	30	15%
	Five Cimanuk Garut	20	10%
	Neo Cirebon	20	10%
TOTAL		200	100.0%

In Table 2, the evaluation of the measurement model is carried out in two stages, namely testing. Construct reliability is tested using Cronbach's Alpha and Composite Reliability (CR) (mark ≥ 0.70), as well as testing construct validity through outer loadings and Average Variance Extracted (AVE ≥ 0.50 (Ahmad et al., 2016). All variable values exceed the requirements and are declared reliable. Two indicators of the work environment construct (Cleanliness and Safety) and two indicators of employee loyalty (Ongoing Commitment and Willingness to Go the Extra Mile) were removed during the measurement model evaluation because their outer loading

eISSN: 3122-6744

values did not satisfy the minimum threshold of 0.70. Eliminating these indicators improved construct validity and reliability while maintaining the theoretical integrity of the constructs.

Table 2. Evaluation of model measurement

No	Variable		Indicator	Item	Outer Louding	Composite Reliability	Average Variance Extracted (AVE)
1	Organizational Culture (X1) (Robbins & Judge, 2014)	1	Innovation and the courage to take risks	X1.1	0.766	0.890	0.580
		2	Attention to detail	X1.2	0.750		
		3	Results orientation	X1.3	0.740		
		4	Orientation to humans	X1.4	0.755		
		5	Team orientation	X1.5	0.774		
		6	Stability (consistency of values and norms)	X1.6	0.785		
2	Work Environment (X2) (Sedamaryanti, 2011)	1	Lighting/workplace	X2.1	0.735	0.893	0.627
		2	Temperature and air circulation	X2.2	0.784		
		3	Cleanliness and safety	-	-		
		4	Relationships between coworkers	X2.4	0.779		
		5	Work facilities	X2.5	0.827		
		6	Workspace layout	X2.6	0.829		
3	Leadership (X3)	1	Leader communication skills	X3.1	0.782	0.924	0.669
		2	Providing motivation and inspiration	X3.2	0.856		
		3	Exemplary behavior and integrity	X3.3	0.872		
		4	Decision-making	X3.4	0.708		
		5	Participation and empowerment of subordinates	X3.5	0.866		
		6		X3.6	0.812		
4	Work Performance (Y1)	1	Quality of work	Y1.1	0.800	0.910	0.669
		2	Quantity of work	Y1.2	0.835		
		3	Punctuality	Y1.3	0.827		
		4	Initiative and responsibility	Y1.4	0.838		
		5	Cooperation	Y1.5	0.790		
			(Mangkunegara, 2017)				
5	Employee Loyalty (Y2) (Sopiah & Mamang, 2013)	1	Affective (emotional) commitment	Y2.1	0.759	0.890	0.731
		2	Ongoing commitment (desire to continue working)	-	-		
		3	Normative commitment (sense of obligation to the organisation)	Y2.3	0.896		
		4	Compliance with company rules and values	Y2.4	0.903		
		5	Willingness to go the extra mile for the organisation	-	-		

As shown in Table 3, discriminant validity was tested using the Fornell and Larcker criteria (1981) to ensure that the constructs being tested are significantly different from each other, the value in the table should be > 0.5. This indicates that each variable has good discriminant validity, meaning the variables can be distinguished from one another and are not significantly correlated.

eISSN: 3122-6744

Table 3. Discriminant validity-Fornell Lacker

	Loyalty	Leadership	Organizational culture	Work Environment	Work Performance
Loyalty	0.855				
Leadership	0.641	0.818			
Organizational Culture	0.699	0.691	0.762		
Work Environment	0.704	0.692	0.701	0.792	
Work Performance	0.716	0.623	0.699	0.622	0.818

As shown in Table 4, the multicollinearity test is a test that looks at the correlation between independent variables in the regression model used in the study, according to (Ghozali, 2021). A good regression model is one in which the multicollinearity test shows no correlation among the independent variables. The multicollinearity test can be performed using the Variance Inflation Factor (VIF) value. If the VIF is <5, there is no multicollinearity in the study. The VIF ranges from 2.172 to 2.755, which, in accordance with the <5 provision, indicates that there is no significant multicollinearity problem in the model. This indicates that the independent variables in the model can simultaneously contribute uniquely to the dependent variable without significant interference among them.

Table 4. Multicollinearity test

	Loyalty	Leadership	Organizational culture	Work Environment	Work Performance
Loyalty					
Leadership	2,370				
Organizational Culture	2,755				2,287
Work Environment	2,416				2,342
Work Performance	2,172				2,345

As demonstrated in Table 5, the coefficient of determination (R^2) test measures the extent to which the model can explain the variation in the dependent variable (Sugiyono, 2017). An R^2 value close to 1 indicates a good model according to Ghozali's book. (Ghozali, 2016). The R Square value for the Loyalty variable is 0.644, indicating that 64.4% of the variation in employee loyalty is explained by organizational culture, work environment, leadership, and work performance. In comparison, the remaining 35.6% is influenced by other variables outside the research model. This value falls within the strong category. Meanwhile, the R Square value for the Work Performance variable is 0.540, indicating that 54.0% of the variation in work performance can be explained by organizational culture, work environment, and leadership. In comparison, 46.0% is influenced by other, unstudied factors. This value is in the medium category. Based on these results, the structural model has good explanatory power because all endogenous variables have R Square values above 0.50.

Q^2 measures how much of the observed variance is explained by the model, and the estimated parameters can be used to predict the data (refer to Table 6). $Q^2 > 0$ indicates that the model has good predictive power for the dependent variable. (Latan & Ghozali, 2015). Table 6 shows that the Q^2 value is used to assess the model's predictive ability for endogenous constructs. A

eISSN: 3122-6744

model has predictive relevance if the Q^2 value is > 0. Based on the blindfolding results, the Q^2 values for all constructs are above 0, indicating that the model has good predictive ability. The highest value is in the Leadership variable at 0.537, indicating very good predictive ability, while other constructs, such as Loyalty (0.453), Organisational Culture (0.410), Work Environment (0.435), and Work Performance (0.498), also fall into the strong predictive relevance category. Thus, it can be concluded that the research model effectively predicts the variables studied and is suitable for further hypothesis testing.

Table 5. Determination coefficient test (R2)

	R Square	R Square Adjusted
Loyalty	0.644	0.637
Work Performance	0.540	0.533

Table 6. Prediction Accuracy Test (Q2)

	SSO	SSE	Q^2 (=1-SSE/SSO)
Loyalty	600,000	328,114	0.453
leadership	1200,000	555,083	0,537
organizational culture	1200,000	707,938	0,410
work environment	1000,000	565,346	0.435
work performance	1000,000	502,362	0.498

The F-test is conducted (see Table 7) to test whether all independent variables have a simultaneous effect on the dependent variable (Y). If the significance value is <0.05, then the alternative hypothesis is accepted (Sugiyono, 2017). Table 7 shows the results of the effect size test (f^2), indicating that the organizational culture variable has a moderate effect on work performance (0.177), while leadership (0.036) and work environment (0.030) have only small effects. Regarding loyalty, the work performance variable has a moderate contribution (0.153) as the main mediator, while work environment (0.100) and organisational culture (0.036) have relatively small contributions, and leadership shows a very small effect (0.011). This indicates that employee loyalty is more influenced by increased work performance than the direct influence of other exogenous variables.

Table 7. F square

	Loyalty	Leadership	Organizational Culture	Work Environment	Work Performance
Loyalty					
Leadership	0.011				0.036
Organizational Culture	0.036				0.177
Work Environment	0.100				0.030
Work Performance	0.153				

If the t-statistic value is higher than 1.96 and the p-value is lower than 0.05, the hypothesis results can be accepted (Sugiyono, 2017). As shown in Table 8, organisational culture and work environment

eISSN: 3122-6744

have been shown to positively affect employee loyalty and performance. Leadership has a positive effect on work performance but not on employee loyalty, as the p-value is 0.247 > 0.05. In addition, performance also has a positive and significant effect on employee loyalty. Thus, hotel employee loyalty is more influenced by organizational culture, work environment, and work performance than direct leadership.

Table 8. Path coefficient

	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Results
Organizational culture -> Loyalty	0.188	0.083	2,280	0.023	Accepted
organizational culture -> work performance	0.436	0.088	4,982	0.000	Accepted
leadership -> work performance	0.196	0.079	2,466	0.014	Accepted
work environment -> Loyalty	0.293	0.077	3,821	0.000	Accepted
work environment -> work performance	0.181	0.084	2,161	0.031	Accepted
leadership -> Loyalty	0.094	0.081	1,159	0.247	Rejected
work performance -> loyalty	0.344	0.089	3,851	0.000	Accepted

If the t-statistic value is higher than 1.96 and the p-value is lower than 0.05, then the hypothesis result can be accepted (Sugiyono, 2017). As shown in Table 9, the indirect effect coefficient is 0.150; the T-statistic is 3.063 (> 1.96), and the P-value is 0.002 (< 0.05), indicating that organizational culture, through work performance, significantly influences employee loyalty. The indirect coefficient value is 0.062, and the T-statistic is 1.858 < 1.96. The P-value is 0.064 > 0.05, so work performance does not significantly mediate the influence of the work environment on employee loyalty. The indirect effect coefficient is 0.067, the T-statistic is 2.024 > 1.96, and the P-value is 0.044 < 0.05, indicating that work performance significantly mediates the influence of leadership on employee loyalty.

Table 9. Indirect effects (mediation of work performance)

	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Results
Organizational Culture -> Work Performance -> Employee Loyalty	0.150	0.049	3,063	0.002	Significant
Work Environment -> Work Performance -> Employee Loyalty	0.062	0.033	1,858	0.064	Not Significant
Leadership -> Work Performance -> Employee Loyalty	0.067	0.033	2,024	0.044	Significant

eISSN: 3122-6744

DISCUSSION

The influence of Organisational Culture on Employee Performance and Loyalty. The results of the hypothesis testing indicate that organizational culture has a positive and significant effect on employee performance and loyalty. This finding is in line with Robbins and Judge (2014) who stated that a strong organizational culture can shape positive work behavior, increase engagement, and encourage employees to achieve optimal performance. The organizational culture at the Archipelago Group Hotel, which emphasizes results-oriented teamwork and values stability, is a dominant factor in improving employee performance. In addition, organizational culture also has a direct effect on employee loyalty. Wardana et al. (2024) research found that consistent organizational values and norms can foster a sense of belonging, leading employees to stay and commit to the organization.

Although the work environment significantly influences employee performance and employee loyalty directly, the mediation analysis demonstrates that work performance does not significantly mediate this relationship (T = 1.858; p = 0.064). This finding suggests that improvements in the work environment contribute directly to employee loyalty rather than indirectly through enhanced work performance. Therefore, employee loyalty appears to be influenced more by employees' immediate perceptions of workplace comfort, safety, and organizational support than by changes in their performance.

The Influence of the Work Environment on Employee Performance and Loyalty. The work environment has been shown to have a positive and significant impact on employee performance and loyalty. A comfortable, safe, and adequately equipped work environment enhances employees' psychological well-being, leading to improved performance. This finding aligns with Fitri et al. 's (Fitri et al., 2023) findings that both physical and non-physical work environments significantly impact employee productivity and loyalty. In the hospitality industry, which demands excellent service, a conducive work environment is crucial for maintaining workforce stability and reducing turnover rates.

The influence of Leadership on Employee Performance and Loyalty. The results of this study indicate that leadership significantly influences performance, but does not directly influence employee loyalty. This finding indicates that leadership at the Archipelago Hotel Group functions more as a driver of performance improvement than as a direct factor in shaping loyalty. These results align with Putri and Mani (2023), who stated that effective leadership improves performance through motivation and inspiration, whereas organizational and work-environment factors have a greater influence on employee loyalty.

However, through work performance as a mediating variable, leadership indirectly influences employee loyalty, so leadership still plays a strategic role in building long-term loyalty.

The mediating role of Job Performance on Employee Loyalty. Job performance has been shown to influence employee loyalty and to act as a significant mediator. This suggests that employees who demonstrate high performance tend to have higher commitment and loyalty to the organization. This finding supports research by Zaid et al. (2021), which states that job performance reflects employee engagement and tangible contributions, which ultimately shape loyalty.

CONCLUSION

Organisational culture is the most impactful factor

eISSN: 3122-6744

on employee performance, which subsequently contributes to increased employee loyalty. The work environment significantly influences employee loyalty directly. However, employee performance does not significantly mediate the relationship between the work environment and employee loyalty. Therefore, improving workplace conditions contributes directly to strengthening employee loyalty. Having a safe, comfortable, and supportive work environment positively impacts employee performance and loyalty. On the other hand, leadership does not directly influence employee loyalty, but it has a positive and significant influence on employee performance. This means that the leadership function has a stronger influence on employee performance than on shaping loyalty. Employee performance significantly influences employee loyalty and serves as a mediator, strengthening the effects of organizational culture, work environment, and leadership on loyalty. Therefore, loyalty to the Archipelago Hotel Group is shaped more by employee performance, organizational culture, and a conducive work environment.

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