

Research Article

The Impact of Organizational Culture and Leadership on Employee Performance with Commitment Organization as Mediation, Pt Indolakto Indonesia

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Abstract: A company is one of the organizations which is oriented for a business purpose, needs reliable and competitive human resources to achieve its goal. A successful Organization can be reflected in employee performance. Several factors that influence employee performance include; Organizational Culture in the company, Leadership Style of a leader in the company, and organizational commitment. This research aims to measure the influence of Organizational Culture and Leadership Style on Employee Performance through Organizational Commitment. A sample is taken from 98 employees using the census method. Path Analysis Model (SPSS version 23) is used as the analysis technique. The result shows that Organizational Culture does not have a significant effect on employee performance. Leadership Style has a significant effect on employee performance. Organizational Commitment is a variable that has not been able to mediate Organizational Culture and Leadership Style to improve employee performance since the direct influence of Leadership Style is shown greater than the indirect influence of Organizational Commitment. The Leadership Style is a very important variable in the Operational Department of PT Indolakto Pandaan. This will be used as a reference for the management of PT Indolakto in making policies to improve employee performance to achieve the set targets.

Keywords: Organizational Culture, Leadership Style, Organizational Commitment, Employee Performance.

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INTRODUCTION

Human Resources (HR) is a key factor for an organization to be successful, it's the same whether for social organizations, government organizations, or companies. In essence, human resources are the ones who will be the driving force, thinkers and planners to achieve organizational goals and objectives. The organization is deemed to organize and develop the potency that exists in humans as the members of the organization. There is research that states organizational culture influences organizational commitment. Higher employee commitment can improve employee performance. A commitment has a positive influence on employee performance. Organizational culture is the participation of individuals in a society and a program to gather ideas that distinguish one group from another, for instance; the values, norms, and habits of an individual associated with some members of a social unit or group. A solid organizational culture will form each member's characteristics in the organization; when the members share the same value, it will be easier for the organization to achieve its goals.

The members of the company's organization; both rank of management and employees must hold values that can unify perspectives, mindsets, and behaviors, that are still integrated into the culture formed in the company's organization. Organizational culture in the company is related to organizational performance which is a combination of all employee performance in the organization. The level of understanding of organizational culture plays a major role in achieving the company's goals, both long and short term. Therefore, the rank of management who leads the organization must take real steps. One of them is to transform to survive in global competition, within the company or outside the company.

The company as an organization that consists of leaders and operative levels requires a leadership figure. Leadership is a way of directing the members, so everyone can work together and productively to achieve the goals of the organization. Without good leadership, it is likely to fail in achieving its targets and goals. Leadership style is the effort or way of a leader in achieving organizational goals by paying attention to

the elements of philosophy, skills, attitudes, and characteristics of employees. A leader will lead the organization according to their abilities and personality in directing his subordinates.

In facing global challenges, PT Indolakto sincerely hopes to be able to compete in national and international markets with better and higher quality products. The productivity and quality of work in the operational team also needed to be improved, so that targets can be achieved. Every employee in the PT Indolakto company has their commitment, but the level of commitment may be different for each employee, this is the gap that must be eliminated so all employees can give full commitment to the company. Better employee performance will change the minimum attendance of absent employees, a high level of work improvement, and completion of tasks faster than the predetermined time. Several factors that influence employee performance include; organizational culture in the company, leadership style of a leader in the company, and organizational commitment.

This research aims 1) to describe the variables; organizational culture, leadership style, organizational commitment and employee performance, 2) to analyze the influence of organizational culture, leadership style on organizational commitment, 3) to analyze the influence of organizational culture, leadership style on employee performance, 4) to analyze the influence of organizational commitment on employee performance, and 5) to analyze the influence of organizational culture, leadership style on employee performance through organizational commitment in the Operational Department of PT Indolakto Pandaan.

Review Of Related Literature

Employee Performance

Performance is defined as the quality and quantity of work achieved by an employee in carrying out a task assigned to him following his responsibilities (Mangkunegara, 2001). Performance plays an important role in determining the organization's orientation, to achieve success as written in the company's vision. Improved performance from employees will bring progression for the company to survive in an unstable business competition environment (Yuniarti, 2014).

Employee performance refers to a person's achievement as measured by the standards and criteria set by the company (Sinambela, 2012). There are three particular ways to measure the level of employee performance, based on the number of work results, quality of work results, and punctuality (Dharma, 2003).

Organizational Culture

Organizational culture is a shared meaning system embraced by members that distinguish the organization and other organizations (Robbins, 2006).

Organizational culture is persuasive and influences all parts of the organization (Kast and Rosenzweig, 1985). An organizational culture is a tool in interpreting the life and behavior of the organization. The Organizational Culture variable is formed from three indicators; professionalism, integrity, and care (Heriyanti, 2007). A strong culture in the organization is favorable to improve employee performance, which leads to the achievement of goals and improvement of the overall performance of the organization. Organizational culture is a framework of values, beliefs, attitudes, norms, employees' behaviors, and aspirations that are shared in the organization and its members (Greenberg and Barron, 1995).

Leadership Style

The leader's ability to assemble and empower employees will influence employee performance (Heriyanti, 2007). Leader behavior has a significant impact on employee performance (Lodge and Derek, 1993). The effectiveness of a leader is influenced by the characteristics of his subordinates and related to the communication process that occurs between the leader and subordinates (Heriyanti, 2007). Leadership broadly includes the influencing process in determining organizational goals, an employee's motivating behavior to achieve goals, influencing employees to improve the group, and the culture (Robbins, 2006).

Leadership style contains the meaning of the way leaders influence subordinates to be able to do more and try more, to achieve organizational goals (Heriyanti, 2007). A leadership style can be formulated as a pattern of behavior that is formed to be aligned with the interests of the organization and employees to achieve predetermined goals (Nasution, 1994). Three dimensions of leadership style consist of authoritarian leadership, delegation leadership, and participatory leadership (Hasibuan, 2016).

Organizational Commitment

Commitment and organization show a strong identification of an individual towards the organization and the way he feels like a part of the organization (Abrivanto, 2014). Organizational commitment is the level at where employees believe and accept organizational goals, and desire to stay within the organization (Mathis and Jackson, 2006). Organizational commitment as a sense of identification, involvement, and loyalty expressed by an employee towards the organization (Yuwaliatin, 2006). Organizational commitment is divided into three components; affective, normative, and continuance (Allen and Meyer, 1993).

RESEARCH METHOD

Operational Variable Definition

Organizational culture is a system of shared meanings held by members that distinguish the organization and other organizations. Organizational

culture variables are measured using three indicators; 1) Professionalism 2) Integrity 3) Care.

Leadership style is the way the leader influences subordinates' behaviors to encourage passion in working, job satisfaction, and high productivity in working that maximizes the will to achieve organizational goals. To measure the leadership style variable, the indicators are 1) Authoritarian Leadership Style 2) Delegative Leadership Style 3) Participatory Leadership Style

Organizational commitment is a situation where an employee sticks with a particular organization, as well as its goals and desires to continue the membership in the organization. Indicators in measuring work organizational commitment variable are 1) Affective Commitment 2) Normative Commitment 3) Sustainable Commitment

Employee performance is a person's ability to carry out activities that contribute to the development of the technical core of the organization. Employee performance is measured by three indicators 1) Quantity of work 2) Quality of work 3) Punctuality

The population in this study are all employees in the Operational Department of PT Indolakto Pandaan, 98 employees in numbers. The sampling method is using the census method which means that all populations are sampled. The analysis technique uses

Structural Equation Modeling (SEM) analysis, a combination of factor analysis, regression, and path analysis. In this model, tests are carried out to determine the value of direct, indirect, and total influences between exogenous and endogenous variables.

In this research, to calculate the coefficient of determination, the formula presented as follows :

$$\begin{aligned}
 R^2 \text{ model} &= 1 - (\sqrt{1 - R^2} \cdot \sqrt{1 - R^2} - \sqrt{1 - R^2}) \\
 &= 1 - (\sqrt{1 - 0.31} \cdot \sqrt{1 - 0.078} \\
 &\quad \sqrt{1 - 0.327}) \\
 &= 1 - (\sqrt{0.86} \times 0.92 \times 0.67) \\
 &= 1 - (0.92 \times 0.95 \times 0.81) \\
 &= 1 - 0.70 \\
 &= 0.29 \\
 &= 29\%
 \end{aligned}$$

From the calculation of the R² modeling above, the value obtained is 0.29 or 29%, meaning that the model from this research explains 29% of data information, while the other 71% is influenced by external factors that are not in this research model or error. The 29% value is quite low because the influence of variable X1 on the Employee Performance variable (Y2) dependency and the Organizational Commitment variable (Y1) is not significant.

In this research, the results of the path analysis are described in table 1 as follows:

Table 1. Summary of Path Analysis Result

Variable	Direct	Indirect	Total Impact
Organizational Culture □ Organizational Commitment	0.052		0.052
Leadership Style □ Organizational Commitment	0.361*		0.361*
Organizational Culture □ Employee Performance	0.062*		0.062*
Leadership Style □ Employee Performance	0.261*		0.261*
Organizational Culture □ Employee Performance through Organizational Commitment		0.052 x 0.571* =0,000	0.062*
Leadership Style □ Employee Performance through Organizational Commitment		0.361* x 0.571* =0,206	0.467*

*) level sig. ≤ 0,05

Table 1 shows that organizational culture has no significant effect on employee performance. The direct influence of organizational culture on employee performance is 0.052, while the indirect influence through the intervening variable organizational commitment is 0.030. The leadership style variable has a direct influence on the dependent variable of employee performance by 0.261, while the indirect

influence through the organizational commitment variable is 0.206. The direct influence path is stronger than the indirect influence through the organizational commitment variable. The values of 0.261 (direct influence) and 0.206 (indirect influence) conclude that the leadership style path is stronger than the organizational culture path.

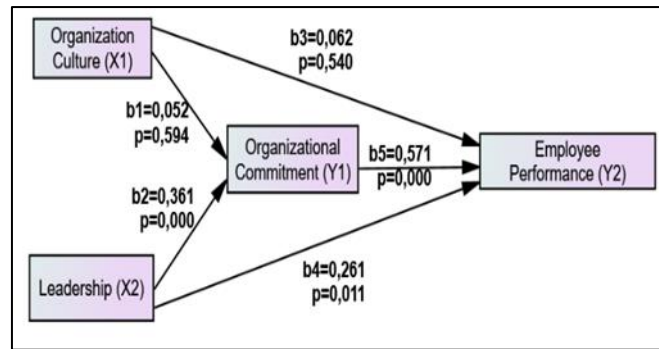


Figure 1. Path Analysis Result

The result of the hypothesis test in regression can be shown in the table as follows,

Table 2. The Influence of Organizational Culture and Leadership Style on Organizational Commitment

Independent Variable	Beta	t	Sig.
Organizational Culture	0.052	0.534	0.594
Leadership Style	0.361	3.720	0.000
Dependent Variable	Organizational Commitment		

The results obtained F count = 7.735 with a significance value of the organizational culture variable is 0.594 and a significance value of leadership style is 0.000. The regression coefficient for organizational culture is 0.052 and the leadership style is 0.361. The result that can be concluded from these data is that organizational culture has no significant effect on organizational commitment because the significance

value is > than 0.05 ($\alpha = 5\%$). Leadership style has a significant effect on organizational commitment with a significance value < 0.05 ($\alpha = 5\%$). The influence of leadership style on organizational commitment is 0.361. The first hypothesis states that organizational culture and leadership style towards the organizational commitment of the Operations Department of PT Indolakto Pandaan.

Table 3. The Influence of Organizational Culture and Leadership Style on Employee Performance

Independent Variable	Beta	t	Sig.
Organizational Culture	0.062	0.615	0.540
Leadership Style	0.261	2.596	0.011
Dependent Variable	Employee Performance		

From table 3 result, F count= 4.017 obtained with a significance value of the organizational culture variable is 0.540 and a significance value of leadership style is 0.011. The organizational culture regression coefficient is 0.062, the leadership style regression coefficient is 0.261. These results mean that organizational culture does not have a significant effect on employee performance because the significance

value is > 0.05 ($\alpha = 5\%$, while the leadership style has a significant effect on employee performance because the significance value is < 0.05 ($\alpha = 5\%$), specifically 0.011. The second hypothesis which states that organizational culture and leadership style has a significant influence on the performance of employees of the Operational Department of PT Indolakto Pandaan is rejected (H2: rejected).

Table 4. The Influence of Organizational Commitment on Employee Performance

Independent Variable	Beta	t	Sig.
Organizational Commitment	0.571	6.823	0.000
Dependent Variable	Employee Performance		

From table 4 result, the significance value of organizational commitment to employee performance is 0.000 which is < from 0.05 ($\alpha = 5\%$). These results concluded that the organizational commitment variable has a significant effect on the performance of

employees of the Operational Department of PT Indolakto Pandaan. The third hypothesis which states that organizational commitment has a significant effect on employee performance in the operational department of PT Indolakto Pandaan is tested (H3: accepted).

Table 5. The Influence of Organizational Culture and Leadership Style on Employee Performance through Organizational Commitment

Variable	Regression Coefficient	t	Sig.
Organizational Culture □ Organizational Commitment	0.052	0.534	0.594
Leadership Style □ Organizational Commitment	0.361	3.720	0.000
Organizational Culture □ Employee Performance	0.062	0.615	0.540
Leadership Style □ Employee Performance	0.261	2.596	0.011
Organizational Commitment □ Employee Performance	0.571	6.823	0.000

In table 5, it is stated that the b1 path of organizational culture to commitment has a significance value of 0.594, and path b3 of organizational culture to employee performance has a significance value of 0.540. The two significance values for path b1 and path b3 < 0.05 ($\alpha = 5\%$). Path b2 leadership style to organizational commitment has a significance value of 0.000 and path b4 leadership style to employee performance has a significance value of 0.011. The second path has a significance value < 0.05 ($\alpha = 5\%$). The direct influence of the leadership style variable (0.261) is greater than the indirect influence (0.206). That is to say, the organizational commitment variable is negative in mediating. The direct or indirect influence of organizational culture variables is not significant in employee performance. The fourth hypothesis which states that the organizational culture, leadership style, and organizational commitment variable have a significant influence on employee performance is statistically not tested and the fourth hypothesis is rejected.

DISCUSSION

Based on the description of the research, the organizational culture variable has an average result of 4.014, which means that the respondents choose to agree with the statements presented in the questionnaire. The most dominant indicator in the organizational culture variable is the indicator of professionalism. Professionalism is an indicator of organizational culture variables (Heriyanti, 2007). Organizational culture is formed into three indicators; professionalism, integrity, and care (Heriyanti, 2007).

The leadership style variable has an average value of 3.79. Signaling that overall respondents tend to agree. The most dominant indicator of the leadership style variables is a participative leadership style with a value of 4.09. Participative leadership style is the style of leading in a persuasive way which can increase the passion and enthusiasm of team members, encourage harmonious teamwork, and create positive participation of subordinates (Hasibuan, 2007). The respondents choose the most effective leadership style to be applied at PT Indolakto Pandaan is the participative leadership style.

Organizational commitment in this research is used as an intervening variable. Organizational

commitment has an average value of 3.69, signaling that respondents tend to agree. Affective organizational commitment is a dominant contribution as an indicator, the value of affective commitment is 3.89. Affective commitment is an organizational emotional feeling and belief in its values (Robbins, 2008). As a multinational company, PT Indolakto Pandaan has implemented policies that form a strong commitment in its work environment, a strong organizational commitment surely will increase the targeted results.

In this research, the first hypothesis mentioned is the influence of organizational culture and leadership style on organizational commitment, the result found that organizational culture did not have a significant effect on organizational commitment, while leadership style had a significant effect on organizational commitment. Concerning company policy requirements, organizational culture is not necessarily the determinant that increased organizational commitment. Organizational commitment is more significantly and positively influenced by the leadership style. The indicator of the leadership style that received agreed responses from the respondents was a participative leadership style.

The findings of this research are different from the research by Budiono (2016), the influence of organizational culture on performance through organizational commitment. The results of Budiono's research (2016) show that organizational culture has a significant effect on employee performance, while the influence of organizational culture on employee performance through organizational commitment does not have a significant effect and organizational commitment cannot form an intervening variable. On the other hand, the leadership style in the research by Yiing (2009), states that leadership style has a significant effect on organizational commitment. These results are in line and mutually reinforcing that leadership style has a significant effect on organizational commitment.

Researchers found that organizational culture did not have a significant effect on employee performance. Meanwhile, leadership style has a significant effect on employee performance at PT Indolakto Pandaan. Denotes an increase in organizational culture indicator that does not effectively improve employee performance. In terms of making and deciding a policy,

organizational culture variables are not needed as a strategy to improve employee performance. The side note that has to be concerned is the leadership style that clearly shows a significant effect, the company management needs to pay attention to 3 main indicators; work quantity, work quality, and timeliness to improve employee performance. The indicator that most influences the leadership style variable is the participative leadership style. This type of leadership style must be at the forefront of improving employee performance.

This research contradicts the research done by Budiono (2016), stating that organizational culture has a significant effect on employee performance. Thus, this becomes a finding and it is necessary to find out what happened in the organizational culture on this current research. Meanwhile, the research result stated by Riyadi (2011), leadership style has a significant effect on employee performance, reinforces the findings of previous studies with the findings in this study.

In this research, the researchers found that the variable organizational commitment has a significant effect on employee performance, but the organizational commitment variable does not have a positive influence between the independent variable of organizational culture and leadership style on employee performance. The leadership style variable has a greater effect on employee performance in the direct influence pathway.

The passage above can be concluded as to ignore the organizational commitment variable in a company management team strategy for improving employee performance. Employee performance will be better when it is directly influenced by the leadership style variable.

Previous research by Jannah (2016) has the same results as this research; the organizational commitment variable does not become an intervening variable or does not mediate organizational culture variable and

leadership style. This mutually strengthens that organizational commitment is deemed insufficient to be a variable taken in making policy.

Organizational culture is not significant towards employee performance through organizational commitment. Leadership style has a significant effect on employee performance through organizational commitment. However, organizational commitment cannot mediate leadership style and employee performance, it can be shown that the direct influence of leadership style on employee performance is greater than the indirect influence through organizational commitment variables.

The results of this study conclude that only leadership style has a significant effect on employee performance and organizational commitment has a significant effect on employee performance but it has not been able to mediate the independent variable.

CONCLUSION AND SUGGESTION

The results show that organizational culture does not have a significant effect on employee performance, either directly or indirectly through organizational commitment. Leadership style has a higher direct effect on performance than indirect influence through the organizational commitment variable. Organizational commitment has a significant effect on employee performance but has not been able to mediate the variables of organizational culture and leadership style on performance. This means that leadership style is a key factor in improving performance at PT Indolakto Pandaan. Organizational culture is not an important factor in efforts to improve employee performance. Therefore, the author is suggested to further deepen the model related to the role of leadership and continuous improvement (Besse *et al.*, 2020) of performance, as the suggested modeling in Figure 2 follow:

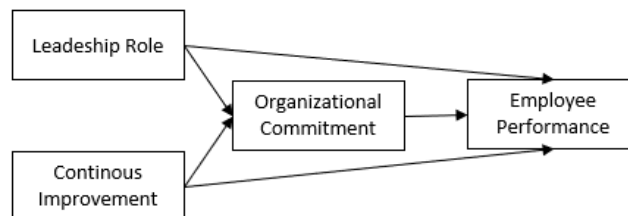


Figure 2. Structure Equation Model Propose

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