

The Impact of Organizational Culture and Leadership Style on Job Satisfaction and Employee Performance

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Abstract—The purpose of this study is to determine the impact of organizational culture and leadership style on job satisfaction and employee performance. This research is based on primary data, and the sample in this research is lecturer STIE Perbanas Surabaya which is engaged in education. The statistical method used in this research is Structural Equations Modeling - Partial Least Square (SEM-PLS) with 36 samples. The dimensions used in leadership style are participative style, nurturant style, authoritarian style, bureaucratic style and task oriented. The dimensions used in organizational culture are integration approach, differentiation approach, and fragmentation approach. Dimensions used in job satisfaction are satisfaction with salary, promotion, colleagues, supervisor and job supervisor. And the dimensions used in employee performance are subject knowledge, assessment skills, student-lecturer relations, organizational skills, communication skills, subject relevance and utility (meaningfulness) of assignment. The results showed that organizational culture dimension had positive impact on employee performance, leadership style had positive impact on employee performance, job satisfaction had positive impact on employee performance, organizational culture had positive impact on job satisfaction, leadership style had positive impact on job satisfaction and leadership style had positive impact on organizational culture. So the research findings prove that organizational culture and leadership style is an important element that greatly affect employee performance and job satisfaction.

Index Terms—Organizational Culture, Leadership Style, Job Performance, Job Satisfaction.

I. INTRODUCTION

Issues related to human resources in an organization demands to be noticed, because any sophisticated technology used in an organization and for any organizational capital, employees within the organization that eventually run. This shows that without the support of good quality of employees in performing their duties the success of the organization is not achieved. The employee's contribution to an organization will determine the organization's progress or pullback.

A conducive organizational culture creates job satisfaction, work ethic, and employee motivation. All these factors are indicators of high performance of employees that will result in high organizational performance [1]. Leadership is also one of the determinants of organizational success. Leadership has

shifted from time to time and is contextual based on the social, political and cultural developments prevailing in its era. In a situational approach it is realized that none of the best leadership styles are universally applicable to all situations and environments, the leader is part of the organizational culture, but a leader also has the possibility to act as an agent of change in culture [2].

In addition to organizational culture and leadership style, job satisfaction is very important both for employees and for the company. Job satisfaction is one form of employee behavior that is defined as something fun or positive emotional outcomes on the assessment of work or work experience someone [3].

The research is conducted on lecturers at STIE Perbanas Surabaya period 2014 - 2017. As a human resource, responsible for teaching and guiding students. Besides, lecturers also have the duty to implement TRIDARMA, such as teaching, research and dedication of society. Based on the data obtained, the number of active lecturers who are active in STIE Perbanas amounted to 88 permanent lecturers with an average of 20 research proposals per semester, which means only 25% of lecturers are actively conducting research activities. One of the most important things to ensure that the human resources owned to support the performance of STIE Perbanas, then STIE Perbanas need to pay attention to employee job satisfaction. However, job satisfaction perceived by employees cannot be separated from existing leadership factors and organizational culture. Furthermore, this will have implications for increasing employee productivity. Based on the research problems that have been raised above regarding the relationship of leadership style, organizational culture, job satisfaction and employee performance, and phenomena that occur in STIE Perbanas Surabaya, it is necessary to do research to determine the effect of these variables.

II. LITERATURE AND HYPOTHESIS

A. Organizational Culture

Organizational culture is the values, principles, traditions, and attitudes that affect the way members of an organization behave [4]. Many definitions of organizational culture, but essentially these definitions refer to three approaches on references [5], namely:

1. Integration approach, states that every organization

has one type of culture that coloring all the values and activities of its members. This approach emphasizes the consensus of all members of the organization to a dominant culture.

2. Differentiation approach, emphasizing the sub-cultural consensus. In this approach, it is possible for every organization to have one or more sub-cultures that can still be divided into three, namely sub-cultures that are in line with corporate culture, sub-cultures that are different from corporate culture and sub-culture that are opposed to corporate culture.
3. Fragmentation approach, in this approach there is no consensus among members of the organization and there is no similarity or agreement of values adopted in the members of the organization. In other words the corporate culture does not exist, that there are personal values of members of the organization.

B. Leadership Style

Leadership is an attempt to use non-coercive types of influence to motivate people to achieve certain goals. In other words a leader is someone who has the power to attract others with no coercion so that they jointly realize his vision.

In this study the dimension of leadership style refers to the dimension developed [6] consisting of :

1. Participative Style
2. Nurturant Style
3. Authoritarian Style
4. Bureaucratic Style
5. Task Oriented Style

C. Job Satisfaction

The relationship between subordinates and the management is crucial in increasing work productivity to work can be enhanced through the attention and good relationships of the leadership to subordinates, so that employees will feel that they are an important part of the organization where they work on reference [7] and [8].

The indicators of job satisfaction in this study refers to the formulation by reference [7] and [8] are as follows :

1. Satisfaction with salary,
2. Satisfaction with promotion,
3. Satisfaction with colleagues,
4. Satisfaction with supervisor, and
5. Satisfaction with supervisor job.

D. Employee Performance

The definition of employee performance is the result of work in quality and quantity achieved by an employee in performing his duties in accordance with the responsibilities given to him. Performance as a record of success resulting from the function of a particular job / activity over a given period. There are six categories to measure employee performance that is quality, quantity, punctuality, effectiveness, independence and work commitment. [9]. Performance is the degree of completion of tasks that accompany a person's job to how well the individual meets the job demand.

Seven dimensions of lecturer performance in college as

suggested by reference [9] consists of:

1. Subject knowledge,
2. Assessment skills.
3. Student-lecturer relations,
4. Organizational Skills,
5. Communication Skills,
6. Subject Relevance,
7. Utility (meaningfulness) of Assignment.

Based on the development of the theoretical thinking above it can be arranged hypothesis as follows:

H1: Organizational culture has a positive effect on Employee Performance.

H2: Leadership style positively affects Employee Performance.

H3: Job satisfaction positively affects Employee Performance.

H4: Organizational culture has a positive effect on job satisfaction.

H5: Leadership style positively affects Job satisfaction.

H6: Leadership style positively affects organizational culture.

III. RESEARCH METHODOLOGY

This research is quantitative research to know the influence of organizational culture and leadership style on job satisfaction and employee performance. The data used is primary data, technique of collecting data is done by questionnaire and interview technique with sample size of research 36 respondents. The method used in this research is Structural Equation Modeling-Partial Least Squares (SEM-PLS). Data processing is done by using SMART-PLS 3.0 program.

IV. DISCUSSION AND RESULT

The results of Confirmatory Factor Analysis from the four latent variables in this study indicate all indicator variable laten (organizational culture, leadership style, job satisfaction and employee performance) valid and realible. Loading factor, AVE and composite reliability for every variable are more than 0.5, it means all indicator can good measure all variable laten, Confirmatory Factor Analysis (CFA) performed on all indicator.

Organizational culture has a positive effect on Employee Performance, Leadership style positively affects Employee Performance, Job satisfaction positively affects Employee Performance., Organizational culture has a positive effect on job satisfaction, Leadership style positively affects Job satisfaction, and Leadership style positively affects organizational culture. The results outer model by using Confirmatory Factor Analysis method for all indicator variable that includes convergen validity, discriminant analysis and reliability validity support the conclusion of outer model presented in Appendix. Research framework contained in fig.1.

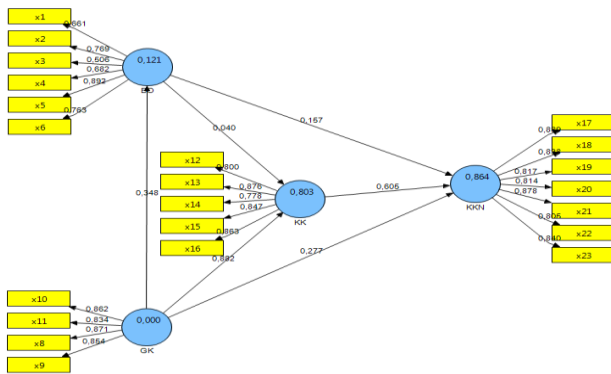


Figure 1. Framework

Furthermore, inner model analysis is done to determine the relationship between latent variables and to conclude the research hypothesis received or rejected by looking at the value of t-statistics. The results of inner model analysis for inter-latent variables as follows on Table I:

TABLE I. INNER MODEL

	Original Sample (O)	T Statistics (O/STERR)	Information
BO -> KK	0,039633	3,344,074	Significant
BO -> KKN	0,156868	4,911,397	Significant
GK -> BO	0,347762	2,389,022	Significant
GK -> KK	0,881787	6,223,344	Significant
GK -> KKN	0,277492	5,389,362	Significant
KK -> KKN	0,604944	3,425,876	Significant

H1: Organizational culture has a positive effect on Employee Performance

The results of the first hypothesis test show that the relationship of organizational culture variable to the employee performance shows the coefficient value of the path of 0.156868 with a statistical value of 4.911 greater than 1.96. From the above results it can be concluded that organizational culture significantly affects the employee performance (Hypothesis 1 accepted) and the organizational culture relationship to the positive employee performance which means organizational culture is asset which can increase employee performance.

H2: Leadership style positively affects Employee Performance.

The results of the first hypothesis test show that the relationship of leadership style variables with employee performance shows the coefficient value of the path 0.277492 with a statistical value of 5.389 greater than 1.96. From the above results it can be concluded that leadership style significantly influence employee performance (Hypothesis 2 accepted) and relationship of leadership style with positive employee performance which means leadership style has an influence on performance improvement over time.

H3: Job satisfaction positively affects Employee

Performance.

The results of the first hypothesis test show that the relationship of job satisfaction variables with employee performance shows the coefficient value of the path 0.604944 with a statistical value of 3.425 greater than 1.96. From the above results it can be concluded that job satisfaction significantly influence employee performance (Hypothesis 3 accepted) and relationship of job satisfaction with positive employee performance which means job satisfaction has an influence on performance improvement over time.

H4: Organizational culture has a positive effect on job satisfaction.

The results of the first hypothesis test show that the relationship of organizational culture variables with job satisfaction shows the coefficient value of the path 0.039633 with a statistical value of 3.344 greater than 1.96. From the above results it can be concluded that organizational culture significantly influence job satisfaction (Hypothesis 4 accepted) and relationship of organizational culture with positive job satisfaction which means organizational culture has an influence on job satisfaction

H5: Leadership style positively affects Job satisfaction.

The results of the first hypothesis test show that the relationship of leadership style variables with job satisfaction shows the coefficient value of the path 0.881787 with a statistical value of 6.223 greater than 1.96. From the above results it can be concluded that leadership style significantly influence job satisfaction (Hypothesis 5 accepted) and relationship of leadership style with positive job satisfaction which means leadership style has an influence on job satisfaction over time

H6: Leadership style positively affects organizational culture.

The results of the first hypothesis test show that the relationship of leadership style variables with organizational culture shows the coefficient value of the path 0.347762 with a statistical value of 2.389 greater than 1.96. From the above results it can be concluded that leadership style significantly influence organizational culture (Hypothesis 6 accepted) and relationship of leadership style with positive organizational culture which means leadership style has an influence on organizational culture over time

V. CONCLUSIONS, LIMITATIONS AND SUGGESTIONS

Every employee working in the organization has its own norms and values and different belief towards organization where he / she works. Sometimes organizational culture differs from employee norms and values so any anytime employee join the organization, he / she should allow herself that either they can come up with them or not. Organizational culture and leadership style has strong and deep impact on the performance of

the employees, that help employees to be satisfied themselves with organization and that cause to improve in the productivity of employee's.

On the basis of findings of this research we conclude that there is positive and significant correlation among Impact of organizational culture and leadership style on employees performance and job satisfaction. From our study we found that Organizational culture and leadership style is important element which highly influences the employee performance and job satisfaction.

For future research is not the object of higher educational institutions only. Will the research object be expanded to all private educational institutions in Surabaya.

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APPENDIX

OUTER MODEL

	AVE	Composite Reliability	R Square	Cronbachs Alpha
BO	0,521247	0,864067	0,120939	0,842966
GK	0,731795	0,916046		0,877749
KK	0,694962	0,919147	0,803426	0,889606
KKN	0,706655	0,943950	0,864240	0,930523

CROSS LOADING

	BO	GK	KK	KKN
x1	0,660600	0,003133	-0,053174	0,031101
x10	0,233865	0,862405	0,767075	0,719606
x11	0,349439	0,834212	0,752290	0,762478
x12	0,343355	0,707817	0,800131	0,781262
x13	0,302607	0,791865	0,875876	0,763405
x14	0,254510	0,682996	0,777774	0,713585
x15	0,241452	0,786044	0,846744	0,771997
x16	0,301217	0,758233	0,863444	0,751767
x17	0,393504	0,741286	0,791592	0,888740
x18	0,374914	0,744653	0,769218	0,837641
x19	0,297408	0,752780	0,785170	0,816844
x2	0,768985	0,309356	0,282432	0,365682

x20	0,364202	0,691512	0,721542	0,813907
x21	0,493634	0,692575	0,725952	0,878373
x22	0,373458	0,756283	0,762676	0,804685
x23	0,426079	0,756340	0,778949	0,840444
x3	0,506291	0,104925	0,010051	0,039383
x4	0,682023	0,010881	0,042381	0,167905
x5	0,892470	0,237346	0,250371	0,340794
x6	0,762734	0,339469	0,354248	0,452413
x8	0,295275	0,870516	0,754337	0,749326
x9	0,308089	0,854243	0,789428	0,756430

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