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The Effect of Leadership Style and Organizational Culture on Performance of Plantation Public Company Employees: The Role of Job Satisfaction as an Intervening Variable

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ABSTRACT

The human component (human resources) is the most important factor in management because of its importance in carrying out organizational policy and operational tasks. Human resources (HR) are people who serve as the backbone of organizations, including both institutions and businesses and who act as resources that need to be developed. Human resources are the key to determining the development of the organization. Hence they are included as a highly significant aspect. This study's objective was to determine and assess the effects of organisational culture and leadership style on employee performance, as shown by job satisfaction. This study's quantitative methodology employs a survey assessment method. The sampling technique used in this investigation was purposeful sampling. 34 individuals made up the study's sample. The tool for gathering data makes use of a questionnaire. The data analysis method used in this inquiry is partial least squares. Employee performance is highly influenced by leadership style, organisational culture, work satisfaction, and job satisfaction as intervening variables.

1. Introduction

Since firm competition has become more intense and complex due to industrial development in the age of rapid globalization, each organization must pay closer attention to its internal management system in order to meet its objectives. The human component (human resources) is the most important factor in management because of its importance in carrying out organizational policy and operational tasks. Human resources (HR) are people who serve as the backbone of organizations, including both institutions and businesses and who act as resources that need to be developed. Human resources are the key to determining the development of the organization.

Hence they are included as a highly significant aspect. Human resource management (HRM) is one aspect of management that governs the interaction and function of resources (labor) held by individuals in an effective and efficient manner. This allows for their best usage in order to accomplish the shared objectives of the business, the employees, and society. Broadly speaking, there are various roles in human resource management that closely resemble those in overall management, including administrative (planning, arranging, leading, and monitoring) and practical (HR acquisition, growth, remuneration, assimilation, upkeep, and cessation of employment) roles. According to this definition, human resource



management's primary goal is to boost a company's employees' contribution to the internal structure in order to raise the productivity of the organization in question. In order to reach their objectives, businesses must be able to recruit and retain quality people who can work productively and effectively (Brahmasari, 2004).

This illustrates how an employee's performance, or the job performed in carrying out tasks in accordance with the duties allocated to him, has a substantial impact on the success of the organization. Employee performance can be influenced by a variety of elements; thus, businesses must work to make sure that these criteria can be met as best as possible. Companies can increase employee performance in a number of ways, including enhancing employee happiness through organizational culture and leadership style. The ability to lead is crucial in any organization. Leadership is the process of getting others to want to cooperate in order to accomplish a shared objective. A leader will have a vision that is in line with the objectives of the organization and will guide the people he leads toward achieving these objectives. This leader must also make sure that everyone on the team is working towards the same objective, which is to meet the management's goals by abiding by established procedures (Magdalena, 2023).

The internal environment of an organization includes its organizational culture, which cannot be separated from the organization. The beliefs, objectives, and values that make up an organization's culture are expressed by its members and are continuously passed down from one group of staff members to the next. Consequently, organizational culture is derived from the personal interpretations of organizational members regarding the principles of novelty, tolerance for risk, team pressure, and support for individuals. These interpretations will shape the organizational culture, which in turn will impact employee performance and contentment. In order to successfully accomplish the organization's objective

and strategy, organizational culture is a key factor. Employees want to be as happy as possible in their jobs, which will affect how well they perform. Leadership style and organizational culture are two factors that might impact employee performance and work happiness. Performance is the achievement of an organization's goals, and it might take the form of inventiveness, flexibility, dependability, quantitative or qualitative output, or other things as desired by the organization (Ermawan, 2011).

PTPN X is an agribusiness company in Indonesia that operates plantations in the East Java region. It manages the processing and marketing of plantation products, with a primary focus on the sugar industry. The company operates 11 Sugar Factory Units (PG) located throughout East Java. One of these sugar factories is PG Gempolkrep, which is one of the largest sugar business units in the region, capable of milling 6500 tons per day. The workforce at PG Gempolkrep ranges from 288 to 1120 employees during the milling season. This study is predicated on the notion that prior research has looked at the effects of many elements (including leadership style, organizational culture, and job satisfaction) on worker performance. Enhancing organizational culture and leadership is essential for improving employee performance. Although it is not statistically significant, the leadership style has a positive and significant impact on worker performance. Organizational culture, on the other hand, has a positive and considerable impact on worker performance. Job happiness is positively impacted by corporate culture and leadership (Dliyaul, 2023). Although the leadership style does not greatly affect employee performance, it has a favorable and considerable impact on job satisfaction. On the other hand, organizational culture significantly and favorably affects both employee performance and work happiness. Furthermore, job happiness makes a favorable and significant difference in how well employees perform. Employee performance and job happiness are positively and considerably impacted by



leadership style and business culture, and employee performance is positively and dramatically impacted by job satisfaction.

2. Literature Review

Leadership style

Leadership is a skill that affects how well an organization performs and succeeds. How to persuade others to achieve the objectives of the organization is at the heart of leadership. The leadership approach is a consistent pattern of conduct that leaders exhibit in influencing others. Leaders who are effective in implementing a specific style of leadership must first comprehend the individuals they lead, recognize their strengths and weaknesses, and know how to utilize their strengths to compensate for their weaknesses. If individuals who become supporters or underlings can be swayed by the power held by their superiors, they will willingly and enthusiastically adhere to the wishes of their leaders. Consequently, leadership can be comprehended as the ability to sway subordinates to promote collaboration within groups in order to attain the objectives of the organization (Lestari, 2018).

Organizational culture

Organizational culture is the organizational way of life and lifestyle, which reflects the principles or convictions that have been embraced by members of the organization. Organizational culture is a blend of convictions, aspirations, and principles exhibited by its members and is passed on from one generation of employees to others continually. Corporate culture offers a structure that can arrange and guide employee conduct in a profession. Culture refers to the profound organizational structure established in the principles, convictions, and assumptions that are shared by members of the organization, so culture can significantly impact a person's conduct. An infrastructure for shared understanding and communication is provided by organizational culture (Maramis, 2013). The effectiveness of the organization

may be greatly decreased by culture if this function is not carried out in a suitable way. Because a healthy culture is constant in its elements and shared by all of the organization's employees, it distinguishes the company from others and gives it its own identity. The procedure of developing organizational culture undergoes four phases, specifically the initial phase of engagement between the executives or initiators of the company and groups or individuals within the company. The second phase is the engagement that produces concepts that are converted into objects, principles, and presumptions. The third phase is that the objects, principles, and presumptions will be executed in order to mold the organizational culture. The ultimate phase is to preserve the organizational culture, and education is conducted for fresh members of the company (Hidayat, 2023).

Job satisfaction

Employee job satisfaction refers to an individual's overall outlook on their work. This measure of employee job satisfaction is determined by four factors taken from the two-factor theory, which are: (1) pay; (2) working environment; (3) organizational procedures and policies; and (4) growth opportunities. It is important to note that employee job satisfaction is dependent on the fulfillment of all job responsibilities. Work satisfaction is a reflection of the emotions and opinions of individuals towards their employment, which is the interaction between those involved with their work setting. The factors indicating work satisfaction include (1) oversight; (2) structure and administration; (3) potential for progression; (4) wages and monetary perks; and (5) peers. The level of work satisfaction increases when expectations are more fully met. Various factors, including production levels, absence rates, and resignation rates, can be used to determine the level of job satisfaction (Mangkunegara, 2005).



Employee performance

Achievement is the outcome or extent of accomplishment of an individual as a whole during a specific timeframe in executing assignments compared to established work norms, objectives, aims, or standards that have been pre-determined and mutually accepted. Achievement does not exist independently but is connected to job contentment and remuneration and is impacted by expertise, capabilities, and personal characteristics. Hence, to attain commendable achievement, an individual must possess a strong inclination to execute and comprehend their tasks, which can be enhanced through a harmonious alignment between job requirements and personal proficiencies (Fanani, 2023).

3. Methods

With a survey assessment method, this study takes a quantitative approach. A total of 300 permanent employees made up the population of this study. Purposive sampling is the sampling method employed in this study. 34 participants made up the study's sample, which was chosen based on the following criteria: tenure of employment of at least two years, official standing, and grades two through four. This study makes use of information gathered from respondents, who will offer written comments in response to the remarks made. The data for this study were compiled from both primary and secondary sources. Primary data come from the original source or from sources that provide information directly to data gatherers. The tool for gathering data is a questionnaire. The questionnaire uses a closed-question pattern with alternative answers provided. For each question and the respondent's column in the questionnaire, the researcher used a Likert scale. Partial least squares are the data analysis method employed in this investigation. Testing hypotheses were made to address research issues. Analyzing data from linear regression to test this hypothesis The

supplied hypotheses are also tested using the T-test and F-test statistics.

4. Results and Discussion

Because the value of $R^2 = 0.9475 > 0.67$, the exogenous factors in this study model have a great model prediction accuracy on employee performance variables. This figure demonstrates that additional non-model factors account for the remaining influence on the employee performance variable, which is 94.75% influenced by organizational culture and leadership style. Because the value of $R^2 = 0.7178 > 0.67$, the exogenous factors included in this research model have a strong model prediction accuracy on the job satisfaction variable. This result demonstrates that organizational culture and leadership style have a 71.78% influence on the variable work satisfaction, with lower influences from other factors that were not taken into consideration in the model. The Q2 value achieved is 0.9504, which indicates that 95.04% of the data can be described by the model, with the remaining 4.96% being the influence of other variables not included in the model (big because $0.9504 > 0$).

The inner model hypothesis test results are to be interpreted as follows in light of the analysis's findings: The t-statistic value is 5.0397, and the path coefficient with a positive sign is 0.4347. H_0 is rejected because the value of the t-statistic is $5.0397 > t\text{-table } 1.96$. Therefore, it can be concluded that employee performance (Y) is positively and significantly impacted by leadership style (X1). Leadership style has a greater effect on employee performance the more positive influence there is. The t-statistic value is 4.0126, and the path coefficient has a positive value of 0.3999. H_0 is rejected because the value of the t-statistic is $4.0126 > t\text{-table } 1.96$. This demonstrates that job satisfaction (Z) is positively and significantly impacted by leadership style (X1). The level of the resulting positive influence influences how much of a role leadership style plays in job satisfaction. The positive path coefficient is 0.2855, and the t-statistic



is 3.6366. Because the t-statistic value is $3.6366 > t$ -table 1.96, H_0 is not accepted. This suggests that employee performance (Y) is positively and significantly impacted by organizational culture (X2). The more impact organizational culture has on employee performance, the more favorable the outcome. The positive route coefficient is equal to 0.5697, and the t-statistic is 7.2827. The t-statistic value, 7.2827, is less than the t-table value, 1.96. Hence H_0 is rejected. According to this, the organizational culture (X2) has a positive and significant impact on job satisfaction (Z). The greater the positive impact, the greater the contribution of organizational culture to job satisfaction. The t-statistic is 3.401, and the positive path coefficient is 0.385. H_0 is rejected because the t-statistic's value is $3,401 > t$ -table 1.96. This suggests that employee performance (Y) is positively and significantly impacted by job satisfaction (Z). Because of this positive correlation, employee performance increases as job satisfaction plays a larger role.

Acceptance of hypothesis 1 suggests that a leader's leadership style affects employee performance and is significant, and this study demonstrates that the more highly an employee rates his superior's leadership style, the more it tends to boost his performance. This is consistent with an earlier study that found that a leader's style has a big impact on how well their team performs. That is, a worker can perform successfully when they accept a leader's leadership style. In this case, the telling (directing) and delegating (authority) indicators get the highest mean value, namely, 3.9118. This means that when a leader provides an explanation of job details and full job responsibilities to employees, the job will be accepted and carried out properly by employees. Acceptance of hypothesis 2 suggests that the organizational culture in place has a major impact on employee performance, which means that this study demonstrates that employees' performance tends to be better the more positively they perceive their organization's culture. This is consistent

with other research that found a strong correlation between organizational culture and worker performance. The outcome orientation indicator, in this instance, receives the highest mean value of 4,088. This indicates that when a corporation seeks the highest level of output, a person is capable of achieving it and is likely to increase his performance.

Acceptance of hypothesis 3 suggests that a leader's leadership style affects satisfaction and is significant, which means that this study demonstrates that job satisfaction and performance inclinations are positively correlated with an employee's perception of a leader's leadership style. This is consistent with another study that found a favorable and significant impact of leadership style on job satisfaction. The employee's own contentment with the pay compensation received facilitates the employee's high perception of the leadership style of a leader, and support from colleagues can have a positive and significant impact on the employee's own performance. Acceptance of hypothesis 4 shows that organizational culture affects satisfaction and is significant, which implies that this research shows that the more positively an employee perceives their organization's culture, the greater their job satisfaction and tendency to perform better. This is consistent with other studies that claim organizational culture has a positive and significant influence on job satisfaction. Employee support from coworkers can have a positive and significant impact on the employee's performance, and the employee's personal satisfaction with the pay recompense received contributes to the employee's high perception of the organizational culture developed by the company. The findings of this study reveal that an employee's performance improves with greater job happiness, which supports the acceptance of hypothesis 5 that employee work pleasure affects employee performance and is relevant. This is consistent with the earlier study, which found that employee performance is positively and significantly impacted by job satisfaction. This indicates that when



a business provides compensation commensurate with a worker's task, the impression of satisfaction increases, which may have a favorable and significant effect on the worker's performance.

5. Conclusion

Employee performance is significantly impacted by leadership style, proving that a leader's style of leadership has a big impact on how well their team performs. Accordingly, this study demonstrates that an employee's performance tends to be better the more highly they rate their superior's leadership style. Organizational culture has a major impact on employee performance, which suggests that the existing organizational culture has a big influence on employee performance. This study also shows that workers function more effectively when they have a favorable opinion of the workplace culture. Evidence that a leader's leadership style influences that of their followers shows that leadership style has a major impact on job satisfaction. Accordingly, this study demonstrates that job satisfaction and the propensity to perform better are both higher than the perceived leadership style assessment by an employee. Job happiness is significantly impacted by organizational culture, demonstrating how much this factor affects satisfaction. This study shows that an employee's job happiness and propensity to perform better increase with their impression of organizational culture. Work contentment is an intervening variable that significantly affects employee performance, proving that employee work satisfaction affects performance significantly. This study demonstrates that an employee's performance improves with higher job satisfaction.

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