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The Effect of Organizational Culture and Leadership Style on Employee Performance Through Job Satisfaction at PTPN IV Medan

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Abstract: This study aimed to determine the effect of organizational culture and leadership style on the performance and job satisfaction of employees at PTPN IV Medan. To determine the relationship between employee job satisfaction and the performance of PTPN IV Medan. To assess the effect of organizational culture and leadership style on employee performance as measured by job satisfaction at PTPN IV Medan. This research method uses a quantitative approach with 600 employees from PTPN IV in Medan, North Sumatra, which is the population for the study. The sampling method used was probability sampling, and the sampling technique was simple random sampling so 254 respondents were taken as samples in this study. The data analysis technique uses the Structural Equation Model (SEM) with the help of the SmartPLS version 3.2.9 program. The findings of this study indicate that organizational culture and leadership style has a positive and significant effect on job satisfaction at PTPN IV Medan. Positive and significant influence of organizational culture, leadership style, and job satisfaction on employee performance at PTPN IV Medan. The influence of organizational culture and leadership style on employee performance at PTPN IV Medan can be mediated by job satisfaction.

Keywords: Organizational Culture, Leadership Style, Job Satisfaction, Employee Performance

INTRODUCTION

With the goal of surviving and competing with other businesses, and even surpassing them, a business will adapt its organizational structure to keep up with the times and technological advances. Therefore, human resources or employees play a crucial role in the achievement of a company's or organization's objectives. This necessitates that businesses and organizations constantly seek out effective methods and policies for enhancing employee performance; evaluating employee performance is one of the methods that can be utilized.

PT. Perkebunan Nusantara IV, abbreviated as PTPN IV Medan, is a company engaged in the field of agro-industry through plantations and processing of oil palm and tea

commodities. This includes area and plant management, seed gardens, and maintenance of mature plants, processing commodities into raw materials for various industries, marketing commodities generated, and other supporting activities. The employees of PTPN IV Medan are very concerned with the creation of progress and the continual improvement of performance. This is because each employee is encouraged to be able to carry out and abide by the company's rules.

Employee performance at PTPN IV has not been optimal, as evidenced by the company's productivity, which experienced a downward trend from 2008 to 2022, or in other words, the productivity of the company is unstable. The productivity level of a company is a reflection or accumulation of individual performance, so the more productive an individual is, the more productive the company will be. Figure 1 depicts the progression of PTPN IV's productivity from one year to the next.

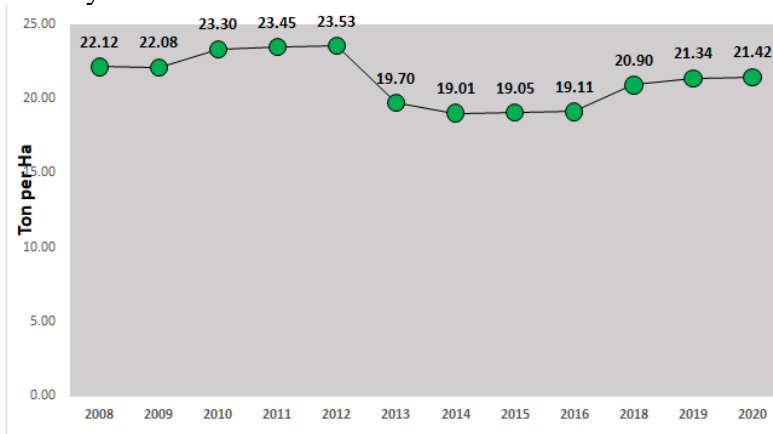


Figure 1. PTPN IV Productivity in 2008-2022

Source: PTPN IV (2022)

The initial survey was conducted with 30 respondents to establish the factors that have a significant impact on PTPN IV performance. Then, PTPN IV management conducted an assessment on employee job satisfaction which was still not optimal, where the achievement of employee job satisfaction was less than 90%. This figure is still below the standard set by PTPN IV, namely a job satisfaction index of at least 90%.

According to the findings of the pre-survey, it is still not entirely implemented ideally at PTPN IV Medan in terms of organizational culture, leadership style, work happiness, and employee performance. This backs up the findings of earlier research by Sutia et al. (2022); Nurhasanah et al. (2022) found a favorable and substantial impact of corporate culture on employee performance and work satisfaction.

Meanwhile, Wirtama et al. (2020) study indicate that leadership style has a favorable and substantial impact on job satisfaction and worker performance. According to a study by Zeindra & Lukito (2020), employee performance has a favorable and considerable impact on employee performance. According to studies by Sari et al. (2021), organizational culture and leadership style has a direct impact on work satisfaction, which in turn has a direct impact on performance.

There was a study gap when the results were compared to earlier studies on organizational culture, leadership style, job satisfaction, and employee performance. This attracted the attention of researchers to conduct research on "The Influence of Organizational Culture and Leadership Style on Employee Performance Through Job Satisfaction at PTPN IV Medan".

LITERATURE REVIEW

Employee Performance

According to Ali & Agustian (2018), Employee performance is the outcome attained by workers when they complete tasks in accordance with relevant regulations. Performance is a comparison that the business uses to gauge how well employees are implementing their tasks and how far the business has come. According to Robbins' theory in Ilham (2021), employee performance is evaluated on the basis of quality, quantity, effectiveness, independence, and work commitment.

Job Satisfaction

According to Hendra et al. (2021) Job satisfaction is defined as a positive attitude toward one's job that is based on an evaluation of its qualities. A high level of job satisfaction generates positive feelings about the work being performed, whereas a low level of job satisfaction generates negative feelings about one's work. According to Robbins & Judge (2018) to measure job satisfaction used aspects of promotion, benefits, salary, operating conditions, contingent rewards, communication, nature of work, and colleagues.

Organizational Culture

According to Mukmin & Prasetyo (2021), Organizational culture is a framework of shared meanings, presumptions, and/or values that serves as a benchmark for comparisons between organizations. Employees need to understand culture as well as how to apply it when they first start working because a strong culture is very helpful for guiding behavior because it makes it easier for employees to work effectively. According to Robbins & Judge's (2018) theory, indicators for gauging organizational culture include creativity and risk-taking, attention to detail, outcome orientation, and humanity, as well as team orientation, aggression, and stability.

Leadership Style

The style of a leader according to Sugiono & Firmansah (2021) interpreted as a way of behaving when giving directions to others. Leadership style can also be defined as the capacity that a person has in inspiring others such as doing work based on conscience and voluntarily to achieve certain goals. A productive and inspiring work environment can be created through a leadership style. Sewang (2016) mentions the dimensions of leadership style, namely: transformational leadership and transactional leadership.

Conceptual Framework

The hypothesis can be stated as a theoretical answer to the problem formulation, but cannot be an empirical answer. As for the theory that has been described, the framework can be described as follows:

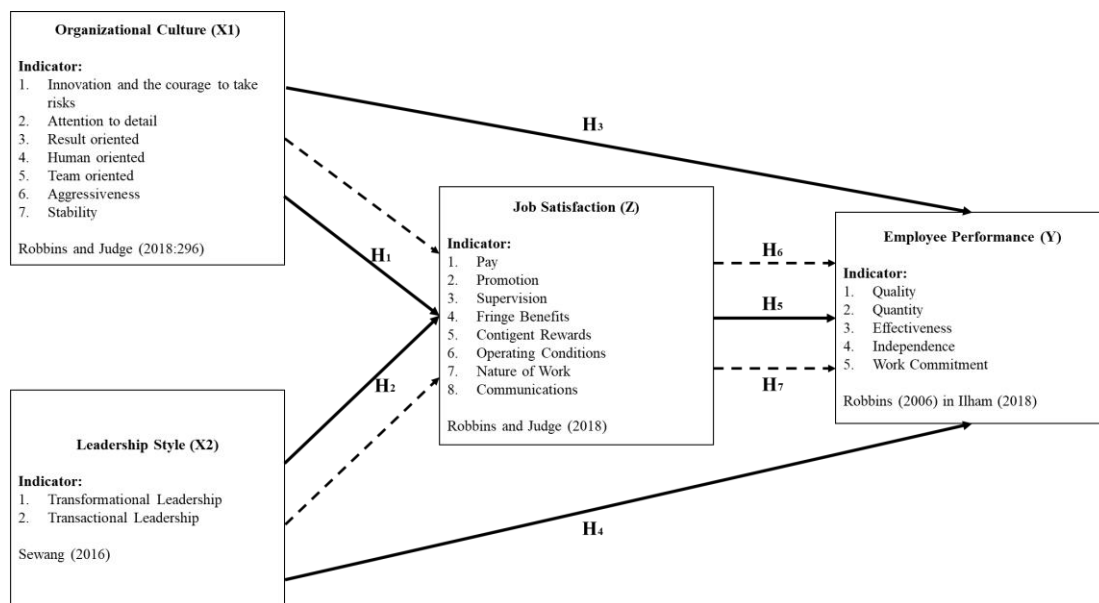


Figure 2. Conceptual Framework

Hypothesis:

- H1 : Organizational culture has a positive and significant effect on job satisfaction
- H2 : Leadership style has a positive and significant effect on job satisfaction
- H3 : Organizational culture has a positive and significant effect on employee performance
- H4 : Leadership style has a positive and significant effect on employee performance
- H5 : Job satisfaction has a positive and significant effect on employee performance
- H6 : Job satisfaction mediates the influence of organizational culture significantly on employee performance
- H7 : Job satisfaction mediates the influence of leadership style significantly on employee performance

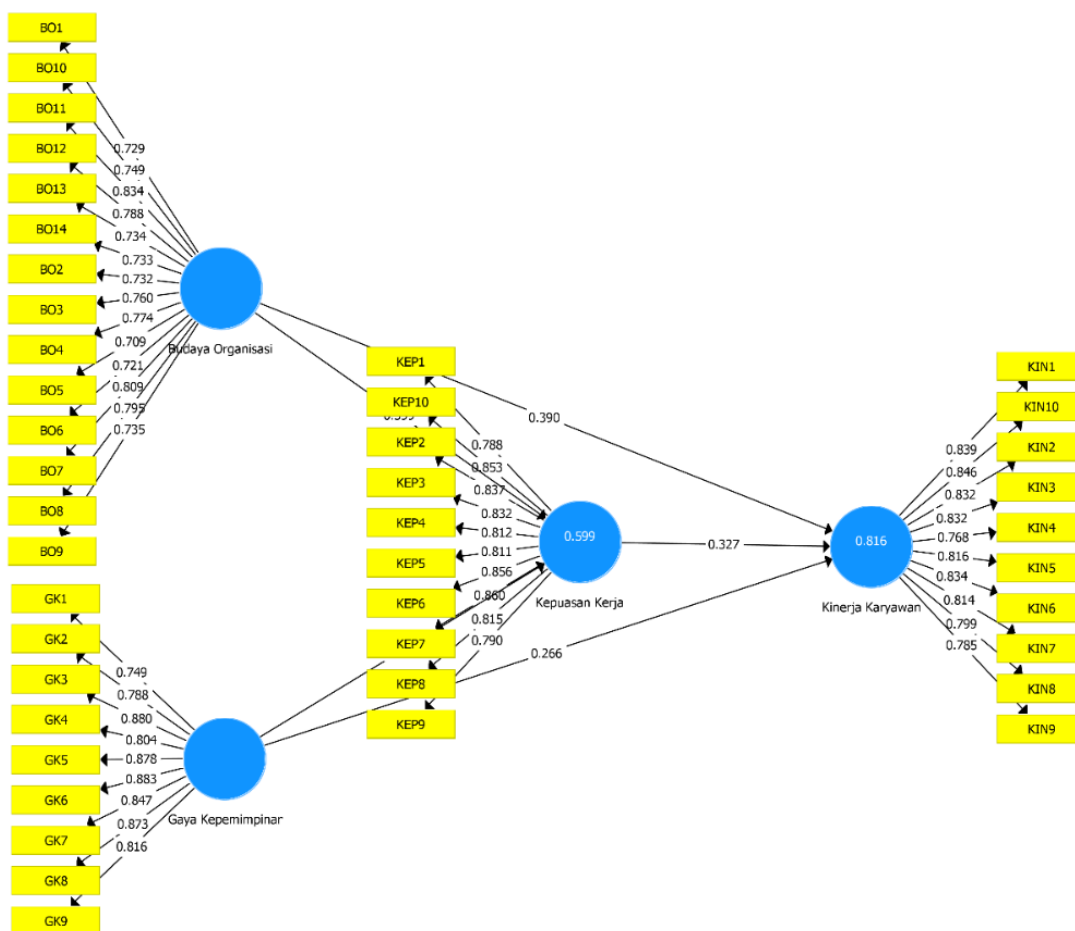
RESEARCH METHODS

Quantitative analysis using explanatory or causal frameworks informs the design and procedures of this sort of study. The purpose of this study was to investigate how organizational culture and leadership style affect employee performance as measured by job satisfaction. The information for the study came from employees at PTPN IV in Medan, North Sumatra. In order to analyze the data, we will use SmartPLS 3.2.9 and a Structured Equation Model (SEM).

FINDINGS AND DISCUSSION

Testing the requirements of data analysis obtained from the results of the PLS algorithm calculations shown by the loading or outer loading factor values to determine convergent validity, cross-loading to determine discriminant validity, composite reliability, Cronbach alpha and AVE (Average Variance Extracted) values.

Ghozali & Latan (2018) argue that if the load weight is greater than 0.70, an indicator is very reliable.



Source: Results of Data Processing with SmartPLS 3.2.9

Figure 3. Outer Model Results

Indicators and latent variables can be differentiated from one another with the help of cross loadings to see if the latent variable is sufficiently discriminatory. The validity of an indicator can be determined by calculating its cross-loading value, which must be greater than 0.7 and be higher than the values of the other variables. Test results for all variables are displayed in Table 1 below.

Table 1. Cross Loading

| Organizational Culture | Leadership Style | Job Satisfaction | Employee Performance |
|------------------------|------------------|------------------|----------------------|
| 0,729 | 0,541 | 0,534 | 0,590 |
| 0,732 | 0,508 | 0,508 | 0,583 |
| 0,760 | 0,653 | 0,570 | 0,719 |
| 0,774 | 0,729 | 0,625 | 0,748 |
| 0,709 | 0,614 | 0,473 | 0,488 |
| 0,721 | 0,632 | 0,601 | 0,555 |
| 0,809 | 0,684 | 0,602 | 0,712 |
| 0,795 | 0,616 | 0,496 | 0,700 |
| 0,735 | 0,568 | 0,576 | 0,606 |
| 0,749 | 0,635 | 0,517 | 0,693 |
| 0,834 | 0,636 | 0,550 | 0,652 |
| 0,788 | 0,688 | 0,577 | 0,703 |
| 0,734 | 0,569 | 0,587 | 0,604 |
| 0,733 | 0,528 | 0,569 | 0,574 |
| 0,658 | 0,749 | 0,591 | 0,675 |

| Organizational Culture | Leadership Style | Job Satisfaction | Employee Performance |
|------------------------|------------------|------------------|----------------------|
| 0,659 | 0,788 | 0,590 | 0,627 |
| 0,677 | 0,880 | 0,590 | 0,673 |
| 0,717 | 0,804 | 0,601 | 0,671 |
| 0,680 | 0,878 | 0,662 | 0,690 |
| 0,679 | 0,883 | 0,658 | 0,700 |
| 0,687 | 0,847 | 0,647 | 0,725 |
| 0,674 | 0,873 | 0,603 | 0,715 |
| 0,689 | 0,816 | 0,608 | 0,726 |
| 0,569 | 0,558 | 0,788 | 0,668 |
| 0,561 | 0,594 | 0,837 | 0,672 |
| 0,591 | 0,578 | 0,832 | 0,613 |
| 0,523 | 0,566 | 0,812 | 0,589 |
| 0,587 | 0,644 | 0,811 | 0,613 |
| 0,701 | 0,648 | 0,856 | 0,702 |
| 0,614 | 0,621 | 0,860 | 0,705 |
| 0,640 | 0,638 | 0,815 | 0,652 |
| 0,560 | 0,532 | 0,790 | 0,677 |
| 0,698 | 0,698 | 0,853 | 0,779 |
| 0,706 | 0,673 | 0,688 | 0,839 |
| 0,738 | 0,683 | 0,716 | 0,832 |
| 0,688 | 0,735 | 0,609 | 0,832 |
| 0,754 | 0,657 | 0,672 | 0,768 |
| 0,694 | 0,694 | 0,678 | 0,816 |
| 0,715 | 0,688 | 0,612 | 0,834 |
| 0,639 | 0,580 | 0,679 | 0,814 |
| 0,651 | 0,632 | 0,661 | 0,799 |
| 0,625 | 0,664 | 0,724 | 0,785 |
| 0,699 | 0,726 | 0,580 | 0,846 |

Source: Research data processing

The AVE score, composite reliability, and Cronbach's alpha were also used to conduct a test of discriminant validity. The AVE score index is considered good if it is greater than 0.5, and the composite reliability score is considered reliable if it is greater than 0.70 and Cronbach's alpha is greater than 0.60.

Table 2. Results of AVE, Composite Reliability and Cronbach Alpha

| Variable | AVE Value |
|------------------------|-----------|
| Organizational Culture | 0.575 |
| Leadership Style | 0.700 |
| Job Satisfaction | 0.682 |
| Employee Performance | 0.667 |

Source: Research data processing

Table 2 demonstrates the composite reliability and Cronbach alpha obtained from the AVE test results. This is so because the research model is a trustworthy and trustworthy measurement tool and all variables are valid and satisfy reliable standards.

The internal model aims to estimate the correlation between the study's variables. The outcome measurement criterion, predictive relevance, and discriminant coefficient made up the internal model test.

The purpose of this test is to evaluate a model capacity to explain variation of a dependent variable. Table 3 below shows the test results for coefficient determination.

Table 3. Results of the Coefficient of Determination

| Variable | R-squared Value |
|----------------------|-----------------|
| Job Satisfaction | 0.599 |
| Employee Performance | 0.816 |

Source: Research data processing

The R-squared value for job satisfaction was 0.599, indicating that the organizational culture and leadership style variables account for 59.1% of the variance in job satisfaction and the remaining 40.1% cannot be accounted for by the R-squared value alone. Affected. affected by factors outside the scope of this investigation. The R-squared value for employee performance is 0.816, which shows that organizational culture, leadership style, and job satisfaction influence 81.6% of employee performance variables and other factors influence the remaining 18.4%.

Hypothesis Testing

The hypothesis test used is coefficient value, t statistic, and p-value. Criteria used in the study: t-statistic > 1.96 or p-value < 0.05 (5%). Results of hypothesis testing are shown in Table 4.

Table 4. Results of Path Coefficients, t-Statistics, and P-Values

| | Coefficient (β) | T Statistics | P-Values | Conclusion |
|--|-----------------|--------------|----------|-------------|
| Organizational Culture → Job Satisfaction | 0,399 | 5,142 | 0,000 | H1 Accepted |
| Leadership Style → Job Satisfaction | 0,414 | 4,489 | 0,000 | H2 Accepted |
| Organizational Culture → Employee Performance | 0,390 | 4,638 | 0,000 | H3 Accepted |
| Leadership Style → Employee Performance | 0,266 | 2,889 | 0,004 | H4 Accepted |
| Kepuasan Kerja → Employee Performance | 0,327 | 6,305 | 0,000 | H5 Accepted |
| Organizational Culture → Job Satisfaction → Employee Performance | 0,131 | 3,698 | 0,000 | H6 Accepted |
| Leadership Style → Job Satisfaction → Employee Performance | 0,136 | 3,850 | 0,000 | H7 Accepted |

Source: Research data processing

Discussion

One finding indicates that there is a favorable and statistically significant relationship between PTPN IV Medan's organizational culture and employee satisfaction. Measuring and evaluating an organization's culture in conjunction with its demographic and individual features may lead to insightful findings and lead to higher levels of employee satisfaction on the job. How a business fosters its culture at the workplace has a direct impact on workers' happiness on the job. The findings of this study are consistent with those of Fadilah et al. (2021), who also showed that corporate culture significantly affected employees' levels of happiness on the work.

The results also support the second presented hypothesis, which posits that the leadership style of PTPN IV Medan's top executives has a positive and statistically significant impact on employees' levels of job satisfaction. Participatory leadership styles demonstrate an authentic leadership approach and may help people realize their full potential in the workplace. This research supports the findings of Mukmin and Prasetyo (2021) that leadership style influences employee happiness on the workplace.

Employee performance at PTPN IV Medan is positively and significantly impacted by the company's culture, supporting the third premise. Performance may be enhanced by fostering a positive culture in the workplace. By encouraging employees to take risks, share their ideas, and work together, a company's culture may foster an environment conducive to innovation and creativity, as well as excellent relations and high productivity. These findings

corroborate those of Silfiyana et al. (2021), who discovered that company culture influences productivity.

The next result of the fourth hypothesis is that Leadership style has a positive and significant effect on employee performance at PTPN IV Medan. Leaders typically employ a wide range of methods, beliefs, talents, qualities, and attitudes in an effort to shape the actions of their subordinates, all of which contribute to the leadership model. Therefore, a leadership style that may significantly contribute is required to achieve more achievements than previously. This study's findings corroborate those of Purba et al. (2021), who found that a leader's approach to management had an effect on workers' productivity.

As shown by the data, work satisfaction at PTPN IV Medan has a positive and statistically significant influence on productivity. The level of contentment one feels in one's work environment is a major contributor to productivity. When someone enjoys what they're doing, they're more likely to put in extra effort and produce quality results. This will lead to vast improvements in productivity and performance. This data lends credence to the conclusion reached by Mukmin and Prasetyo (2021), namely, that work happiness influences performance.

Sixth hypothesis confirmed work satisfaction mediates the effect of organizational culture on performance at PTPN IV Medan. Measuring and evaluating an organization's culture in conjunction with its demographic and individual features may lead to insightful findings and lead higher levels of employee satisfaction on the job. The success of a business or group depends on its employees, and those people will perform better if the firm or group has a positive culture. According to the findings of Fadilah et al. (2021), job contentment can act as a buffer between the impact of company culture on productivity.

To wrap things up, the seventh hypothesis confirms that work satisfaction at PTPN IV Medan mediates the effect of leadership style on performance. If workers are content in their jobs, it will reflect positively on their leaders' abilities to foster a positive work environment, which in turn will lead to higher productivity. When workers are happy in their jobs, they are more invested in doing a good job, which is the result of a good leadership style. These findings corroborate the findings of Sari et al. (2021), who discovered that worker happiness can moderate the effect of managerial style on productivity.

CONCLUSIONS

From the results of the study it can be inferred that organizational culture and leadership style have a positive and substantial influence on work satisfaction at PTPN IV Medan. Then organizational culture and leadership style were shown to have a good and substantial influence on employee performance at PTPN IV Medan. Also identified a favorable and substantial relationship between work satisfaction on employee performance at PTPN IV Medan. Meanwhile, work satisfaction as a mediating variable is able to affect the link between organizational culture and leadership style on employee performance at PTPN IV Medan.

It is suggested to the management of PTPN IV Medan to increase efforts to inculcate good organizational cultural values with an approach based on building good teamwork so that work feels more comfortable. Management of PTPN IV Medan to improve the ability to understand what their subordinates feel, in giving special attention to the problems that are happening. By showing sincerity in listening to problems, helping solve problems, and providing comfort in communicating. It is also suggested to the management of PTPN IV Medan be able to increase employee job satisfaction through the act of providing good work support facilities that can make employees work more productively. Especially for employees who have work barriers. Further research can add other variables that can also affect

employee performance. So that it will be better known which factors have a wider influence on employee performance.

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