

+62 813 8765 4578 +62 813 8765 4578 <https://dinastipub.org/DIJDBM> dinasti-info@gmail.com 

THE INFLUENCE OF ORGANIZATIONAL CULTURE AND SITUATIONAL LEADERSHIP TO EMPLOYEE ENGAGEMENT THROUGH COMPENSATION AS A MEDIATOR AT PT. ASTRA WELAB DIGITAL ARTA

Ali Akbar¹, Antonius Dieben Robinson Manurung²

¹⁾ Master of Management, Universitas Mercu Buana Jakarta, Indonesia

²⁾ Lecture of Magister Management, Universitas Mercu Buana Jakarta, Indonesia

ARTICLE INFORMATION

Received: 24 July 2020

Revised: 30 August 2020

Issued: 24 October 2020

Corresponding author: First Author

E-mail:

29akbaralii@gmail.com

antoniusmanurung69@gmail.com



DOI:10.31933/DIJDBM

Abstract: This study aims to determine the influence of organizational culture and situasional leadership on employee engagement through compensation as a mediator. The population in this study were all employees at PT. Astra Welab Digital Arta which has 216 employees. The data analysis technique used is Structural Equation Model (SEM) with Lisrel, sample of this research uses purposive sampling. The results showed that there is a positive and significant influence of organizational culture to compensation, there is a positive and significant influence of situational leadership to compensation, there is a positive and significant influence of organizational culture and situational leadership to compensation, there is a positive and significant influence compensation to situational leadership, there is a positive and significant influence of organizational culture and situational leadership on employee engagement through compensation as a mediator

Keywords: Organizational Culture, Situational Leadership, Compensation, and Employee Engagement

INTRODUCTION

The success or failure of an organization and working unit carrying out the tasks and functions are very closely related to the actors of the organization or in other words human resources have a strategic role as a determinant of the success or failure of performance achievement in an organization. Human resources is a central factor in an organization. Whatever the shape and purpose, the organization is made based on various visions for the benefit of humans and in the implementation of its mission is managed and managed by humans. So, humans are a strategic factor in all organizational activities.

Employees are the main property for the company, they will become planners, implementers and controllers who always provide an active role in realizing the company's goals. Employees have thoughts, feelings and desires that can influence their attitudes towards the work done. This attitude will determine how much his love for the work assigned to him, his loyalty to the company and of course his job satisfaction. That is why employees have to be watched and fulfilled as well as by the company.

Providing compensation to PT. Astra Welab Digital Arta is divided into several elements. However, behind all of that there are weaknesses that must be reviewed by the leader for example the higher competition so that employees are driven in such a way as to exceed their physical and mental abilities. Compensation is all income in the form of money, direct or indirect goods received by employees in return for services provided to the company (Hasibuan, 2011:118).

Leadership is the key of organizational development because without good leadership it will be difficult to achieve organizational goals. If a leader tries to influence the behavior of others, then that person needs to think about his leadership style. Leadership is how leader carries out his leadership functions and how he is seen by those who try to be led or those who might be watching from the outside

The influence of situational leadership has been studied by (Slamet, Toyib, Hadiwidjojo, and Troena, 2013: 105-113) which shows that situational leadership and organizational culture can directly improve employee engagement. Good situational leadership is leadership that is able to improve organizational culture and ultimately improve employee engagement.

Success in developing company opportunities cannot be separated from strong organizational culture and professionalism that can reflect company effectiveness. The strength of the organizational culture and work ethic are able to have a significant influence on the rate of growth and development of the company.

Organizational culture is defined as a pattern of basic assumptions held by the company that contains the values, norms, and habits in speaking, as well as behaving employees in the company that are useful for solving problems and cases that occur in the external and internal company. (Henri in Yuskar, 2011) conducted research on organizational culture and performance measurement systems. His findings state that the measurement system focuses on the organization, supports decision-making strategies and legitimizes the power of top managers.

Phenomenon that arises and understanding the importance factors that are influence of employee engagement is important to be researched in organization. Understand the factors that influence employee engagement, organization can plan some activities that aimed enhancing organizational culture, improving situational leadership and increasing compensation

Table 1. Factor that Influence Employee Engagement AWDA

Variable	Answer Scale										Rank
	STS	%	TS	%	N	%	S	%	SS	%	
Compensation	0	0	0	0	0	0	0	0	20	100	1
Training	0	0	0	0	1	5	15	75	4	20	9
Work Quality	0	0	0	0	1	5	3	15	16	80	4
Communication	0	0	0	0	1	5	14	70	5	25	8
Work Commitment	0	0	0	0	0	0	10	50	10	50	6
Work Discipline	0	0	0	0	1	5	13	65	6	30	7
Work Environment	0	0	0	0	0	0	7	35	13	65	5
Situational Leadership	0	0	0	0	0	0	2	10	18	90	2
Organization Culture	0	0	0	0	1	5	2	10	17	85	3

Source: Primary Question Pra-Research (2019)

Based on several literature, it was found that employee engagement has influenced various variables, such as organizational culture, situational leadership, and compensation. Furthermore, researchers develop a framework of thought based on this phenomenon by conducting pre-research. The study distributed questionnaires to 20 (twenty) respondents as preliminary data to find out the factors that influenced employee engagement. The results among others:

1. There are 20 respondents who strongly agree that compensation affects employee engagement.
2. There are 18 respondents strongly agree that situational leadership influences employee engagement.
3. There is 17 respondents strongly agree that organizational culture influences employee engagement

Based on the result of pra-research data, the researchers want to make a research about the influence organizational culture and situational leadership has on employee engagement through compensation as a mediator at PT. Astra Welab Digital Arta

LITERATURE REVIEW

Organizational Culture

According to Robbins and Judge (2017) define organizational culture as a system of shared meanings shared by members that distinguishes these organizations from other organizations. Organizational culture represents a common perception of the members of the

organization. Organizational culture is defined as a system whose meaning is felt by all members of the organization as a foundation system of organizational motion. Here are seven characteristics of the organization's culture based on (Robbins & Judge, 2017) as follows:

a. Results Orientation

This dimension contrasts a process oriented organization with a result oriented organization. Results orientation, which is to what extent management focuses more on results rather than the techniques and the process used for achieving these results.

b. Innovation and Risk Taking

Innovation and risk taking are employees that are encouraged to behave innovative and brave to take the risk.

c. Team Orientation

Team orientation is work activities organized on teams rather than in individuals.

d. Aggressive and Competitive

Aggressiveness is when people behave aggressively and competitively rather than relaxed.

e. Stability

Stability is organizational activities emphasizing the preservation of the status quo in comparison with growth.

f. Attention to details

Attention to details is employees are expected running precision, analysis, and attention to details.

g. Human Orientation

Human orientation is management decisions considering the effects of the results mentioned above people who are in organization.

Situational Leadership

According to (Hersey & Blanchard, 2013) the relationship of leaders with employees can be measured through the performance of leaders in organizing, directing and guiding their employees to carry out tasks. So basically leadership is a way for a leader to influence his subordinates to want to work together and work effectively according to the rules of work. Leaders are required to be able to solve problems and make appropriate and effective decisions.

a. Leadership Instruction

Leadership instruction is the behavior of leaders with high direction with low support characterized by one-way communication. In this behavior the leader limits the role of the employee and informs about the mechanism of carrying out the task. Problem solving and decision making initiatives are carried out by the leader. The work implementation is closely monitored by the leader.

b. Consultative Leadership

Consultative leadership is the behavior of leaders with high direction and high support as well. The leader's role is more in terms of giving direction and decision-making but is followed by two-way communication and listening behavior of followers' feelings about decisions made and employee ideas and suggestions.

c. Participatory Leadership

Participation Leadership is the behavior of leaders with high levels of support but low on direction. The process of problem solving and decision making is carried out alternately, there is a two-way communication and the leader also listens actively. Responsibility for problem solving and decision making mostly rests with employees. Emphasizing the importance of establishing good relationships with all levels of the organization involving subordinates, namely asking for opinions from subordinates and using these suggestions when making decisions.

d. Delegative Leadership

Delegative leadership is a leader behavior that is characterized by low support and also direction by the leader. The leader discusses the problem together with his employees and then the decisions made will be delegated as a whole to his employees.

Compensation

According to Sirait (2011:77) defines compensation as something that is received by members of the organization or employees as compensation for employee contributions and efforts to contribute to the company, both in the form of money and not money. According to Hasibuan (2012:117) also defines compensation as income received by employees in the form of money or goods, either directly or indirectly in return for services and contributions made to the company.

According to Dessler (2009) compensation has three components as follows:

a. Direct Compensation

Compensation that is given directly. Payments can take the form of salaries, wages, commissions, incentives, and bonuses. The basis for direct compensation payments is divided by (daily, weekly, monthly) or based on a piece of work.

b. Indirect Compensation

Compensation is given indirectly but in other forms to members of the organization. The type of payment can be training and education, insurance, vacation, and job promotion.

c. Non-financial Compensation

Non-financial compensation such as flexible working hours, office facilities, and prestigious offices.

Employee Engagement

Employee engagement has a behavioral meaning whereby a person brings himself into his work, someone who has engagement will give a performance and expression of connotative, cognitive and emotional conformity to expectations in the company (Khan, 2007:694). According to Welling (2010) employee engagement is a form of feeling of someone enjoying a sense of enjoyment and trust and value in doing work. As explained as follows:

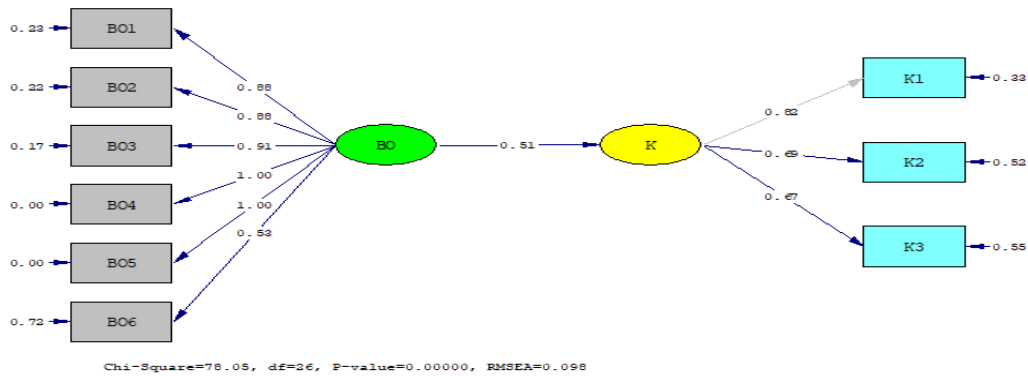
- a. Enjoyment
Feelings by someone in his work, where someone is happy and satisfied with work and feels suitable with personality.
- b. Belief
Type of trust in the organization. The existence of these attributes provides an attachment to be able to contribute to the organization and the environment. In the end this trust can help relations between members of the organization better so that it can facilitate in achieving common goals.
- c. Value
A person's form of expectation is recognized and valued in the organization. This expectation can form emotional connections that make members bound to the organization where they work.

RESEARCH METHODS

In this study, researchers used a quantitative approach with Structural Equation Modeling (SEM) analysis techniques through software LISREL 8.72. The variable to be examined is the influence of organizational culture and situational leadership on employee engagement through compensation as a mediator. The sampling technique used in this study is non-probability sampling. The population used was all employees of PT. Astra Welab Digital Arta, amounting to 216 people.

FINDINGS AND DISCUSSION

1. The Influence of Organizational Culture on Compensation



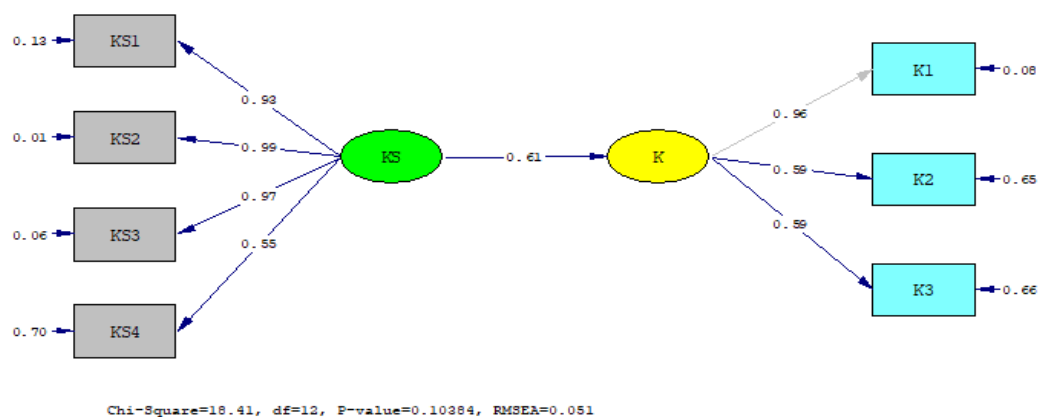
Picture 1. Standard Solutions Variable Organizational Culture to Compensation

There is a significant influence of organizational culture variables on situational leadership. This can be seen from the analysis obtained $\beta = 0.51$ with $t\text{-value} = 6.56$; where $t\text{-table} \geq 1.96$, it can be interpreted that organizational culture has a positive and significant influence on compensation in PT. Astra Welab Digital Arta.

The coefficient marked positive on the value β means the organizational culture provides a positive influence to increase compensation. The better the organizational culture, the higher the compensation at AWDA. The results of quantitative data analysis show that organizational culture influences 51% of compensation.

The results of this study are similar research conducted by (Muttaqin & Hermingsih, 2013) which states that organizational culture significantly influences compensation. Likewise, research conducted by Wijaya (2016) stated that organizational culture significantly influences compensation.

2. The Influence of Situational Leadership to Compensation



Picture 2. Standard Solutions Variable Situational Leadership to Compensation

There is a significant influence of situational leadership variables to compensation. This can be seen from the results of the analysis obtained value $\beta = 0.61$ with a value of $t\text{-value} =$

9.20; where $t\text{-table} > 1.96$, it can be interpreted that situational leadership has a positive and significant influence on compensation at PT. Astra Welab Digital Arta.

Positive coefficient on the value β means that situational leadership has a positive influence to increase compensation. The better the situational leadership, the more compensation will increase. Quantitative data analysis shows that situational leadership influences 61% of compensation.

The results of this study are similar research conducted by Widianingrum (2015) which states that situational leadership has a significant effect on compensation. Likewise, research conducted by Hartono (2018) states that situational leadership has a significant effect on compensation.

3. The Influence of Organizational Culture and Situational Leadership on Compensation as a mediator

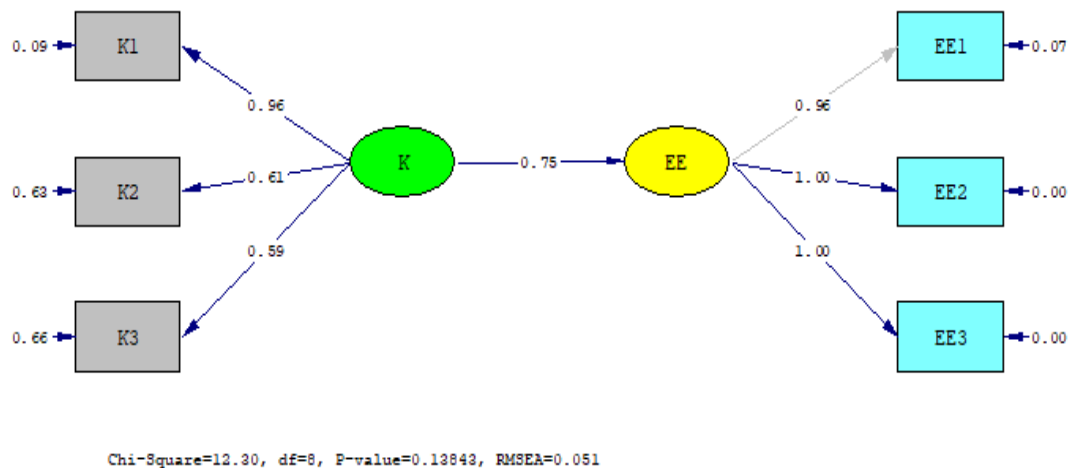
	Total Effect	Indirect Effect	Direct Effect
BO → K	0.43*	0.18*	0.05
KS → K	0.44*	0.52*	0.25

*Significant level on 0.05

There is a significant influence of organizational culture and situational leadership to compensation. Organizational culture directly contributed to compensation by 5%, while contributions made passed the situational leadership variable by 18%. So it can be interpreted that organizational culture and situational leadership have positive and significant influence on compensation as a mediator at PT. Astra Welab Digital Arta.

The results of this study are similar research conducted by (Widayati & Rahmayanti, 2018) which states that organizational culture and situational leadership have a positive and significant effect on compensation. Similarly, research conducted by (Azizah & Irawanto, 2017) states that organizational culture and situational leadership has a positive and significant influence on compensation.

4. The Influence of Compensation on Employee Engagement



Picture 3. Standard Solutions of Variable Compensation to Employee Engagement

There is a significant influence of the compensation variable on employee engagement. This can be seen from the results of the analysis obtained value $\beta = 0.75$ with t -value = 11.55; where t -table > 1.96 , then it can be interpreted that compensation has a positive and significant influence on employee engagement at PT. Astra Welab Digital Arta.

The coefficient marked positive on the value β means the better compensation given, the more employee engagement increases. Compensation has an influence of 75% on employee engagement.

The results of this study are similar research conducted by (2018) which states that direct financial compensation, indirect financial compensation, and non-financial compensation have a significant effect on employee engagement. Likewise, research conducted by Dewi (2018) which states that compensation has a positive and significant effect on employee engagement.

5. The Influence of Organizational Culture and Situational Leadership on Employee Engagement through Compensation as a mediator

There are positive and significant influences on variable organizational culture, compensation, and situational leadership to employee engagement. The organizational culture variable directly contributed to compensation by 25%, while the contribution made passed the situational leadership variable by 52%. Thus it can be interpreted that organizational culture and situational leadership towards employee engagement through compensation as a mediator has a positive effect on AWDA.

The results of this study are similar research conducted by (Lutfi & Riyanto, 2017) which shows that the culture variables of organization, compensation, and situational leadership have a positive and significant effect on employee engagement.

CONCLUSION AND SUGGESTION

Conclusion

Based on the results of the research and discussion in the previous chapters, several conclusion can be made as follows:

- a. Organizational culture has a positive and significant influence on situational leadership at PT. Astra Welab Digital Arta
- b. Situational leadership has positive and significant influence on compensation at PT. Astra Welab Digital Arta
- c. Organizational culture and situational leadership have a positive and significant influence on compensation at PT. Astra Welab Digital Arta
- d. Compensation has a positive and significant influence on employee engagement at PT. Astra Welab Digital Arta.
- e. Organizational culture and situational leadership have a positive and significant influence on employee employees through compensation at PT. Astra Welab Digital Arta

Suggestion**For Companies**

The suggestions that can given to complete the result of this study are as follows:

- a. PT. Astra Welab Digital Arta should improve organizational culture by paying more attention to compensation in the company. Increased compensation can be done by adding facilities to employees, such as giving leave and holidays. In addition, the provision of salary bonuses to employees who can be targeted really needs to be considered. Because it can motivate employees to work better.
- b. PT. Astra Welab Digital Arta should improve situational leadership in the aspect of instruction (telling). Like superiors giving correct direction related to doing work, making fair decisions to subordinates, and implementing good one-way communication. Because it can make employees better understand their duties and responsibilities.
- c. PT. Astra Welab Digital Arta should improve pay attention and organizational culture and situational leadership because both can increase employee compensation.
- d. PT. Astra Welab Digital Arta should improve compensation to employees by giving bonuses. This can improve employee engagement relations so that employees do not think about leaving the company.
- e. PT. Astra Welab Digital Arta is expected to continue to pay attention to aspects of improving organizational culture, situational leadership, compensation, and employee diversity. The improvement program will have a positive impact on employees.

For Further Researchers

The object of research may need to be developed by making research in BUMN and Government Organizations. Researchers need to look for other variables that might have a relationship and influence on employee engagement variables such as work quality, work

commitment, and job satisfaction. Qualitative research approaches should be tried as alternatives in the same research theme. Researchers should follow a strict questionnaire against the respondent so that there are no differences in thoughts, perceptions, and understanding in filling out the questionnaire.

REFERENCE

- Hasibuan, M. (2007). *Manajemen Sumber Daya Manusia*. Edisi revisi. Jakarta (ID): Bumi Aksara
- Henry dalam Yuskar (2011) *Budaya Organisasional dan Sistem Pengukuran Kinerja*. Jakarta
- Robbins SP, dan Judge. 2007. *Perilaku Organisasi*, Salemba Empat, Jakarta.
- Hersey, Paul and Blanchard, Kenneth H. (2013). *Management of Organizational Behavior: Utilizing Human Resources*. New Jersey: Prentice-Hall Inc.
- Sirait, Lusita. 2009. *Pengaruh Budaya Organisasi Terhadap Produktivitas Kerja Pegawai*, skripsi. Fakultas Ilmu Sosial dan Ilmu Politik Universitas Sumatera Utara, Medan.
- Dessler, Gary, 2011. *Manajemen sumber daya manusia*. Penerbit Indeks, Jakarta.
- Richard Wellings, et al. (2010). *Employee Engagement : The Key to Realizing Competitive Advantage*. Journal of Development Dimensions International, Inc., MMV.
- Rizki Muttaqin, Anik Herminingsih (2013). *Pengaruh Budaya Organisasi dan Kompensasi terhadap Kinerja Karyawan Divisi Konstruksi PT. AL*. Journal of Bisnis and Manajemen. Jakarta
- Widianingrum, Yeni. (2014). *Pengaruh Kepemimpinan Situasional Dan Kompensasi Terhadap Kinerja Karyawan Melalui Motivasi Kerja Sebagai Variabel Intervening (Studi Pada Karyawan di Hotel Pandanaran Semarang)*.
- P. Hellen Wijaya, Christina Catur Widayati, dan Chichi Rahmayanti (2018). *Pengaruh Gaya Kepemimpinan Situasional, Budaya Organisasi Dan Kompensasi Terhadap Kinerja*. Jurnal Ekonomi/Volume XXIII, No. 03. Jakarta
- Ghozali, Imam. (2013). *Aplikasi Analisis Multivariate dengan Program SPSS*. Edisi Ketujuh. Semarang: Badan Penerbit Universitas Diponegoro.