



Impact of Transformational Leadership and Organizational Culture on The Performance of PT Indosaluyu Primajaya: Job Satisfaction as A Mediation Variable

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Abstract: The purpose of this study is to determine whether satisfaction acts as a mediator between transformational leadership and organizational culture on the performance of PT Indosaluyu Primajaya employees. The SEM-PLS Equation Model was used for data analysis with a sample of 99 employees. Based on the findings of this study, transformational leadership, and organizational culture have a positive and significant impact on performance through satisfaction. In addition, performance has a positive and significant impact because it is influenced by transformational leadership and job satisfaction. While job satisfaction is a perfect mediator of this effect, organizational culture has no direct or significant impact on employee performance. Organizational culture does not directly affect employee performance.

Keywords: Transformation, Leadership, Culture, Organization, Satisfaction, Performance

INTRODUCTION

Many businesses are growing rapidly at this time of industry 4.0, which has an impact on the national economic sector. This is evidenced by the increasing number of service and automotive industries that meet various human needs. One of the mainstays that brings major changes to the national economy is the automotive industry. In Indonesia, there are currently 22 industrial companies operating four or more wheeled vehicles. In addition, the Minister of Industry stated that the car body industry has potential. With a production capacity of 9.53 million units per year and a workforce of up to 32 thousand people, the total investment value reaches Rp. 10.05 trillion. The automotive sector is included in the Making Indonesia 4.0 roadmap because it is considered to have a significant contribution and strategic role in the implementation of industry 4.0.

To find out the alleged problems that occurred at PT Indosaluyu Primajaya and the factors that are thought to influence the problem, the researchers conducted interviews with 2

key positions in the company, namely the Company Owner and HR Manager. From the results of the interviews, it was found that the alleged problems were in Table 1 as follows:

Table 1. Pre-Research Interview Results

Alleged Phenomenon	Category	Information
Employee Performance	Problem	There is a decrease in employee performance every year

Viewed in table 1, there are allegations of problems that cause the company's revenue targets not to be achieved from year to year, namely employee performance which always decreases every year so that it has an impact on the achievement of company revenues. It is this assumption that the researcher uses in this study.

LITERATUREREVIEW

Transformational Leadership

The leadership style known as transformational leadership encourages employees to work with passion and integrity towards the vision and mission of the organization. This makes people trust the leader. Transformational leadership is defined by Bass & Avolio in Yanto (2020) as a leader's effort to move followers from a lower level of need to a higher level of need.

Organizational Culture

Organizational culture As an organization continues to evolve as a result of globalization, shifts in the workforce and information technology, labor relations, and business ethics, managers face a number of difficulties in controlling resources. Hierarchical culture is an important component of practice and a source of practical excellence for associations. Robbins in Oktaviani (2019), organizational culture is a shared system between members that distinguishes it from other organizations.

Job Satisfaction

The concept of job satisfaction has been proposed theoretically by a number of experts. Job fulfillment is an encouraging perspective of the workforce that combines sentiment and behavior towards work through evaluating one job as a respect in completing an important advantage of work, Afandi (2018).

Employee Performance

Wirawan (2018) says that because an assessment of a person's performance in a company can be known and mapped, performance information is very useful for planning and making decisions about human resources. A clarified advantage of presentation exams is improved execution.

From the results of literature observations made by researchers regarding the impact of Leadership Transformation and Organizational Culture on Performance and Job Satisfaction as Mediation, then various previous studies that have been reviewed, the researchers developed a theoretical research framework described in Figure 1 below:

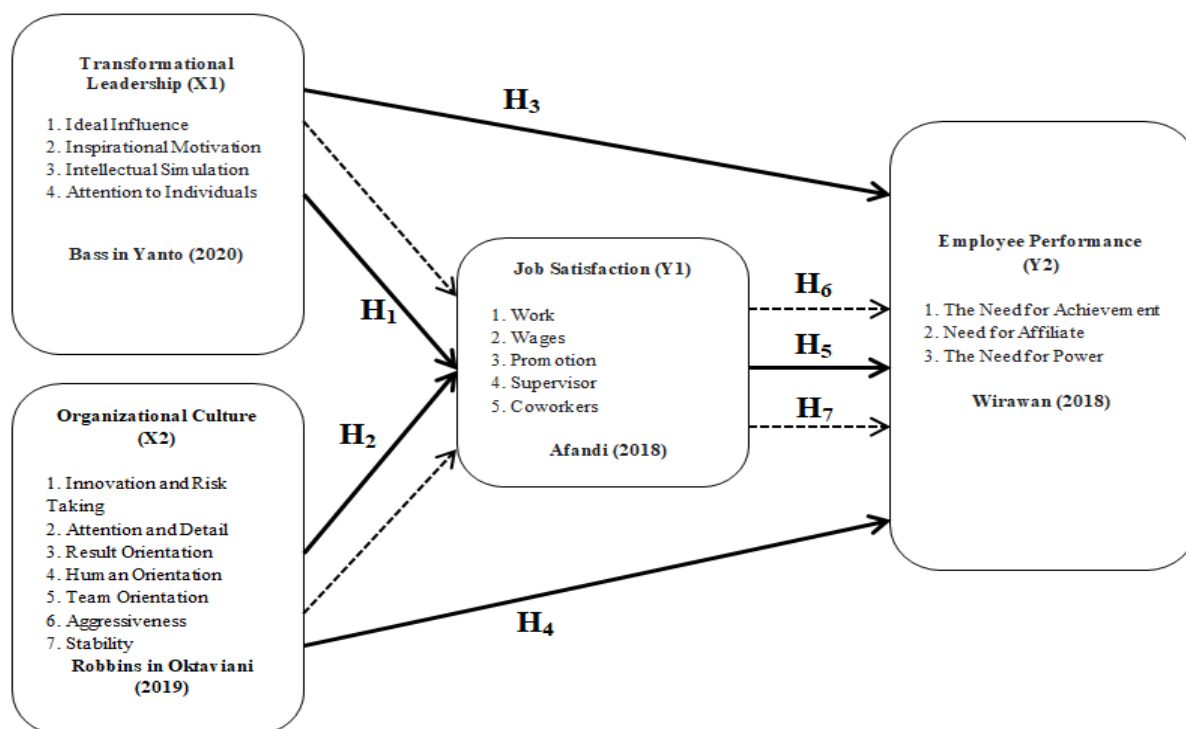


Figure 1. Framework For Tought Research

RESEARCH METHODS

This study uses quantitative techniques. Sugiyono (2019) says that the population is an area consisting of things or people with certain numbers and characteristics that researchers have decided to study and then draw conclusions. All 130 employees of PT Indosluyu Primajaya are included in this study population. Purposive sampling was chosen as the sampling strategy for this study based on this description. There are 99 employees of PT Indosluyu Primajaya who participated in this research. They come from all divisions, including Marketing, Operations, and Production. Sugiyono (2019), The Likert Scale aims to measure the perception of a person or organization. In research, phenomena have been specifically determined in research and are referred to as research variables.

FINDINGS AND DISCUSSION

In the following, the researcher provides a comprehensive description of the 99 samples consisting of respondents' gender, age, education, and years of service, including table 2:

Table 2. Characteristics Of Respondents

	Item	Frequency	%
Gender	Man	82	82.8
	Woman	17	17.2
Age	17 - 25	11	11.1
	>25 - 35	67	67.7
	>35 - 45	15	15.2
	>45	6	6.1
Education	SMK / Equivalent	90	90.9
	Diploma 3 / 4	7	7.1
	S1	2	2.0
Years of Service	1-3 year	71	71.7
	>3-5 year	22	22.2
	>5 year	6	6.1

In this study, the data was filled in by 99 respondents who are permanent employees of PT Indosluyu Primajaya, then the data will be processed using SEM-PLS through the SmartPLS version 3.2.9 application with the Outer Model and Inner Evaluation analysis stages.

Outer Model Evaluation

The Outer Model analysis was carried out by testing the validity of the convergent and discriminant validity, while the reliability test was carried out by calculating the value of composite reliability and Cronbach's alpha.

Table 3. Final Loading Factor & AVE Result

Latent Variable	Manifest Variabel	Loading Factor	AVE	Latent Variable	Manifest Variable	Loading Factor	AVE
Transformational Leadership	KT1	0,767	0,655	Organizational Culture	BO1	0,750	0,563
	KT2	0,856			BO2	0,786	
	KT3	0,860			BO3	0,738	
	KT4	0,830			BO4	0,709	
	KT5	0,818			BO5	0,791	
	KT6	0,773			BO6	0,767	
	KT7	0,801			BO7	0,728	
	KT8	0,820			BO8	0,726	
	KT9	0,804			BO9	0,750	
	KT10	0,743			BO10	0,754	
	KT11	0,844			BO11	0,713	
	KT12	0,788			BO12	0,748	
			BO13		0,721		
			BO14		0,774		
			BO15		0,755		
			BO16		0,791		
			BO17		0,746		
Latent Variable	Manifest Variable	Loading Factor	AVE	Latent Variable	Manifest Variable	Loading Factor	AVE
Job Satisfaction	KK1	0,870	0,663	Employee Performance	KKY1	0,792	0,709
	KK2	0,886			KKY2	0,865	
	KK3	0,728			KKY3	0,824	
	KK4	0,810			KKY4	0,834	
	KK5	0,840			KKY5	0,830	
	KK6	0,812			KKY6	0,818	
	KK7	0,817			KKY7	0,871	
	KK8	0,787			KKY8	0,899	
	KK9	0,817					
	KK10	0,765					

Loading Factor default value > 0.70. In addition, convergent validity was measured from the AVE value, the criteria for a good score > 0.5, Ghozali (2017). It can be seen that the loading factor and AVE values are already above the standard, so this shows that the indicators on the variables and dimensions are valid and are still being used in the model.

The discriminant validity test is seen from the cross loading value, Hair et al in Susanto et al (2020) discriminant validity is said to be valid if the cross loading of each indicator has a value > other loading values.

Table 4. Discriminant Results Validity

Code	Transformational Leadership	Organizational Culture	Job Satisfaction	Employee Performance
KT1	0,769	0,681	0,715	0,729
KT2	0,854	0,765	0,746	0,753
KT3	0,859	0,771	0,761	0,751
KT4	0,833	0,757	0,772	0,791
KT5	0,822	0,747	0,804	0,793
KT6	0,772	0,657	0,677	0,696
KT7	0,798	0,705	0,716	0,687
KT8	0,818	0,697	0,716	0,701
KT9	0,805	0,738	0,739	0,722
KT10	0,742	0,675	0,732	0,623
KT11	0,846	0,843	0,842	0,798
KT12	0,785	0,689	0,701	0,638

Code	Transformational Leadership	Organizational Culture	Job Satisfaction	Employee Performance
KK1	0,852	0,874	0,877	0,829
KK2	0,825	0,817	0,887	0,795
KK3	0,624	0,646	0,725	0,625
KK4	0,694	0,690	0,804	0,679
KK5	0,732	0,742	0,835	0,699
KK6	0,739	0,748	0,812	0,709
KK7	0,779	0,775	0,824	0,866
KK8	0,737	0,698	0,787	0,719
KK9	0,764	0,723	0,816	0,733
KK10	0,718	0,671	0,766	0,737

Code	Transformational Leadership	Organizational Culture	Job Satisfaction	Employee Performance
BO1	0,759	0,776	0,762	0,704
BO2	0,778	0,788	0,747	0,666
BO3	0,723	0,743	0,744	0,626
BO4	0,630	0,724	0,672	0,716
BO5	0,771	0,813	0,768	0,800
BO6	0,729	0,807	0,777	0,782
BO7	0,596	0,732	0,650	0,627
BO8	0,679	0,731	0,629	0,699
BO9	0,579	0,737	0,575	0,554
BO10	0,615	0,743	0,589	0,578
BO11	0,600	0,702	0,569	0,534
BO12	0,657	0,744	0,649	0,628
BO13	0,623	0,713	0,617	0,570
BO14	0,641	0,764	0,634	0,582
BO15	0,665	0,756	0,688	0,644
BO16	0,702	0,792	0,738	0,669
BO17	0,656	0,745	0,717	0,610

Code	Transformational Leadership	Organizational Culture	Job Satisfaction	Employee Performance
KKY1	0,765	0,698	0,744	0,796
KKY2	0,817	0,818	0,813	0,868
KKY3	0,697	0,690	0,717	0,822
KKY4	0,723	0,689	0,729	0,832
KKY5	0,741	0,692	0,747	0,829
KKY6	0,698	0,699	0,736	0,817
KKY7	0,795	0,776	0,804	0,871
KKY8	0,797	0,810	0,847	0,898

Table 4 shows that all indicators of this study are valid. Furthermore, the reliability test, according to Ghozali (2017) a construct is said to be reliable if the Alpha and composite values are 0.70.

Table 5. Composite Reliability Test Results

Variabel	Composite Reliability	Condition	Cronbach's Alpha	Condition
Transformational Leadership	0,958	≥ 0,70	0,952	≥ 0,70
Organizational Culture	0,956	≥ 0,70	0,951	≥ 0,70
Job Satisfaction	0,951	≥ 0,70	0,943	≥ 0,70
Employee Performance	0,951	≥ 0,70	0,941	≥ 0,70

From the results of table 5, it can be seen from the composite value of each variable in this study, with the value of each variable of 0.70

Inner Model Evaluation

By looking at the estimated parameter coefficients and their significance, the model investigates the relationship that exists between the constructs or latent variables.

Table 6. Value Of R-square (R2)

Construct	R Square
Job Satisfaction	0,883
Employee Performance	0,856

The relationship between constructs can be explained by using the variable R2 value, which is 0.883. This shows that the Job Satisfaction variable can have an influence of 88.3 percent respectively and the remaining 11.7 percent is influenced by variables outside the study. The R-square value of 0.856 can be used to explain the relationship between constructs and employee performance, which means that Job Satisfaction, Organizational Culture, and Transformational Leadership affect 85.6 percent of the Employee Performance variable, while variables outside the study can affect 14.4 percent.

Tabel 7. Path Coefficients

Relationship Between Construction	Original Sample (O)	T Statistic (O/STDEV)	P Values
Direct Effect			
Transformational Leadership -> Job Satisfaction	0,529	6,948	0,000
Organizational Culture -> Job Satisfaction	0,435	5,809	0,000
Transformational Leadership -> Employee Performance	0,320	2,516	0,016
Organizational Culture -> Employee Performance	0,133	1,130	0,216
Job Satisfaction -> Employee Performance	0,497	3,488	0,000
Indirect Effect			
Transformational Leadership -> Job Satisfaction -> Employee Performance	0,263	3,139	0,002
Organizational Culture -> Job Satisfaction -> Employee Performance	0,216	2,900	0,004

Hypothesis 1: The Effect of Leadership on Job Satisfaction Based on empirical data and previous research, it can be concluded that hypothesis H1 is true. The results show that leadership has a positive and significant effect on job satisfaction. That is, implementing effective transformational leadership is one way to increase the level of job satisfaction enjoyed by employees in a company. The findings of this study are in line with research conducted by Lestari & Suryani (2018) which suggests that transformational leadership has a positive and significant effect on employee satisfaction.

Hypothesis 2: The Effect of Organizational Culture on Job Satisfaction Based on empirical data and previous research, it can be concluded that hypothesis H2 is true. This means that organizational culture has a positive and significant effect on job satisfaction. This means that a good organizational culture can help employees feel more satisfied with their work. The findings of this study are in line with the findings of Sugiono & Firmansah (2021), who found that organizational culture has a positive and significant effect on job satisfaction.

Hypothesis 3: Leadership Has a Positive and Significant Effect on Performance. Based on Empirical Facts Supported by Previous Research, it can be concluded that Hypothesis H3 is accepted. Rivai (2020), and several other studies that looked at the influence of leadership on performance all found that leadership had a positive and significant effect on performance.

Hypothesis 4: Organizational Culture on Performance Based on empirical data and previous findings, it can be concluded that hypothesis H4 is wrong. The findings of this study indicate that organizational culture has no effect on performance, meaning that the more cultured an organization is, the smaller the effect on employee performance. Rifai & Susanti (2021), found that cultural results did not have a direct impact on employee performance.

Hypothesis 5: Job Satisfaction on Employee Performance. Based on empirical data and previous research, it can be concluded that the H5 hypothesis is correct, supported by

research conducted by Ratnasari (2019) which confirms that satisfaction has a positive and significant effect on performance.

Hypothesis 6: Based on empirical data and previous research, leadership has a significant and beneficial effect on employee performance through job satisfaction. Research Asriani et al. (2020) shows that job satisfaction has a significant and positive influence on employee performance as a result of transformational leadership. This shows that job satisfaction has a significant impact on performance.

Hypothesis 7: Organizational Culture on Performance Through Satisfaction Based on previous research, it can be concluded that Organizational Culture has a positive and significant effect on employee performance through job satisfaction. Dewi et al. (2018), and several other studies that see that culture has a positive and significant impact on performance through satisfaction as a mediation.

CONCLUSION AND RECOMMENDATION

Conclusion

The following conclusions can be drawn from the discussion of data analysis by proving the hypothesis of the problems discussed:

- 1) Job Satisfaction at PT Indosluyu Primajaya increased significantly with transformational leadership.
- 2) Job satisfaction at PT Indosluyu Primajaya is significantly influenced by organizational culture.
- 3) At PT Indosluyu Primajaya, leadership has a positive and significant influence on employee performance. The findings show that the direct impact of transformational leadership on performance is more valuable than its indirect impact on job satisfaction.
- 4) Employee performance is not significantly influenced by organizational culture.
- 5) At PT Indosluyu Primajaya satisfaction has a positive and significant effect on performance.
- 6) At PT Indosluyu Primajaya, leadership has a positive and significant impact on employee performance through job satisfaction.
- 7) At PT Indosluyu Primajaya organizational culture has a positive and significant impact on the Performance variable through Satisfaction; However, organizational culture has less direct impact on employee performance than its indirect effect through job satisfaction. This shows that job satisfaction affects the intervention, meaning that leadership and organizational culture will have a greater impact on employee performance at PT Indosluyu Primajaya if employees are satisfied at work.

Recommendation

1. For the organizational culture variable, based on the results of the Discriminant Validity (Cross-loading) test with the highest statement item, BO5 "I feel that my work is good and in accordance with the needs of the company" so that based on this the researcher provides suggestions that can be prioritized for improvement on the Attention and Detail dimension, where the company should be able to pay attention to whether the work results of employees are good and in accordance with the company's needs, namely using OKR (Objectives & Key Results) as a performance appraisal tool that replaces KPI, because of its nature that encourages collaboration between team members and even between department. Based on organizational culture that does not affect employee performance, the company should hold regular cultural internalization sessions related to employee performance (for example, every morning briefing session by the sales team before reading out the sales targets for the day, or evening closing sessions in the CS team before

- reviewing complaints made by the sales team). accepted) so that culture can permeate every employee and can increase its relationship to performance for the company.
2. For employee performance variables, based on the results of the Discriminant Validity (Cross-loading) test with the highest statement item, namely KKY8 "My work skills speed up the completion time of the work I do" so the company can prioritize improvements in the Personal Traits dimension, which where the company must retain employees who are skilled at work by providing job training according to the competence of the employee so that in the future they can be more optimal at work, not only quickly in completing work, but also getting appropriate work results for the company.

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