

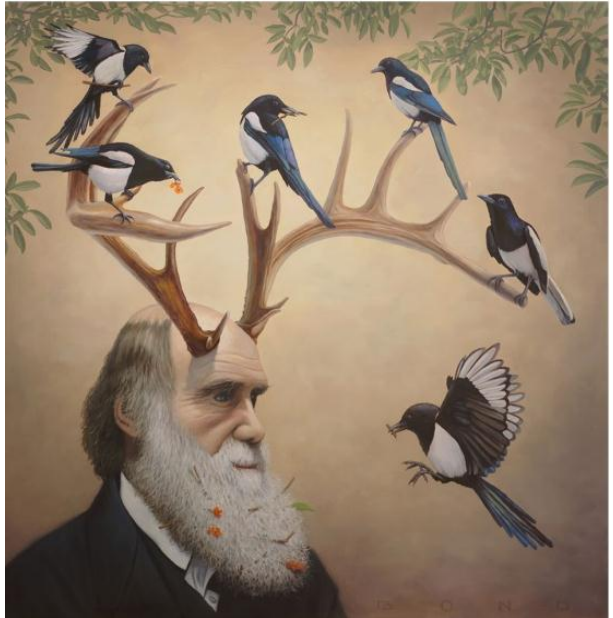
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Effect of leadership style and organizational culture on organizational performance

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Abstract

The aim of the study is to investigate the effect of leadership style and organizational culture on organizational performance with the organizational environment as variable mediation. The model that will be used in this study is structural equation models or Structural Equation Models (SEM). As a result, the direct effect of organizational culture on the organizational environment is 95.45 percent. In conclusion, the value of Critical Ratio (CR) on the influence of leadership style on the organizational environment where $CR > 2.00$ and the significance level > 0.05 , which means that all variables are influential.

Keywords: Leadership, Style, Organizational, Culture, Environment.

Efecto del estilo de liderazgo y cultura organizacional en el desempeño organizacional

Resumen

El objetivo del estudio es investigar el efecto del estilo de liderazgo y la cultura organizacional en el desempeño organizacional con el entorno organizativo como mediación variable. El modelo que se utilizará en este estudio son los modelos de ecuaciones estructurales o los modelos de ecuaciones estructurales (SEM). Como resultado, el efecto directo de la cultura organizacional en el entorno organizacional es del 95.45 por ciento. En conclusión, el valor de la relación crítica (CR) sobre la influencia del estilo de liderazgo en el entorno organizativo donde $CR > 2.00$ y el nivel de significación > 0.05 , lo que significa que todas las variables son influyentes.

Palabras clave: Liderazgo, Estilo, Organizacional, Cultura, Medio Ambiente.

1. INTRODUCTION

Leader behavior that is applied in the work environment should be able to produce performance characterized by strategic thinking and strategic behavior. Because, strategic thinking and strategic behavior are important factors in workers and in the work environment. Strategic thinking and strategic behavior will create a new leadership style that is comfortable and harmonious and what the leader and organization want will be achieved, especially towards the results of organizational performance.

As what was stated by BERNARDIN & JOYCE (2001) said organizational structure is a formal system of tasks and reporting

relationships that control, coordinate, and motivate employees so that they work together to achieve organizational goals as well as what was stated by BERNARDIN & JOYCE (2001) regarding the purpose Organizations are that individual goals that are arranged without the context of organizational goals can lead to busy, motivated individuals who achieve separate goals they have not left the organization, regardless of all well-intended individual efforts, falling short of its goals.

It cannot be denied that the ideal state apparatus is an essential necessity for the sustainability of national development. The present conditions of marriages cannot be separated from past employee recruitment policies. The process of structuring staffing, starting from recruitment, guidance and retirement, is largely colored by political aromas. Deployment of employees to fulfill the tasks of each organization there is no clear measure. So that how many employees are actually needed by each organizational unit in a central government and regional government agency, the size and criteria are unclear. Efforts to do rightsizing are a very urgent need to see how far this government staff can play a role in creating good governance (AREP & HENDRI, 2003).

Personnel arrangement continues and now staffing management is based on the new Regional Government Law, many improvements have been made. The problem caused by the implementation of Law No. 22 of 1999 began to be corrected. And in 2014 a revision of the Regional Government Law was issued, namely Law No. 23 of 2014

concerning Regional Government. Achieving organizational goals, especially the basic objectives of the Ministry of PAN-RB, requires a leadership style, where the leadership style reflects the conditions in an organization, where the condition of the organization will run in accordance with the objectives of the leadership style can be understood by subordinates, but also influenced by the basic goals of the organization (NIKPOUR, 2017).

In line with the basic objective of the Ministry of PAN-RB organization is to increase apartment accountability, transparency and performance as a tangible manifestation of commitment between recipients of trustees and trustees, it is necessary to have a leadership style so that all policies implemented by the Ministry can be conveyed. Thus the leadership style can provide more confidence and awareness of the basic goals of the organization as seen from Clean and serve bases performance. Besides that, the organizational culture in the Ministry of PAN-RB influences the performance of the organization. This can be seen from the purpose of an organizational culture where organizational culture will equip its members with community and identity, so that members adhere to, strengthen, and multiply the same value, the organization will face any changes in the environment, and can maintain its identity.

According to BERNARDIN & JOYCE (2001), organizational culture is the basic pattern accepted by organizations to act and solve problems, forming employees who are able to adapt to the environment and unite members of the organization. Whereas BASS (1993), organizational culture and leadership have been independently associated with company performance. Researchers have examined the relationship

between leadership style and performance and also between corporate culture and performance. Many experts say that organizational culture can be the basis of adaptation and the key to organizational success so much research is done to identify behavioral values or norms that can make a major contribution to organizational success. However, relatively few try to link organizational culture with important human resource variables, especially employee performance (BAJCA, 2012).

In addition, performance improvement will be influenced by the environmental conditions of the organization itself, where the organizational environment has a large role in improving performance that is influenced by leadership style and organizational culture, therefore organizational performance will grow if the leadership style and organizational culture are good and supported by the organizational environment the good one (ANDRE, 2003).

2. LITERATURE REVIEW

According to BEATA & JOLANTA (2015) Organizations have an important role to play in our daily lives and therefore successful organizations are the main ingredient for developing countries. Thus, many economists consider organizations and institutions that are similar to machines in determining economic, social and political progress. Precisely for this reason, in the last 22 years, there were 6 Nobel prizes given to researchers who focused on the analysis of organizations and institutions. Continuous performance is the focus of any organization

because only through organizational performance can growth and progress (ANDRADDE, MARTINEZ, & WALKER, 1998).

Organisasi performance indicators are quantitative or qualitative measures that describe the level of achievement of a predetermined goal or goal. While according to BEHN (2003) performance indicators are a variable that is used to express quantitatively the effectiveness and efficiency of processes with guidelines on targets and organizational goals.

According to BERNARDIN & JOYCE (2001) use several criteria in assessing organizational performance, including the following:

1. Effectiveness
2. Efficiency
3. Relevance
4. Economics
5. Financial Viability

According to BERNARDIN & JOYCE (2001), leadership style is a set of characteristics used by leaders to influence subordinates so that organizational goals are achieved. Whereas according to

BERNARDIN & JOYCE (2001), leadership style is the way a leader influences the behavior of subordinates, in order to work together and work productively to achieve organizational goals. This is corroborated by BERNARDIN & JOYCE (2001), leadership style is a way that someone uses to influence groups towards achieving goals (ANDRIANY & DJUMAHIR, 2013).

ANDRIANY & DJUMAHIR (2013) compared leadership styles with performance leadership in schools and companies, and showed that leadership styles had a significant positive correlation with organizational performance in both schools and companies. Broadly speaking, leadership performance is synonymous with organizational performance. Transformational leadership has a positive correlation with organizational performance, higher than the exchange of leadership. Business management attributes their success to leadership efficiency, namely the administrative supervisor leadership style has a large influence on organizational performance.

Leadership style of a leader has a big influence on employee work performance. It further shows that leadership styles also affect organizational performance. Leadership style determines organizational performance that needs subordinates to be aware of and provides advice and input for execution. In the course, subordinates can know the requirements of their role and executives can know the demands of subordinates at the same time. So under the executive leadership style, subordinates can make organizations be asked for a performance and get their prizes.

According to BERNARDIN & JOYCE (2001), the dimensions of leadership style are as follows:

- 1) Leadership Style Directive
- 2) Supportive Leadership Style
- 3) Participatory Leadership Style
- 4) Performance-oriented leadership style

According to ANDRIANY & DJUMAHIR (2013), Organizational culture is an atmosphere that includes the interior of a company or association. Organizational culture is also identified as what is conveyed to individuals with organizations, what they experience, believe, and show. Organizational culture theory seeks to explain phenomena that occur in and around individuals. Conceptual studies of organizational culture are often called interesting phenomena. Instead of mathematical formulas, this study of organizational culture includes shared understanding, intangible values and assumptions, and cultural effects of having human behavior. Understanding the phenomenon of organizational culture allows companies to strengthen their work environment.

According to BAJCA (2012), the basic four indicators of organizational culture that will be perfectly analyzed in BAJCA (2012) consisting of four indicators of organizational culture are as follows:

1. Power distance: This is defined as the level of employees and management of behavior that has been based on a perfect

relationship between the formal and informal set of planning actions.

2. Individualism: In this dimension difference between organizational interests and self-interest has been perfectly balanced.

3. Uncertainty avoidance: tolerance and ambiguity based on tolerance help in reducing people's willingness.

4. Masculinity: Appears in avoiding caring and promotion rather than success rates based on challenges, insults and ambitions.

The organizational environment of the system is described as an external phenomenon, event, group or individual consisting of technological, legal, political; economical, demographic, ecological and cultural strength. ANDRIANY & DJUMAHIR (2013) assert that along with changes in environmental conditions, demands for services, legal resources and positions on policies and programs of public and private organizations change. They further explained that adjusting to these new demands, obstacles and obstacles. Pressure can change the organization's mission or policy. For example, increasing the number of arrests as a result of increased crime and public pressure will have an impact on the criminal justice system Prison population will increase and court docks and prosecutors' case burdens will expand. Another good example of how the organizational environment (for example, the political climate) can affect the organization.

The organizational environmental indicators used in this study are as follows:

1. Competing values framework
2. The human relations environment
3. The internal processes environment
4. The open systems environment
5. Reasonable goals environment

3. RESEARCH METHODS

This research was conducted at the Ministry Office of Administrative Reform and Bureaucratic Reform Jl. Jenderal Sudirman Kav. 69, South Jakarta, Special Capital Region of Jakarta 12190. The reason for choosing the location is the Ministry of Administrative Reform and Bureaucratic Reform is more because the Ministry has a complex organization besides that where Ministry of PAN-RB. The population used in this study was 125 employees at the Ministry of Administrative Reform and Bureaucratic Reform Office. The model that will be used in this study is structural equation models or Structural Equation Models (SEM). ANDRIANY & DJUMAHIR (2013) mentions SEM is a statistical model that provides an estimate of the strength of hypothetical relationships between variables in a theoretical model, either directly (observed) or through intermediate variables (intervening or mediating variables) or in

other words SEM can explain variable linkages in a complex and direct and indirect effect of one or several variables on other variables.

4. RESULTS

After the measurement, the model is done through confirmatory factor analysis and it is seen that each indicator can be used to define a latent construct, the next step is to estimate the overall model (Full Structural Model). Look at figure 4.7 below:

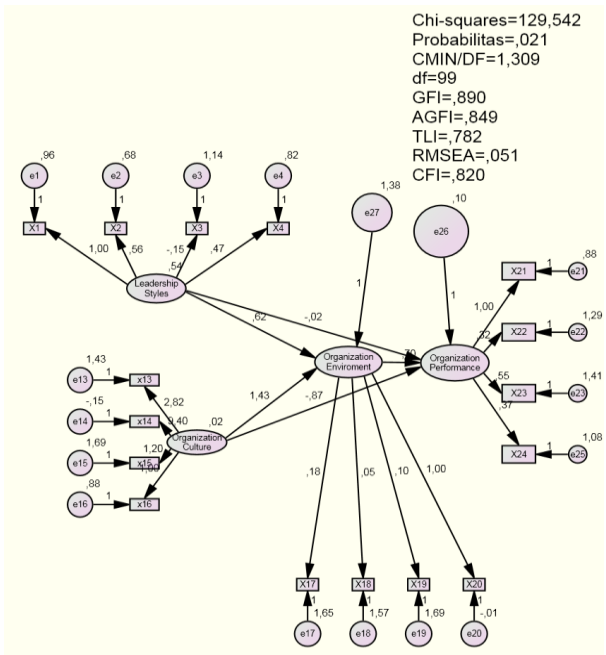


Figure 1: Full Structural Model Results

The magnitude of the influence of each of the latent variables directly (Standardized direct effect) and indirect (Standardized indirect effect) and the total effect (Standardized total effect). The direct effect of organizational culture on the organizational environment is 95.45 percent (0.977) 2, the direct effect of the leadership style on the organizational environment is 38.19 percent (0.618) 2. Then the influence of organizational culture on organizational performance, where the direct effect (direct effect) is equal to 4.36 percent (-0.209) 2. direct effect (direct effect) leadership style on organizational performance by 1.21 percent (0.110) 2. The direct effect of the organizational environment on organizational performance is 0.547 percent (0.074) 2. For the direct effect of organizational culture on the organizational environment by 36.44 percent (0.977 * 0.373), the indirect effect of the leadership style on organizational performance was 46.28 percent (-0.618 * -0.749).

5. DISCUSSION

Based on the results of SEM analysis can be seen, the probability value (p-value) of each variable (Leadership Style, Organizational Culture and Organizational Environment Against Organizational Performance) shows a number smaller than the probability value of 0.05, can be interpreted Leadership Style, Organizational Culture and Organizational Environment for Organizational Performance.

Based on the results of SEM analysis can be seen, the probability value (p-value) of each variable (Leadership Style, and Organizational Culture of the Organizational Environment) shows a number smaller than the probability value of 0.05, can be interpreted Leadership Style, and Organizational Culture of the Environment Organization. Based on the results of SEM analysis it can be seen, the probability value (p-value) of each variable (Leadership Style, and Organizational Culture on Organizational Performance) through Organizational Mediation shows a smaller number than the probability value of 0.05, can be interpreted Leadership Style, and Culture Organization of Organizational Performance through mediation of the Organizational Environment.

6. CONCLUSIONS AND SUGGESTIONS

The results of this study answer the research problem formulation, namely whether there is an influence of leadership style on the organizational environment, there is an influence of leadership style on organizational performance, there is an influence of organizational culture on the organizational environment, there is an influence of organizational culture on organizational performance, whether there is influence of leadership style on organizational performance through the mediating variable of the organizational environment, there is an influence of organizational culture on organizational performance through the mediating variable of the organizational environment and whether there is influence of leadership style and organizational culture on organizational performance through the organizational environment as mediating variables simultaneously or partially.

This questionnaire consists of questions. The sampling technique was taken by the census method. The number of respondents used in this study was 125 people who were employees of the KEMENPAN-RB office. The analysis technique used is Structural Equation Modeling. The results of the data analysis obtained to explain the causality relationship between variables. Measurements of exogenous and endogenous constructs have been tested using confirmatory analysis that affects and is affected to meet the criteria of goodness of fit.

From the results of data processing obtained the value of Critical Ratio (CR) on the influence of leadership style on the organizational environment, organizational culture on organizational environment, organizational environment on organizational performance, leadership style on organizational performance, and organizational culture on organizational performance where $CR > 2.00$ and significance level > 0.05 which means that all variables are influential. It is recommended to the Office of Ministry of Education and Culture to be able to increase understanding of leadership style, organizational culture, and organizational environment towards organizational performance so that in carrying out the work will produce the expected output.

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