Leadership style, organizational culture and job satisfaction on employee performance (Study in Food Manufacturing Companies)

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ABSTRACT
This study builds an integrative equation model intended to provide an overall meaning about the relationship between leadership style, organizational culture, job satisfaction and its implications for employees, and how the relationship between each variable is interrelated. This research was conducted at PT. Neo Pangan Harmony by using primary and secondary data. This study took a sample of 250 people from a population of 675 people, the results of this study showed a significant relationship between each variable on employee performance.

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

1. INTRODUCTION

Companies pay attention to building a performance-driven organization, by encouraging performance towards company performance (Wibowo, 2013). Performance improvement is carried out to achieve company goals, carried out jointly by people or groups of people in accordance with their authority (Rivai, 2011). Effective collaboration between leaders and subordinates is a potential potential to improve company performance (Darwati, 2012).

Leadership plays a big role in moving the company to adapt to the environment, increasing the effectiveness of the organization to achieve its mission (Taylor et. al., 2013). Leaders can create a work atmosphere without any personal interest (Bass, 1996). Leadership includes the process of influencing and motivating the behavior of followers to achieve goals, improve the group and its culture (Rivai, 2014). Leaders can create organizational culture according to their personalities and experiences (Schein, 2010; Nguyen and Mohamed, 2011; Clients et al, 2013). On the other hand, culture plays an important role in developing and creating business leaders and sustainability (Bal and Quinn, 2001). Chong et al (2018) found the pattern of “Organization culture-leadership style-outcomes”, where organizational culture is related to leadership style, and leadership style mediates organizational culture to outcomes (including job satisfaction and performance).

Wibowo (2016) states that performance is related to processes, results and ways of doing work. The achievement of the work is carried out according to the role and authority of each member and is carried out according to the applicable rules (Rivai, 2011). Work results, in the form of growth and profitability, cannot be separated from employee performance (Inuwa, 2016). Effective and efficient employee performance also has an impact on the effectiveness and efficiency of the company (Sadikoglu & Zehir, 2010). The company's ability to understand employee satisfaction can increase their productivity and performance ((Dugguh & Dennis, 2014).

Rivai (2011:3) also states that performance is influenced by job satisfaction. Job satisfaction is an individual's feeling towards his work. This feeling is a result an assessment of how far his job as a whole is able to satisfy his needs. The satisfaction is related to individual factors, namely: (a) personality such as self-actualization, ability to face challenges and pressure, (b) status and seniority, the higher the hierarchy in the company the
more it is easy for the individual to be satisfied, (c) compatibility with interests, the more suitable the individual's interests are, the higher the job satisfaction, and (d) individual satisfaction in life, namely individuals who have high satisfaction with elements of their lives that are not related to work, usually will have high job satisfaction.

The author does research on 2 companies, namely: PT Indolakto and PT Neo Pangan Selaras Indonesia are companies engaged in food manufacturing. Each of these companies certainly has a vision, mission, and company goals that must be achieved. The level of success of a company is seen from how the company manages its resources. The two companies are each committed to advancing the company to be the best by improving employee performance. In an effort to improve the performance of these employees in each of these companies are also influenced by several factors such as leadership style, organizational culture and employee job satisfaction.

One of the important factors that can affect the performance of employees is the application of a leader's leadership style to his employees, not only at the top level but at every level.

Rivai (2014:2-3) defines leadership broadly as including the process of influencing in determining organizational goals, motivating follower behavior to achieve goals, influencing to improve the group and its culture. In addition, it also affects the interpretation of the events of followers, organizing and activities to achieve goals, maintaining cooperative relationships and group work, obtaining support and cooperation from people outside the group or organization.

Robbins (2012: 469), states that there are four current views on leadership: LMX theory (Leader-member exchange), transformational-transactional leadership, charismatic-visionary leadership, and team leadership.

According to Robbins (2006:721), another factor is BO (organizational culture). BO (Organizational Culture) is the study of what people do in an organization and how their behavior affects organizational performance. Organizational culture is a value system that is believed and can be learned, applied and developed continuously. Organizational culture also functions as a unifier, identity, image, brand, motivator, development that is different from others that can be used as a reference for human behavior in organizations that are oriented towards achieving the goals or results / targets set. Each of the two companies continues to strive to maintain good BO values and implement BO which is expected to improve employee performance.

The next factor is 'job satisfaction' as mentioned above that HR is the most important thing in running the company and it is people who run the company (HR). Job satisfaction itself cannot be separated from BO and leadership style, this is also certainly a concern for each of the two companies in relation to improving employee performance.

In general, through initial observations, it can be seen that the leadership and organizational culture at PT Indolakto and PT Neo Pangan Selaras Indonesia are quite good, it can be seen from the good relationship and interaction between superiors and subordinates and a good work ethic at the company.

According to Armstrong (2006:264), the term 'job satisfaction' refers to people's attitudes and feelings about their work. Positive and favorable attitudes towards work indicate job satisfaction. Negative and unfavorable attitudes towards work indicate job dissatisfaction. Morale is often defined as the equivalent of job satisfaction. Morale is also defined as 'the extent to which individual needs are satisfied and the extent to which individuals feel satisfaction as stemming from their total work situation'. Another definition emphasizes the group of moral aspects. It was also pointed out that morale 'is a feeling of being accepted by and belonging to a group of employees through adherence to a common goal'. He distinguished between morale as a group variable, relating to the degree to which group members feel attracted to the group and wish to remain a member, and work attitude as an individual variable related to the feelings employees have about their jobs.

According to Armstrong (2006:264), the factors that influence job satisfaction: The level of job satisfaction is influenced by intrinsic and extrinsic motivation factors, quality of supervision, social relations with work groups and the degree to which individuals succeed or fail in their work. The discretionary behaviors that help companies to be successful are most likely to occur when employees are well motivated and feel committed to the organization and when work provides them with high levels of satisfaction. The study found that the key factors that influence job satisfaction are career opportunities, job influence, teamwork and job challenges.

Armstrong (2006:265), job satisfaction and performance: This is a commonly held and a seemingly not unreasonable belief that increased job satisfaction will result in increased performance. Armstrong (2006:256) mentions two groups of factors that influence job satisfaction: (1) those intrinsic to work (intrinsic motivators or satisfactions) such as achievement, recognition, work itself, responsibility and growth; (2) they are extrinsic to the job (extrinsic motivators or hygiene factors) such as pay and working conditions.

2. RESEARCH CONCEPT FRAMEWORK

The research concept framework is basically a framework for the relationship between the variables to be studied or measured through the research to be conducted. With these variables, an overview of the content of the research as a whole can be seen clearly starting from the independent variable, the intermediate variable to the dependent variable. The following are research variables that were developed from theoretical thinking as follows:

1. The influence of leadership style on job satisfaction;

Previous research by Dewita Heryanti (2007) provides a conclusion that leadership style has a positive effect on job satisfaction. The leadership style that affects high job satisfaction is a participatory leadership style. Charles R
Emery et al. (2007) in his research present evidence that supports the role of transformational leadership on job satisfaction. Meanwhile, M. Umer Paracha et al. (2012) in their research showed that job satisfaction did not create the role of the mediating variable between transactional leadership and employee performance.

Researchers think that there is a positive relationship between leadership style and employee job satisfaction because leadership style will affect satisfaction, whereas if there is satisfaction in the employee it will certainly encourage an increase in the employee's work, and the results of the research above which show job satisfaction does not create a mediating variable between styles. Leadership with employee performance actually encourages interested researchers to research further to prove it.

2. The influence of organizational culture on job satisfaction.
Dewita Heryanti (2007) gives a conclusion that organizational culture has a positive effect on job satisfaction. The BO (organizational culture) that most influences high job satisfaction is trust in co-workers. According to the authors BO as a collection of organizational values associated with employee job satisfaction. Widya Parimita et al. (2013) in their research concluded that organizational culture has a significant negative effect on employee job satisfaction in the Transaction Process, Loan Administration and General Branch Administration subdivisions of Bank BTN (Persero) Bekasi branch.

Likewise, the influence of organizational culture on job satisfaction, according to the researcher, there is a positive relationship between organizational culture and employee job satisfaction because organizational culture will affect satisfaction, whereas if there is satisfaction in employees, it will certainly encourage an increase in the employee's work. and the results of the research above which show that job satisfaction does not create a mediating variable between leadership style and employee performance actually encourage researchers to be interested in further research to prove it.

3. The influence of leadership style on employee performance.
According to Lijuan Rita Men et al. (2012): Transformational leadership positively affects employee perceptions of organizational reputation, not only directly but also indirectly, through employee empowerment. Transactional leadership negatively affects employees' perceived organizational reputation. Durga Devi Pradeep et al. (2011) in their research concluded: Transactional leadership style has a significant relationship with performance results, effectiveness at work, satisfaction, extra effort and reliability.

In line with the results of previous studies, researchers also agree that leadership style will have a positive effect on employee performance.

4. The influence of organizational culture on employee performance
Dr. Charles Johnson et al. (2012) in his research concludes: The defining characteristic of organizations that have made good use of asset management is culture. Wibowo, (2013: 376) states that organizational culture can affect the performance of human resources for the better or for the worse. Likewise Rani, (2009) in her research concludes that organizational culture has a significant effect on employee performance.

In line with the results of previous studies, researchers also agree that organizational culture will have a positive effect on employee performance.

5. The effect of employee job satisfaction on employee performance
Dian Kristianto et al. (2011) in his research concludes on the third point, that job satisfaction also has a positive and significant influence on employee performance variables. So, the performance of nurses at Tugurejo Hospital is getting better if the job satisfaction felt by nurses is getting better. Kuswandi et al. (2015) in their research also concluded that job satisfaction has a significant effect on the performance of lecturers. Judge et al. (2001) in their research concluded that the effect of job satisfaction and overall job satisfaction on job performance results is inconsistent with the results of one study with other research results.

In line with the results of previous studies, researchers also agree that job satisfaction will have a positive effect on employee performance.

The theoretical framework for this research is described as follows:

3. METHOD

This research was conducted at PT. NeoPangan Harmonized Indonesia. The population in this study amounted to 675 people. The sampling technique used was random sampling and the sample size in this study was determined by the slovin formula.

Methods of data collection is done by distributing questionnaires to the employees of PT. NeoPangan Selaras Indonesia to answer questions related to this research used inferential statistical method using Partial Least Square (PLS) application.
Table of Characteristics of Respondents

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Number</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 - 30</td>
<td>26</td>
<td>9.4%</td>
</tr>
<tr>
<td>31 - 40</td>
<td>74</td>
<td>21.0%</td>
</tr>
<tr>
<td>41 - 50</td>
<td>16</td>
<td>4.6%</td>
</tr>
<tr>
<td>51 - 60</td>
<td>2</td>
<td>0.6%</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>20</td>
<td>5.1%</td>
</tr>
<tr>
<td>Female</td>
<td>8</td>
<td>2.2%</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school</td>
<td>14</td>
<td>8.7%</td>
</tr>
<tr>
<td>Graduate</td>
<td>48</td>
<td>24.2%</td>
</tr>
<tr>
<td>D1 - 3</td>
<td>21</td>
<td>11.2%</td>
</tr>
<tr>
<td>Graduates S-1</td>
<td>50</td>
<td>25.6%</td>
</tr>
<tr>
<td>Working</td>
<td></td>
<td></td>
</tr>
<tr>
<td>S2</td>
<td>19</td>
<td>10.6%</td>
</tr>
<tr>
<td>Graduates</td>
<td>20</td>
<td>10.6%</td>
</tr>
<tr>
<td>1 - 5</td>
<td>80</td>
<td>44.8%</td>
</tr>
<tr>
<td>6 - 10</td>
<td>81</td>
<td>44.8%</td>
</tr>
<tr>
<td>11 - 15</td>
<td>11</td>
<td>5.9%</td>
</tr>
<tr>
<td>16 - 20</td>
<td>11</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

Source: processed by the author.

Hypothesis Testing

To test the hypothesis in this study, the t-valuestatistical for each path of direct influence is partially used. The following is an image explaining the path diagram for hypothesis testing:

Output Hypothesis Testing Path Diagram

Based on the hypothesis testing path diagram above, all indicators in each variable have a value statistic greater than 1.9696 with a df of 249 and a significance level of 0.05, so that these indicators can measure each construct. Meanwhile, to test the relationship between variables (hypothesis testing), the t-valuestatistical of the Smart PLS output is compared with the t-valuestatistical. The following is a table that gives the results of the relationship between constructs (variables).

Hypothesis testing table

<table>
<thead>
<tr>
<th>Relationship between Variables</th>
<th>Original Sample</th>
<th>Sample Mean</th>
<th>Standard Deviation</th>
<th>t-Statistics</th>
<th>P-Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>of organizational culture -&gt; satisfaction</td>
<td>0.595</td>
<td>0.603</td>
<td>0.074</td>
<td>8.094</td>
<td>0.000</td>
<td>Significant**</td>
</tr>
<tr>
<td>organizational culture -&gt; performance</td>
<td>0.322</td>
<td>0.231</td>
<td>0.118</td>
<td>2.725</td>
<td>0.007</td>
<td>Significant**</td>
</tr>
<tr>
<td>leadership style -&gt; satisfaction</td>
<td>0.149</td>
<td>0.141</td>
<td>0.085</td>
<td>1.754</td>
<td>0.080</td>
<td>Significant*</td>
</tr>
<tr>
<td>style of leadership -&gt; performance</td>
<td>-0.233</td>
<td>-0.247</td>
<td>0.096</td>
<td>2.523</td>
<td>0.012</td>
<td>Significant **</td>
</tr>
<tr>
<td>satisfaction -&gt; performance</td>
<td>-0.633</td>
<td>-0.632</td>
<td>0.068</td>
<td>9.359</td>
<td>0.000</td>
<td>Significant **</td>
</tr>
</tbody>
</table>

Note: ** Significant at 5% level, * Significant at level 10%  
Source: Data processed

The effect of the relationship between exogenous latent variables and endogenous latent variables in the table above can be explained as follows:

1. The path parameter coefficient obtained from the influence of organizational culture on satisfaction is 0.595 with a t-valuestatistical of 8.094 > 1.9696 at a significance level of 0.05 which states that there is a positive and significant influence of organizational culture on job satisfaction variables. The value of 0.595 on the parameter coefficient means that the higher / better the organizational culture, the higher / better job satisfaction, and this supports the first research hypothesis, where there is a significant influence of organizational culture on job satisfaction.

2. The path parameter coefficient obtained from the influence of organizational culture on performance is 0.322 with a t-valuestatistical of 2.725 > 1.9696 at a significance level of 0.05 which states that there is a significant positive influence of organizational culture on job satisfaction. The value of 0.322 in the parameter coefficient means that the better the organizational culture, the better employee performance, and this supports the second research hypothesis, where there is a significant influence of organizational culture on employee performance.

3. The path parameter coefficient obtained from the influence of the leadership style variable on work satisfaction is 0.149 with a t-valuestatistical of 1.754 at a significance level = 0.05 which states that there is a positive and significant effect of the leadership style variable on satisfaction. The value of 0.310 on the parameter coefficient means that the easier the attitude, the better the attitude will be, and this supports the third research hypothesis, where there is a significant effect of the ease variable on attitude.

4. The path parameter coefficient obtained from the influence of the leadership style variable on performance is -0.243 with a t-valuestatistical of 2.523 > 1.9696 at a significance level of 0.05 which states that there is a significant influence of the leadership style variable on employee performance. This supports the fourth research hypothesis, where there is a significant influence of leadership style variables on employee performance.
5. The path parameter coefficient obtained from the influence of the satisfaction variable on performance is 0.633 with at value of 9.359 > 1.9696 at a significance level of 0.05 (5%) which states that there is a significant effect of the satisfaction variable on performance. The value of 0.633 on the parameter coefficient means that the better the employee satisfaction, the higher the performance, and this supports the fifth research hypothesis, where there is a significant effect of the satisfaction variable on employee performance.

Based on the path parameter coefficients obtained in the hypothesis testing table and the explanation above, the structural equation model formed can be explained in a path diagram as the model proposed in this study:

![Path Diagram](image)

So the structural equation model in this study is as follows:

\[ Y_1 = 0.595X_1 + 0.212X_2 + e_1 \]  
\[ Y_2 = 0.064x_1 + 0.173x_2 + 0.003 Y_1 + e_2 \]

In the first model, the influence of leadership style on employee job satisfaction has a greater coefficient value when compared to the organizational culture parameter coefficient, meaning that leadership style is the most influential variable on employee job satisfaction compared to organizational culture.

While in the second model, the direct influence of organizational culture has the highest coefficient value, namely 0.173 compared to leadership style and employee job satisfaction, so that the organizational culture variable in the second model has the most influence on employee performance compared to other variables.

4. DISCUSSION AND RESEARCH RESULTS

The Influence of Leadership Style on Job Satisfaction results of this study indicate that there is a significant relationship between leadership style and job satisfaction. This means that when employees feel that the leadership style applied by management is good, employees will feel satisfied. This finding supports research conducted by Rani, (2009) that leadership style has a significant influence on employee job satisfaction. In line with Ratna (2008) which states that leadership style has a positive effect on job satisfaction. Furthermore, research conducted by Dewita, (2007) who conducted concluded that leadership style has a positive effect on job satisfaction.

Conclusion, H1: Leadership style has a positive effect on job satisfaction. Received.

**Effect of Organizational Culture on Job Satisfaction**

The results of this study also show that there is an influence of organizational culture on employee job satisfaction. This study supports the research conducted by Dewita Heryanti (2007) which concludes that organizational culture has a positive effect on job satisfaction; Rani, (2009) who also concluded that organizational culture has a positive effect on job satisfaction; Ratna, (2008) which states that organizational culture has a positive effect on job satisfaction, shows that organizational culture has an effect on job satisfaction. But it is not in line with the results of research by Parimita et al, (2013) in their research, which concludes that organizational culture has a significant negative effect on employee job satisfaction.

Conclusion, H2: Organizational culture has a positive effect on job satisfaction. Received.

**The influence of organizational culture on performance**

The results of the research data analysis concluded that organizational culture had a significant effect on employee performance. This is in line with a study conducted by Rani, (2009) in her research which concluded that organizational culture has a positive effect on employee performance. Furthermore, it is also in line with the results of research by Ratna, (2008) who found that organizational culture has a positive influence on employee performance.

Conclusion, H3: Employee satisfaction has a positive effect on employee performance. Received.

**The influence of leadership style on performance**

This study shows that there is an influence of leadership style on performance. This is in line with the study conducted by Pradeep et al, (2011) in their research concluded: Transactional leadership style has a significant relationship with performance results, effectiveness at work, satisfaction, extra effort and reliability. Furthermore, it is also in line with Rani, (2009) which states that leadership style has a positive effect on employee performance; Ratna, (2008) who also states that leadership style has a positive effect on employee performance.

Conclusion, H4: Leadership style has a positive effect on employee performance. Received.

**Effect of Employee Job Satisfaction on Employee Performance**

This study shows that there is an effect of satisfaction on performance. These results support the study conducted by Kristianto et al, (2011) which states Third, job satisfaction also has a positive and significant influence on employee performance variables. Furthermore, Rani, (2009) whose research results state that employee job satisfaction has a positive effect on employee performance; Ratna, (2008) who also stated that employee job satisfaction has a positive effect
on employee performance. This is also in line with the research results of Kuswandi et al, (2015) which state that job satisfaction has a significant effect on the performance of lecturers.

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