

UDC 331

**INFLUENCE OF ORGANIZATIONAL CULTURE AND LEADERSHIP STYLE
ON EMPLOYEE PERFORMANCE: A CASE STUDY AT EAST NUSA TENGGARA
MUNICIPAL SECRETARIAT, INDONESIA**

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ABSTRACT

This research was back-grounded by a phenomenon of the lack of employee performance at East Nusa Tenggara Municipal Secretariat. The indications of that phenomenon were as follows: (1) the employee is not aware that s/he is a civil servant; (2) the employee only focused on his/her presence; and (3) the existence of employee demotivation in performing the duty even though having a competence in light of his/her background, with the reason of getting no promotion since political element. This research aimed to study factors influencing employee performance that was organizational culture and leadership style. This was quantitative research while the sampling technique chosen was proportional random sampling and the data collected was primary data in form of a questionnaire as the major instrument supported by observation, interview and document study. The research result revealed that the factor of organizational culture and leadership style have a positive and significant influence on employee performance at East Nusa Tenggara Municipal Secretariat.

KEY WORDS

Organizational culture, leadership style, employee, performance.

Public organization comes with the reason of providing a quality service to the community in light of the vision and mission carried out. According to Schein (as quoted in Nawani, 2006:9), an organization is a human activity coordination planned to achieve joint view and objective through the distribution of duty and function as well as a set of authority and responsibility. Actually, employee performance was also influenced by particular conditions, that is an internal condition from within individual called individual factor and external condition from an external individual, commonly known as a situational factor. Individual factor includes sex, health, experience and psychological characteristic consisting of motivation, personality, goal orientation and locus of control while situational factor includes leadership, working achievement, social relationship and organizational culture.

Employee performance assessment is important to do as it functions to realize a better organizational success in the future. Organizational success in achieving its goal can be assessed by performance assessment and is commonly based on the fixed job description. As a result, the bad or good of employee performance is seen from his/her skill to execute the main duty, function, authority, and responsibility are in accordance with his/her position in the organizational chart. Civil Servant's (PNS) performance appraisal is conducted based on the Government Regulation Number 46 Year 2011 on PNS' performance appraisal.

A condition happened until 2013 indicates that the measurement of employee performance can be assessed through a list commonly called List of Work Implementation Assessment (DP3). The condition shows that assessment standard conducted is still subjective and even performance assessment is not suitable with assessment guidance of DP3; however, it leads into political particular psychological goals so that the result of employee's performance assessment does not show the real performance of the employee. For that matter, the existence

of that Government Regulation Number 46 Year 2011 as a substitute of Government Regulation Number 10 Year 1979 which even though will be just implemented in 2014 but expected its assessment will be conducted more objectively than before.

Employee performance is influenced by several factors; (1) organizational culture; (2) leadership; (3) job itself; (4) teamwork; (5) technology applied; and (6) reward. Those several factors are considered able to influence employee performance, but the most strategic factor and contributing to employee performance is organizational culture. A productive organizational culture surely will influence an employee to have a high performance in order to increase the quality of good public service. This is in light of Thiptono's (2000:75) opinion that service quality is actually influenced by many aspects which one of them is organizational culture and its organizing, that is organizing conducted by the leader.

LITERATURE REVIEW

Definition of Performance. According to Minner and Sutrisno (2011:170) performance was how someone is expected to function and act as a duty that has been given to him. Every expectation on how someone should act in performing his/her duty shows a role in an organization. While according to Prawirosentono (2001) performance is deliverable which can be achieved by someone or a group of people in an organization, in accordance with each task, authority, and responsibility to achieve organizational goal legally, to not violate the law and to be in accordance with the attitude and moral.

Performance Dimensions. According to Gomez (2003:142), in terms of conducting a study on a performance based on specific behavior, there are eight dimensions that should be paid attention, among other: (1) Quality of work; this quality will be achieved based on the requirements of conformity and readiness. (2) The quantity of work; the amount of work carried out in one period of time. (3) Job knowledge; the breadth of knowledge and skill on the job. (4) Creativeness; the authenticity of ideas appeared and actions to finish problems. (5) Cooperative; awareness to cooperate with others. (6) Initiative; the originality of ideas explained as an organizational program in the future. (7) Dependability; consciousness to be able to be trusted in terms of presence and job clarity. (8) Personal quality; Concerning to personality, leadership and personal ability.

Performance Measurement. According to Filippo (1994), there are several factors of performance assessment related to public service, namely: (1) quality of work; (2) quantity of work; (3) supervision; and (4) presence. While Eoh (2001: 39-40) in his research stated that employee performance can be assessed from three aspects, i.e. quantity of work, quality, and creativity. According to Cornick and Tifin (as quoted in Tifin, 2010:172), employee's performance indicator is seen from (1) quality resulted. Explaining the number of mistakes, time and accuracy in performing duty; (2) quantity. Explaining the result that can be counted to what extent someone can achieve the goal set; (3) punctuality. Explaining how many totals of absence is, being late and working period that has been done by every individual.

Factors Influencing Employee Performance. According to Sudarmanto (2009:30), there are several reasons why human resources have a prime performance so that able to increase organizational success, among other: (1) job satisfaction, (2) job design, (3) commitment, (4) leadership, (5) participation, (6) functions, (7) management, (8) clarity of carrier direction, (9) organizational culture, (10) competence, and (11) awarding system. While Mahmudi (2005) said that factors influencing employee performance consist of five factors; they are: (1) Personal/individual factor: knowledge, skill, ability, self-confident, motivation and commitment owned by every individual. (2) Leadership factor includes; quality in giving a boost, encouragement, direction, and support provided by a manager and team leader. (3) Team factor includes; quality of support and encouragement were given by partner in a team, trust to each member, compactness, and closeness of team member. (4) System factor includes; working

system, working facility or infrastructure provided by an organization, organizational process and performance culture in an organization. (5) Contextual factor (situational) includes; pressure and external as well as internal environment change.

According to those two reviews explained above so that the writers choose two factors that also influence employee performance, i.e. organizational culture factor and leadership factor. In order to support Sudarmanto's (2009:30) and Mahmudi's (2005) theory review above, it needs to conduct a deeper review on other theories to know and determine what dimensions and indicators appear from the organizational culture is and the leadership itself that contributes to employee performance.

Organizational Culture. According to Schein (2004:12) culture is a basic assumption pattern created, found or developed by a particular group as a learning to solve external adaptation problem and internal integrity problem as well as basic assumptions problem which is legal and runs well. For that reason, it is taught and inherited to the new members as a correct way to understand, consider and feel the matter related to the same background. Moreover, according to Schein (2004), culture is in three levels, namely; (1) Artifacts; a joint existing matter to decide a culture and reveal what culture is to those who pay attention the culture. Artifacts can be a product, service, and even behavior pattern of an organizational member. (2) Espoused Values: The reason given by an organization to support its way to conduct something. (3) Basic Assumption: Belief considered being there by an organization.

Robbins (2006:289) revealed that there are 7 characteristics of organization; (1) Innovation and risk-taking. To what extent an employee was encouraged to be innovative and willing to take a risk. (2) Attention to detail to what extent an employee is considered able to show accuracy, analysis, and attention to detail. (3) Result orientation. To what extent the management focuses on the result, not the technique or process used to achieve the result. (4) Human orientation. To what extent management's decision to predict the impact on people within the organization. (5) Team orientation. To what extent working activity is organized around the team, not the individual. (6) Aggressiveness In relation to the employee's aggressiveness. (7) Stability. The organization emphasizes to maintain good organizational culture. Sashkein and Kisher (as quoted in Eoh, 2001:47) have investigated that organizational culture comprises two components, namely: (1) value, something believed by people in an organization to know what considered true and false. (2) Belief, a characteristic on how someone should work in an organization.

Leadership Style. Situational leadership style developed by Paul Hersey and Kenneth Blanchard have explained that situational leadership is based on the relationship of things below: The number of guidance and direction given by a leader, the amount of socio-emotional support provided by a leader and the level of readiness or the maturity of the follower to conduct special task, function or particular goal (Thoha, 1983:65). This theory used two leadership dimensions i.e. task behavior and relationship behavior developed into four leadership behaviors, Hersey and Blanchard (as quoted in Thoha, 1983:74-76), namely; (1) Directive (telling) is when the leader determines the role needed to conduct a duty and instruct his/her subordinates about what, where, how and when conduct the task. (2) Persuasive (selling) is when the leader gives a structured but also supportive briefing. (3) Participative (participating) is when the leader and the follower jointly decide how the best way to finish a duty. (4) Delegating means the leader does not give any clear and specific direction or personal support to his/her subordinate.

METHODS OF RESEARCH

This was explanatory-qualitative research. In this research, the writers want to study the influence of organizational culture (X_1) and leadership style (X_2) as an independent variable on employee performance (Y) as dependent variable at East Nusa Tenggara Municipal Secretariat.

Table 1 – Variable Operational bases on Dimension, Indicator and Measurement Scale

No.	Variable	Dimension	Indicator	Measurement Scale
1.	Organizational Culture (X ₁)	Adaptive Value Integrative Value	Innovation and risk taking Attention to detail Result Orientation Human Orientation Team Orientation Aggressiveness Constancy	Interval scale with the model of Likert scale 5-1 (Strongly agree to strongly disagree)
2.	Leadership style (X ₂)	Directive Style	Giving a specific guidance and direction Scheduling job periodically	Interval scale with Likert scale model of 5-1 (strongly agree to strongly disagree)
		Persuasive Style	Being close to subordinates Being kind and care Treating subordinates fairly	
		Participative Style	Empowering subordinates Listening subordinates' advice	
		Delegative style	Giving motivation and encouragement to the subordinates Trusting duty and responsibility to subordinates	
3.	Employee Performance (Y)	Employee's the result of work in a particular time period to carry on main duty, function, authority, and responsibility are in accordance with his/her organizational chart.	Quality of work Quantity of work Punctuality Creativity	Interval scale with the model of Likert scale 5-1 (Strongly agree to strongly disagree)

Test validity conducted in this research uses Pearson product-moment correlation coefficient with formulation below:

$$r_{xy} = \frac{N (\sum XY) - (\sum X \cdot \sum Y)}{\sqrt{[(N \sum X^2) - (\sum X)^2][N \sum Y^2 - (\sum Y)^2]}}$$

Notes:

- rx_y = Correlation coefficient;
- X = Statement score for every subject;
- Y = Total score;
- XY = Statement score x total score;
- N = Statement total.

Arikunto (1993) said that test reliability is conducted to see Cronbach's Alpha coefficient with the following formula.

$$\alpha = \frac{R}{1=(k-1)r}$$

Notes:

- α = Cronbach's Alpha reliability;
- k = Total question within the scale;
- r = Correlation average between statement point.

This kind of technique was applied to reliable statements under the criteria below:

Table 2 – Reliability Criteria Index

No.	Interval Alpha Cronbach	Criteria
1.	< 0.200	Strongly low
2.	0.200 – 0.399	Low
3.	0.400 - 0.599	Average
4.	0.600 - 0.799	High
5.	0.800 – 1.000	Strongly high

Source: Sugiyono (2012).

In order to answer the problem and the objective of this research, analysis technique used was as follow:

Descriptive Analysis. Descriptive analysis used in this research was indicator achievement analysis, in which that analysis was calculated based on the number of respondent's answer for every item of the question then divided by ideal score and multiplied by 100% or can be formulated below:

$$CI = \frac{\text{Total Respondent's answer}}{\text{Ideal Score}} \times 100\%$$

Notes:

IA = Indicator Achievement;
 RA = Total Respondents Answer;
 IS = Ideal Score.

Riduwan (2004) explained that in order to provide interpretation of the strength of the relationship so that used score interpretation guidance which was adjusted to this research, it will be categorized into several weightings below:

- 20% - 35.99% = Bad/Disagree
- 20% - 35.99% = Bad/Disagree
- 20% - 35.99% = Bad/Disagree
- 68% - 83.99% = Good/agree
- 84% - 100% = Very good/strongly agree

Multiple Regression. Multiple regression can be formulated like this below:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Notes:

Y = Employee Performance;
 b = Regression coefficient from each independent variable X_1, X_2 ;
 α = Constant;
 X_1 = Organizational culture;
 X_2 = Leadership style;
 e = error.

RESULTS AND DISCUSSION

Partial hypothesis testing (t-Test) of organizational culture variable. The result of statistic test (t-Test) in Test validity and reliability of Leadership Style Variable indicates that the value of t_{count} is 4.122 with the significant value of 0. Since the significance value (0) is \leq the alpha level

used (5% or 0.05) so that the decision is accepting alternative hypothesis (Ha) and rejecting zero hypothesis (Ho), that partially variable of organizational culture has a positive and significant influence on the variable of employee performance. It means if the organizational culture is internalized until high level, the employee performance will increase too, in the opposite, if the organizational culture is less internalized so is the employee performance.

Table 3 – (t-Test) of organizational culture variable

Coefficients ^a											
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics		
	B	Error	Beta			Zero-order	Partial	Part	Tolerance	VIF	
1	(Constant)	-.183	.337		-.545	.587					
	Organizational Culture	.565	.137	.429	4,133	.000	.714	.387	.276	.414	2,416

Partial hypothesis testing (t-Test) of leadership style variable. The result of t-statistic (t-Test) in Test validity and Reliability of Employee performance variable shows that the value of t_{count} is 9.727 with significance value by 0.001. Since the significance value (0.0001) is \leq alpha level used (5% or 0.05) so that the decision is accepting alternative hypothesis (Ha) and rejecting zero hypothesis (Ho), that leadership style has a positive and significant influence on the employee. It means if leadership style variable is high, employee performance will get higher too, in opposite if the leadership style is low so is the employee performance.

Table 4 – (t-Test) of leadership style variable

Coefficients ^a											
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics		
	B	Error	Beta			Zero-order	Partial	Part	Tolerance	VIF	
1	(Constant)	-.542	.310		1,747	.084					
	Leadership Style	.785	.081	.701	9,727	.001	.701	.342	.240	.414	2,416

Simultaneous hypothesis testing (f-Test). This aimed to test the influence of simultaneous organizational culture and leadership style on employee performance. Statistic test result based on the calculation of annova in the Achievement of Variable Indicator of Organizational Culture shows that those two independent variables and leadership style simultaneously have a positive and significant influence on employee performance. This is shown by F_{count} value by 15.409 with the significant value of 0.000. Since the significance value (0.000) is \leq alpha level used (5% or 0.05) so that the conclusion is organizational culture and leadership style simultaneously have a positive and significant influence on employee performance, It means high and low employee's performance is influenced by the ups and downs of organizational culture and leadership style.

Table 5 – Simultaneous hypothesis testing (f-Test)

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2,226	2	1,113	15,409	.000 ^a
	Residual	7,008	97	.072		
	Total	9,234	99			
(Constant), Leadership Style, Organizational Culture						
Employee Performance						

Table 6 – Coefficient of Determination (R^2)

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	F Change
1	.71 ^a	.491	.225	.26879	.241	15,409	2	97	.000
(Constant), Leadership Style, Organizational Culture									
Employee Performance									

Coefficient of Determination (R^2). According to the analysis data on Indicator Achievement of Leadership Style Variable, it shows that Coefficient value of determination (R^2) by 0.491 means contribution of two independent variables in this research i.e. organizational culture and leadership style to the variation of the ups and downs of employee performance by 49.10%, while the rest of 50.90% is influenced by other variables which are not included in this research model.

CONCLUSION

According to the analysis and discussion about the influence of organizational culture and leadership style on employee performance at East Nusa Tenggara Municipal Secretariat, hence the conclusion is (1) organizational culture partially has a positive and significant influence on employee performance at East Nusa Tenggara Municipal Secretariat; (2) leadership style partially has a positive and significant influence on employee performance at East Nusa Tenggara municipal secretariat; (3) organizational culture and leadership style simultaneously have a positive and significant influence on employee performance at East Nusa Tenggara Municipal Secretariat; (4) organizational culture influences more on employee performance at East Nusa Tenggara Municipal Secretariat than that leadership style.

For that matter, in order to solve the problem above; therefore, (1) organizational culture needs to be consolidated and leadership style should be run well in terms of performing duty by all officials at East Nusa Tenggara Municipal Secretariat as those two all jointly have a positive and significant influence on employee performance; (2) organizational culture values need to be internalized and applied to all of the officials in the area of East Nusa Tenggara Municipal Secretariat since it aims to increase employee performance; (3) leadership role needs to be performed and increased well in its application based on the right leadership style since that aim to increase employee performance; (4) it needs a consistent commitment and high consistence by the chairman of east Nusa Tenggara municipal secretariat to maintain and consolidate organizational culture values that has been running well.

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