

# The Influence of Leadership Style and Organizational Culture on Employee Performance Through Employee Satisfaction as An Intervening Variable in PG GEMPOLKREP-PTPN X

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**Abstract.** The existence of a new leader with a young age in recent years has given color to the leadership style at PTPN X. In the same period, the board of directors reconstructed and reintroduced the vision, mission and culture of the organization. The unachieved production potential per hectare and milling capacity have become evaluation material for management to achieve added value. Therefore this study aims to analyze the influence of leadership style and organizational culture on the performance of PG Gempolkrep-PTPN X employees, and analyze it through job satisfaction as an Intervening Variable. This research was conducted using a quantitative approach with a survey assessment method using a questionnaire as a data collection tool. The research sample used was purposive sampling, namely 34 employees from the leadership of PG Gempolkrep-PTPN X. Data analysis is based on data obtained from internal company sources and the results of questionnaires that have been distributed to respondents. The procedure carried out is to assess the results of the questionnaire and process them using the SEM-PLS method to then be analyzed using the partial least squares analysis technique using smartPLS. The results of the study show that leadership style and organizational culture have a significant effect on employee performance, leadership style and organizational culture have a significant effect on employee job satisfaction, and job satisfaction has a significant effect on employee performance, which means job satisfaction can mediate the influence of leadership style and organizational culture. on employee performance.

**Keywords:** Leadership Style; Organizational Culture; Employee Performance; Job Satisfaction

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## I. INTRODUCTION

Industrial development in the era of rapid globalization has made company competition increasingly stringent and more complex so that every company is required to pay more attention to the management system within the company in order to achieve predetermined goals. In management, the human factor (human resources) is the most decisive factor because its role as the subject of policy implementation and company operational activities. Human Resource Management (HRM) is one part of management that regulates the relationship and role of resources (labor) owned by individuals efficiently and effectively and can optimally used so that the common goals of the company, employees and society are achieved (Ansory & Meithiana, 2018: 59). This shows that the company's success is strongly influenced by employee performance (job performance) or the work achieved by an employee in carrying out tasks in accordance with the responsibilities given to him. Several ways can be taken by companies to improve employee performance, including by realizing employee satisfaction through leadership style and organizational culture.

Leadership plays an important role in an organization. According to Sedarmayanti (2017: 363), leadership is the whole activity in order to influence people to want to work together to achieve a desired goal together. Whereas according to Ansory & Meithiana (2018:340), culture organization is a combination of beliefs, hopes, values displayed by its members, and transmitted from one generation of employees to other employees on an ongoing

basis. So that organizational culture is a major component in achieving organizational missions and strategies effectively (Sedarmayanti, 2017: 351).

PTPN X is a plantation-based agribusiness company in Indonesia for the East Java region, with management of processing and marketing of plantation products with a sugar core business. PTPN X has 11 Sugar Factory Units (PG) spread across the East Java region. One of the sugar factories under the auspices of this company is PG (Sugar Factory) Gempolkrep which is one of the largest sugar business units with a milling capacity of 6500 tons/day. In 2017, the Ministry of BUMN established a new PTPN X Board of Directors composition. This initiated a reshuffle of the human resource composition at the middle to top PTPN X level. The change in the Board of Directors was also followed by changes in the vision, mission, business philosophy and corporate culture of the new PTPN X.

One of the most important things to ensure that, the human resources owned must be able to support the company's performance so that companies need to pay attention to the job satisfaction of their employees. Furthermore, this research will have implications for improving employee performance. Based on the background above, this research is expected to provide an overview of the extent to which "The Influence of Leadership Style and Organizational Culture on Employee Performance Through Employee Job Satisfaction as an Intervening Variable at PG Gempokrep-PTPN X".

## LITERATURE REVIEW

### Leadership Style

Leadership is interpersonal influence, in certain situations and directly through the communication process to achieve one or several specific goals (Tannebaum, Weschler, and Nassarik in Ansory & Meithiana, 2018: 85). According to Yunus (2016: 101), leadership is defined as inspiration and the movement of other resources to carry out actions together in order to achieve good values. Leadership indicators according to Sedarmayanti (2017: 34) show that a leader has the ability to *Telling* (direct), *selling* (convey), *Participating* (include) and *Delegating* (authority), so that leaders can influence the behavior of others to follow what is the will of them.

### Organizational culture

According to Ansory & Meithiana (2018: 340), organizational culture is a combination of beliefs, expectations, values displayed by its members, and is transmitted from one generation of employees to other employees on an ongoing basis. Whereas, . According to Xenikou & Fernham in Mariam (2010: 40), organizational culture as a value refers to everything in the organization that is seen as highly valued, while as a cultural norm of behavior.

Organization refers to how well the elements (members) of the organization behave. Meanwhile Robins (2003) in Sedarmayanti (2017: 350) states that there are primary characteristics (indicators) in organizational culture, namely as follows:

1. Innovation and risk taking: the extent to which employees are encouraged to be innovative and take risks
2. Attention to detail: the degree to which employees are expected to demonstrate precision, analysis, and attention to detail
3. Result orientation: the extent to which management focuses on results, not on the techniques and processes used to achieve those results
4. People and team orientation: the degree to which management decisions produce effects on people in the organization
5. Aggressiveness and stability: the degree to which people are aggressive and competitive rather than Relaxed

### Job satisfaction

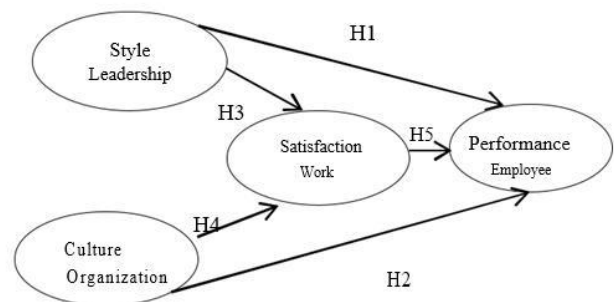
Job satisfaction is an emotional state, how people feel about work and its aspects (Sedarmayanti, 2017: 168). According to Robins (2003) in Indrasari (2017: 38) employee job satisfaction is as a general attitude of an individual towards his work which shows the difference between the amount of awards received by workers and the amount they believe they should receive. The indicators of job satisfaction according to Sedarmayanti (2017: 168), are as follows: (1) Supervision, (2) Organization and management, (3) Opportunities for Advancement, (4) Salary and financial benefits, and co-workers. According to Mariam (2010: 44), the more expectations are met, the higher the level of job satisfaction.

### Employee performance

According to As'ad (2005) in Indrasari (2017: 51) performance is a success full role achievement obtained by a person or group of people from their actions. Meanwhile, according to Mangkunegara (2013: 67) performance can be defined as the result of work in quality and quantity that can be achieved by an employee in carrying out tasks in accordance with the responsibilities given to him. According to Indrasari (2017: 49) Performance management is not limited to a tool for evaluating employee performance but as a strategy for assessing and motivating increased work productivity. Performance indicators in Ratminto and Atik Septi (2005) in Ansory & Meithiana (2018: 213) are described as follows:

- (1) Economy, namely the use of as few resources as possible,
- (2) Efficiency, namely as the condition shows the achievement of the best ratio between input and output,
- (3) Effectiveness, namely the achievement of predetermined goals, both in the form of targets, long-term goals and organizational missions,
- (4) Responsiveness, namely measurement power responsive employee,
- (5) Responsibility, namely a measure that shows the implementation of work without violating the provisions that have been made stipulated, and
- (6) Accountability, which is a measure that shows how much the level of conformity of work with company sizes. This means that the higher the quality and quantity of one's work, the higher the performance.

## CONCEPTUAL FRAMEWORK



Picture 1  
Conceptual Framework

### Hypothesis

#### H1 : Hypothesis 1

The Effect of Leadership Style (X1) on Employee Performance (Y)

#### H2 : Hypothesis 2

The Effect of Organizational Culture (X2) on Employee Performance (Y)

#### H3 : Hypothesis 3

Effect of Leadership Style (X1) on Employee Job Satisfaction (Z) as an intervening variable

#### H4 : Hypothesis 4

The Influence of Organizational Culture (X2) with Employee Job Satisfaction (Z) as an intervening variable

#### H5 : Hypothesis 5

Influence with Employee Job Satisfaction

(Z) as an intervening variable with Employee Performance (Y)

## II. RESEARCH METHODS

This research is research quantitative to analyze the effect of leadership style and organizational culture on employee performance through employee job satisfaction as an intervening variable. The data used is primary data with data collection techniques carried out by questionnaires distributed to the sample size research of 34 employee respondents from the leadership of PG Gempolkrep-PTPN X. The method used in this research is Structural Equation Modeling-Partial Least Square (SEM-PLS). Data processing is done using smartPLS software

## III. DISCUSSION

The data analysis technique used in this study uses the Partial Least Square method. This method is carried out with the stages of making a path diagram, convert diagram track becomes structural equations and measurement equations, then estimate parameters using SmartPLS software. Then the next step is to evaluate the model by looking at the evaluation of the outer model and inner model. Then analyze and interpret the structural model and measure and test the fit of the model as a whole using the criteria of Goodness of Fit.

### Outer Model Evaluation

Outer Model Evaluation is done to assess model validity and reliability (Ghozali & Hengky, 2015: 73). There are three outputs produced in the outer model test, namely convergent validity, discriminant validity, and reliability.

Based on the results of the validity test, of the four. The latent variables in this study show that all indicators of each variable are valid because they meet the requirements of Loading Factor  $> 0.5$  and AVE  $> 0.5$ . The loading factor is the correlation between the indicator and the construct. The higher the correlation indicates that the better the level of validity. The AVE value of all variables is  $> 0.5$  so that all variables have met convergent validity parameters. Meanwhile, based on the reliability test results, the four latent variables in this study also showed that all indicators of each variable were reliable because they met the Composite reliability requirements  $> 0.7$  and Cronbach's alpha  $> 0.7$ . This shows that each indicator is reliable and has accuracy, consistency, and precision in measuring its latent variables.

**Table 1**  
**Validity Test**

Indicator	Variable	loading factor	AVE	Ket Valid
X1.1	Style Leadership (X1)	0.7216	0.7032	Valid
X1.2		0.8157		Valid
X1.3		0.9086		Valid
X1.4		0.895		Valid
X2.1	Culture Organization (X2)	0.8205	0.5671	Valid
X2.2		0.768		Valid
X2.3		0.7806		Valid
X2.4		0.6436		Valid
X2.5		0.7409		Valid
Y1	Performance Employee (Y)	0.877	0.5821	Valid
Y2		0.7799		Valid
Y3		0.7743		Valid
Y4		0.6843		Valid
Y5		0.7393		Valid
Y6		0.7076		Valid
Z1	Job satisfaction (Z)	0.7155	0.5835	Valid
Z2		0.7755		Valid
Z3		0.7627		Valid
Z4		0.8987		Valid
Z5		0.644		Valid

Source: Primary data processed, 2020

**Table 2**  
**Reliability Test Results**

	Composite reliability	Cronbach's alpha	Information
Style Leadership (X1)	0.9039	0.8604	Reliable
Culture Organization (X2)	0.8668	0.8253	Reliable
Employee performance (Y)	0.8925	0.8548	Reliable
Job satisfaction (Z)	0.8737	0.8202	Reliable

Source: Primary data processed, 2020

### Evaluation of The Inner Model

Evaluation of the inner model is to test the effect of one latent variable on other variables, both exogenous and endogenous (Wiyono, 2011:212). There is two outputs in the inner model test, namely the coefficients R determination<sup>2</sup> (R-square) and prediction relevance (Q2). Based on the R-square output, this study has a strong model prediction accuracy on Employee Performance and Job Satisfaction variables because the R-square value is  $> 0.67$ . Meanwhile, based on the results of the Q test<sup>2</sup> got the Q value<sup>2</sup> is 0.9504 (large because  $0.9504 > 0$ ). This shows that exogenous latent variables have good model predictive ability, in other words exogenous latent variables are good (appropriate) as latent variables that are able to explain endogenous variables in the model because based on the convergent validity test shown in Table 1 above, it is known that all indicators in each declared valid as a measure of the construct so that all indicators are feasible or valid to use and can be used for

further analysis, because all of them have a convergent validity value above 0.5.

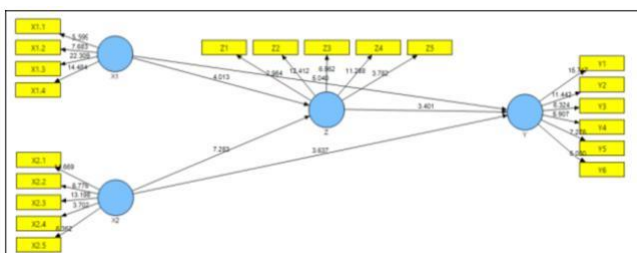
**Table 3**  
**R-Square Test Results**

Endogenous Variables	R-Square
Employee Performance (Y)	0.9475
Job Satisfaction (Z)	0.7178

Source: Primary data processed, 2020

**Hypothesis test**

Structural model testing is carried out to predict causal relationships between variables or hypothesis testing (Wiyono, 2011:81). The influence between the hypothesized variables in the study is said to be significant (for a significance level of 5%) if the conditions mark the t-statistics more from 1.96 (Ghozali & Hengky (2015: 81). After the model evaluation stage was carried out and the statistical hypothesis test results were obtained on the structural model (partial test) the final model path diagram can be produced which is illustrated in the following figure.



**Picture 2**

**Final Model Path Diagram After Bootstrapping**

This analysis was conducted to determine the relationship between latent variables and to conclude the research hypothesis is accepted or rejected by looking at the value of the t-statistic. The processing results for estimating the inner model parameters can be seen in the following table

**Table 4**  
**Output Path Coefficient Results**

	Original sample (O)	T Statistics ((O/STERR))	Information
X1->Y	0.4347	5.0397	Significant
X1->Z	0.3999	4.0126	Significant
X2->Y	0.2855	3.6366	Significant
X2->Z	0.5697	7.2827	Significant
Z->Y	0.385	3,401	Significant

Source: Primary data processed, 2020

Based on the results of the analysis shown in Table 4, the interpretation of the results of the inner model hypothesis test is obtained as follows:

- Leadership Style Variable (X1) significantly influence Employee Performance (Y)

The path coefficient value with a positive sign is 0.4347 and the t-statistic value is 5.0397. Because the t valuestatistics5.0397 > 1.96 so the decision Reject. This means, there is a positive and significant influence of the influence of Leadership Style (X1) on Employee Performance (Y). The resulting positive influence means the higher the influence of leadership style on performance.

- Organizational Culture Variable (X2) significantly influence Employee Performance (Y)

The positive path coefficient value is 0.2855 and the t-statistic value is 3.6366. Because the t value statistics 3.6366 > 1.96 so the decision Reject. This means, there is a positive and significant influence of the influence of Organizational Culture (X2) on Employee Performance (Y). The resulting positive influence means the higher the role of organizational culture influence on performance.

- Leadership Style Variable (X1) has a significant effect on Job Satisfaction (Z)

The positive path coefficient value is 0.3999 and the t-statistic value is 4.0126. Because the t value statistics 4.0126 > 1.96 so the decision Reject. This means, there is a positive and significant influence of the influence of Leadership Style (X1) on Job Satisfaction (Z). The resulting positive influence means the higher the role of leadership style influence on job satisfaction.

- Organizational Culture Variable (X2) has a significant effect on Job Satisfaction (Z)

The positive path coefficient value is 0.5697 and the t-statistic value is 7.2827. Because the t value statistics 7.2827 > 1.96 so the decision Reject. This means, there is a positive and significant influence of the influence of Organizational Culture (X2) on Job Satisfaction (Z). The resulting positive influence means the higher the role of organizational culture influence on job satisfaction.

- Job Satisfaction Variable (Z) has a significant effect on Employee Performance (Y)

The positive path coefficient value is 0.385 and the t-statistic value is 3.401. Because the t valuestatistics3.401 > 1.96 so the decision Reject. This means, there is a positive and significant influence of the influence of Job Satisfaction (Z) on Employee Performance (Y). The resulting positive influence means the higher the role job satisfaction then the performance will be higher

**IV. CONCLUSIONS**

Based on the results of the analysis and discussion that has been carried out by researchers, it can be concluded as follows:

1. Leadership Style (X1) has a significant effect on Employee Performance (Y)

Acceptance of hypothesis 1 indicates that the leadership style of a leader influences employee performance and is significant, which means that this study shows that the higher the perception of the

superior's leadership style assessment by an employee tends to improve his performance. This goes hand in hand with previous research, namely the research of Maramis (2013) and Lestari & Emma (2018) which said that style leadership has a significant effect on employee performance. Hypothesis 1 is accepted.

2. Organizational Culture (X2) has a significant effect on performance Employee (Y)  
 Acceptance of hypothesis 2 indicates that organizational culture exists significantly affect employee performance, which means that in this study it shows that the higher the perception of organizational culture by employees tends to improve their performance. This is in line with previous research, namely research by Maramis (2013), Trang (2013), Widjaja, et al (2018) and Lestari & Emma (2018) which say that organizational culture has a significant effect on employee performance. Hypothesis 2 is accepted.
3. Leadership Style (X1) has a significant effect on satisfaction Work (Z)  
 Acceptance of hypothesis 3 indicates that the leadership style of a leader influences satisfaction and is significant, which means that this study shows that the higher the perception of the leadership style assessment by an employee will increase job satisfaction and tend to will improve its performance. This goes hand in hand with previous research, namely Satyawati & Wayan (2018), Lestari and Emma (2018) and Widjaja, et al (2018) which say that leadership style has a positive and significant effect on job satisfaction. Hypothesis 3 is accepted.
4. Organizational Culture (X2) has an effect significantly to Job Satisfaction (Z)  
 Acceptance of hypothesis 4 indicates that organizational culture influences satisfaction and is significant, which means that this research indicates that the higher the perception of organizational culture by an employee will increase job satisfaction and tend to improve performance. This goes hand in hand with previous research, namely Satyawati & Wayan (2018), Lestari and Emma (2018) and Widjaja, et al (2018) which said organizational culture had a positive and significant effect on job satisfaction. Hypothesis 4 is accepted.
5. Job Satisfaction (Z) as an intervening variable has a significant effect on Employee Performance (Y)  
 Acceptance of hypothesis 5 indicates that satisfaction work employee affect employee performance and significant, which means in this study shows that the higher the perception of the assessment of job satisfaction by an employee will improve his performance. This is in line with previous research, namely Lestari and Emma (2018) and Widjaja, et al (2018) which said job satisfaction has a positive

and significant effect on employee performance.  
 Hypothesis 5 is accepted.

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