

The Impact of Organizational Culture and Leadership Transactional Towards Employee Performance



Natasha K. Idris¹, Achmad Husen², Ananto Kusuma Seta³

^{1,2,3} Universitas Negeri Jakarta, Indonesia

ABSTRACT: This study intends to identify the impact of organizational culture and transformational leadership on employee performance. Leadership and organizational culture, among other variables, are two elements that shape and support individuals in achieving a set of goals, which in turn affect the overall success of the organization. For this study, 56 questionnaires were distributed to respondents and the results were obtained through SPSS (26). The research instrument uses quantitative methods, while data analysis techniques include validity, reliability, classical assumption tests, normality, t test and multiple regression. The results showed that with the acceptance of the first hypothesis results, it means that organizational culture (X1) has an effect on staff performance (Y), indicating that this independent variable has a positive impact on employee performance to achieve organizational goals. Acceptance of the second hypothesis shows that transformational leadership (X2) does not significantly affect employee performance (Y) positively. This indicates that the values, norms, and practices contained in the organizational culture have a more important role in shaping employee performance.

KEYWORDS: Transformational Leadership, Employee performance, Organizational culture

I. INTRODUCTION

The development of the Indonesian tourism industry has had a positive impact with large foreign exchange earnings, especially from hotels. Both Government and the private sectors are developing the tourism industry as one of the strategies to promote certain areas as tourist destinations to increase trade through selling goods and services. However, in its operations, the hotel service industry is often found consuming a lot of energy and water and also produces large amounts of waste and carbon dioxide.

In an international tourism study, it was stated that tourism contributes around 8% of global greenhouse gas emissions (Lezen, 2018). Sloan et al. (2013) even stated that a five-star hotel, on average, can produce between 160 and 200 kg of carbon dioxide per square meter of room floor area per year, consume between 170 and 440 liters of water per guest per night and produce 1 kg of waste per guest per night.

Therefore, it needs a proactive, adaptive and multidisciplinary approach as well as good ongoing monitoring to achieve sustainable tourism that will benefit both the hotel industry and Indonesian tourism in general. According to Barrow (2006) in order to be able to manage a sustainable environment, an employee/manager is required to (1) be able to choose strategies and tools/methods that are most appropriate to a particular situation; (2) make efforts to direct activities by taking advantage of existing opportunities; (3) try to avoid things that could harm the environment; (3) mitigate problems and prepare to increase the ability to adapt to new ways; (4) can overcome the threat of environmental problems caused by human activities which have caused environmental degradation and (5) support activities that ensure sustainable development.

Within a hotel organization, there are several variables that can influence the success of sustainable tourism, including organizational culture, work environment, leadership style, employee motivations, job satisfaction, team process and communications and so on. However, this paper only aims to study the impact of organizational culture and leadership styles toward employee performance in managing the environment and to answer the questions listed below:

1. Does organizational culture influence employee performance in managing the environment?
2. Does leadership style influence employee performance in managing the environment?
3. Do organizational culture and leadership style simultaneously influence employee performance in managing the environment?

II. LITERATURE REVIEW

A. Employee Performance

Employee performance is a measure of how well they carry out their duties at work (Groen et al., 2019). This involves various aspects such as productivity, work quality, initiative, and attendance levels (Darmawan et al., 2020). The importance of employee performance cannot be underestimated, because employees who perform well can make a positive contribution to organizational success and productivity. They not only complete their tasks well, but can also be role models for their colleagues and motivate them to improve their own performance (Mardikaningsih et al., 2017).

While Barrow (2006) explains that the duties of an Environmental Manager include explaining and demonstrating sustainable development and management of environmental resources. If the Environmental Manager in his duties lacks or rarely combines ecological and development management skills adequately, then it is necessary for him to collaborate with other supporting parties, such as the development manager. Barrow further stated that specifically for developing countries, adjustments are needed through appropriate approaches, ethics, laws and so on to be implemented in order to achieve targets. So that changes in governance, ethics, economics, community attitudes and so on can be prioritized and maintained.

Pattnaik and Pattnaik (2021) stated that there are three main indicators for measuring employee performance. First, it covers how well employees complete the work assigned, including the efficiency and quality of the work done. Second, interpersonal facilities, which refers to employees' ability to interact and collaborate with colleagues and superiors, including the ability to communicate well and collaborate in teams. Third, work dedication, which shows how much an employee is motivated and committed to their work, including good attendance, involvement and enthusiasm to do a good job.

B. Organizational Culture

Organizational culture is stated by Greenberg & Baron (2003) as a cognitive framework consisting of attitudes, values, behavioral norms and expectations shared by members of the organization. Once this framework is formed, beliefs, hopes and values will tend to become relatively stable and have a strong influence on the organization and the people who work in it. According to Robbins & Judge (2012), organizational culture is a system of shared meaning held by members that differentiates the organization from other organizations. Ricky W. Griffin and Gregory Moorhead (2007) define organizational culture as a value that is shared and accepted by its members, to help people in an organization understand what actions are considered acceptable which are considered unacceptable.

According to Robert Kreitner & Angelo Kinicki (2007), organizational culture is a set of shared basic assumptions that have been accepted and held by a group that determines how the group perceives, thinks and reacts to various environments. The initial way organizational culture works is by passing it on to new employees through a socialization process, then organizational culture will influence behavior in the workplace, and finally, organizational culture will operate at a different level. This can happen because it is formed by four important components, namely: own values, industry and business environment, national culture.

Colquitt et al. (2019) defines organizational culture as shared social knowledge in an organization regarding the rules, norms and values that shape the attitudes and behavior of its employees, where there are three components, namely observable artifacts, exposed values and basic underlying assumptions. Based on this definition Colquitt et al. divides organizational culture into three things, namely (1) culture is a social knowledge among organizational members; (2) culture is a description of the rules, norms and values in an organization and (3) organizational culture shapes and strengthens the attitudes and behavior of certain workers by creating a monitoring system for employees.

C. Transformational Leadership

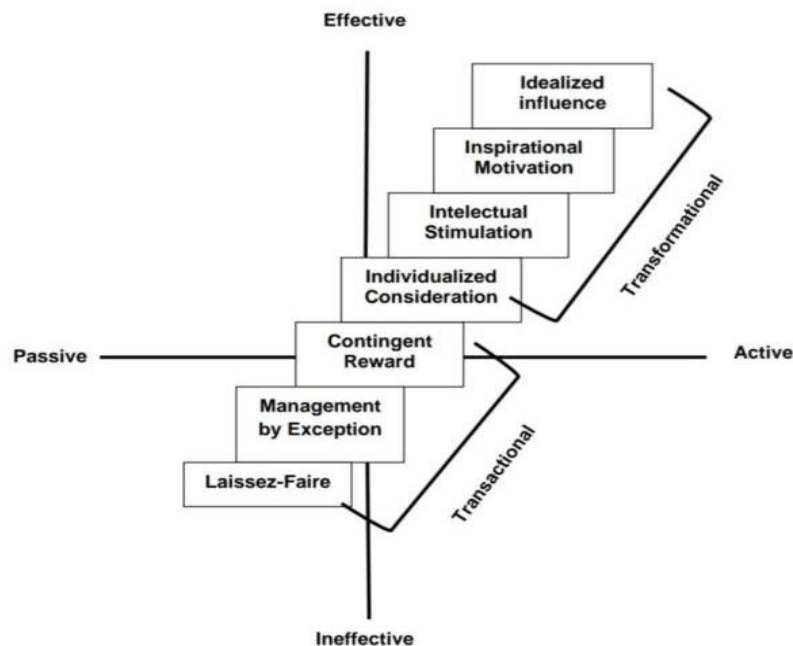
Transformational Leadership Theory was first introduced by McGregor Burns who explained that transformational leadership is able to persuade employees with moral values in trying to increase awareness of ethical issues and encourage their energy and resources to improve the organization (Putrawan, 2020). Meanwhile, according to Robbins & Judge (2013) transformational leadership style is a type of leader who inspires employees to achieve their own desires for positive things for the organization and has a strong effect on employees. This is in line with Berson and Avolio (2004) who define transformational leadership as a leadership style where the leader motivates his followers to prioritize the interests of the organization above their own personal interests, by inspiring them to achieve common goals.

Transformational leadership, according to Jensen et al. (2018), is a leadership approach that focuses on inspiring and motivating staff to achieve higher goals, while also focusing on changing organizational culture and encouraging innovation. One of the main characteristics of transformational leadership is the ability to communicate a clear and attractive vision to employees. Transformational leaders are able to do this by providing a compelling picture of the organization's desired future, thereby motivating staff to work toward that vision.

Colquitt et al. (2019) divides leadership styles into transactional and transformational leadership styles which each have their own characteristics, namely: (1) Laissez-faire, which is related to letting go of responsibility, avoiding making decisions; (2) Passive management by exception, namely intervention if something does not meet the rules; (3) Active management by exception, related to monitoring and looking for deviations from rules and standards and taking appropriate action; (4) Contingent reward,

The Impact of Organizational Culture and Leadership Transactional Towards Employee Performance

reward exchange contract, promising rewards for good performance, rewarding work completion; (5) Individual consideration, giving attention, treating each employee individually; (6) Intellectual Stimulation, namely developing intelligence, rationality, carefulness in solving problems; (7) Inspirational motivation is conveying high hopes, using symbols to focus on goals, expressing important goals in a simple way; (8) Idealized influence or charisma is related to the way the vision and mission are conveyed, instilling pride, increasing respect and trust. As seen in the diagram below:



III. METHOD

This quantitative research was being conducted in Menara Peninsula Hotel (MPH) located in Jakarta with the aim of researching the effect of two independent variables toward dependent variables. The respondent consisted of 56 hotel employees, consisting of 17 employees of the Housekeeping department (HK), 23 employees of Food & Beverages Service (FBS) and 16 employees of Food & Beverages Kitchen (FBK). Questionnaire was used as a research instrument to measure the three variables under study, namely employee performance, transformational leadership, and organizational culture. Each questionnaire consisted of items that refer to the concepts and indicators of the research variables.

This research used survey methods and statistical analysis to identify and analyze the impact between the variables studied. Thus, data collected was analyzed using multiple linear regression analysis to evaluate the relationship between these variables. Multiple linear regression analysis will allow the researcher to identify how much impact the independent variables (transformational leadership and organizational culture) have on the dependent variable (employee performance), as well as how significant the influence is after considering control factors. The validity and reliability of the questionnaire are tested before they are used in data collection to ensure the reliability and validity of the research results.

By using this survey method and statistical analysis, it is expected that this study can provide a better understanding of the relationship between transformational leadership, organizational culture, and employee performance in MPH in Jakarta.

IV. RESULT AND DISCUSSION

In the category of work experience, there are four groups namely less than 1 year: 6.5%; 1 - 3 years range: 6.5%; 3 - 5 years range: 1.3% and a range of more than 5 years: 72.7%. This was the majority group of respondents in this study, meaning these long-term experienced employees would have a better understanding of organizational dynamics and have contributed significantly to the life of the hotel, which can be a valuable resource to support the long-term stability and growth of the organization.

Within the category of age, there are also four groups namely less than 25 years old: 3.9%; 26 - 35 years old: 11.7%; 36 - 45 years old: 41.6% and with 46 years old and up: 42.9%. This suggests that most of the employees are quite mature and may have been in the workforce for a number of years. The integration of these categories of work experience and age provides a comprehensive understanding of the employees' profile, which is highly relevant for assessing the influence of transformational leadership and organizational culture on employee performance development from the point of view of respondents' perceptions.

Before statistical analysis (hypothesis) testing is carried out, analysis requirements are tested to ensure the data meets the standards with the technique used. Normality test is used to determine whether the distribution of the data obtained is normal; Homogeneity test to determine whether the research sample comes from a homogeneous population; Linearity test to find out whether the relationship between variables is linear or not. The results are summarized in the figures and tables below:

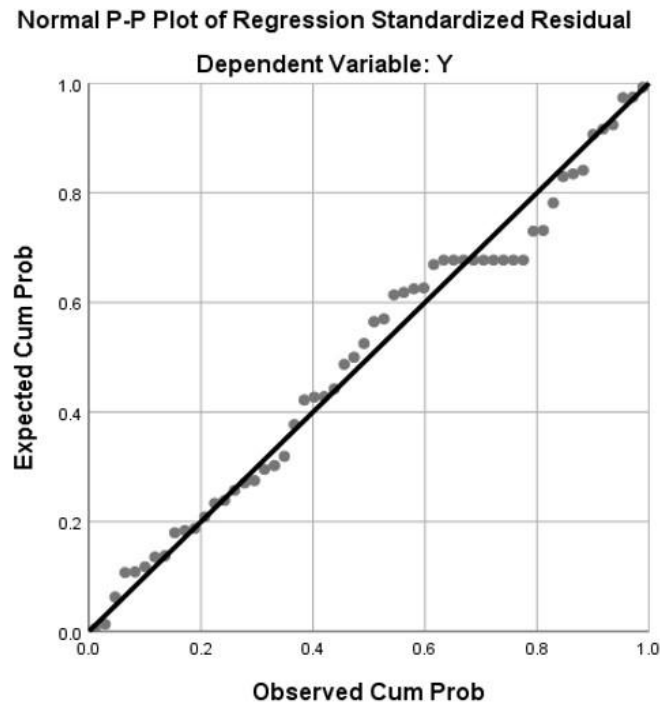


Figure 1: Normality Test

From the picture above, it can be seen that the points follow the diagonal line. Normality can be checked by looking at the normal probability plot. If the data points are evenly spread along the diagonal lines in the plot, it indicates that the data follows a normal distribution. So it can be said that the regression model is normally distributed. If the data distribution is normal, then data analysis and hypothesis testing can use parametric statistics.

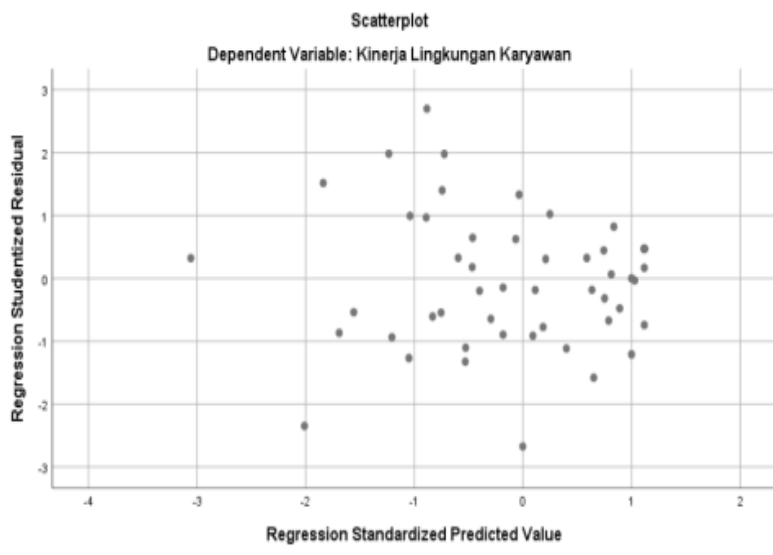


Figure II. Homogeneity Test

In this research, the Homogeneity test was carried out using the Residual Plot and did not use the Barlett test, because in linear regression it would be better to use the Residual Plot. It is said to be homogeneous if there is no clear pattern in the image, and the dots are spread above and below the number 0 on the Y axis.

From the picture above it can be seen that the dots are random or do not form a pattern and the dots are above and below zero, so it can be concluded that all sample data comes from a population that has a homogeneous variance.

The linearity test is part of statistical analysis and is often used as a prerequisite in linear regression or correlation analysis. If the significance value (linearity) is less than 0.05, then the relationship between the dependent variable and the independent variable is said to be linear. On the other hand, if the significance value is more than 0.05, then the relationship between the two variables is said to be non-linear.

The Impact of Organizational Culture and Leadership Transactional Towards Employee Performance

A. The Influence of Organizational Culture on Employee Performance

Table I. Linearity test between Organizational Culture and Employee Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	51.210	8.130		6.299	.000		
	Budaya Organisasi	.520	.063	.749	8.313	.000	1.000	1.000

a. Dependent Variable: Kinerja Lingkungan Karyawan

Based on the table above it can be seen that: Sig value. X1 is 0.000 (<0.05) which means reject H₀. So it can be said that there is a linear relationship between X₁ and Y.

B. The Influence of Leadership Style on Employee Performance

Table II. Linearity test between Leadership Style and Employee

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	74.425	7.804		9.537	.000		
	Kepemimpinan Transformasional	.335	.059	.612	5.686	.000	1.000	1.000

a. Dependent Variable: Kinerja Lingkungan Karyawan

Based on the table above it can be seen that: Sig value. X1 is 0.000 (<0.05) which means reject H₀. So it can be said that there is a linear relationship between X₂ and Y.

After completing the validity test and reliability test, the next step is to conduct hypothesis testing to evaluate the relationship that has been formulated in the model, namely assessing the impact of organizational culture (X₁) and transformational leadership variables (X₂) on employee performance (Y).

Table III. Determination Coefficient Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.755 ^a	.571	.554	6.742	1.730

a. Predictors: (Constant), Kepemimpinan Transformasional, Budaya Organisasi

b. Dependent Variable: Kinerja Lingkungan Karyawan

R² employee performance has a value of 0.571 or 57.1%. This shows that the employee performance variable can be explained by transformational leadership and organizational culture. While the remaining (100% - 57.1%) of 42.9% of employee performance (Y) is influenced by other variables outside this study.

The Impact of Organizational Culture and Leadership Transactional Towards Employee Performance

Table IV. F Test results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3200.061	2	1600.030	35.201	.000 ^b
	Residual	2409.064	53	45.454		
	Total	5609.125	55			

a. Dependent Variable: Kinerja Lingkungan Karyawan

b. Predictors: (Constant), Kepemimpinan Transformatif, Budaya Organisasi

From Table IV, the observed F value is 35.201, and the significance value (Sig.) is 0.000. Since the value of Sig. (0.000) is smaller than the significance level α (0.05) and the observed F value is 35.201 is not so high, it can be said in conclusion that variables of transformational leadership and organizational culture simultaneously have moderate effect on employee performance.

Table V. Multiple Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	50.313	8.164		6.163	.000		
	Budaya Organisasi	.449	.091	.647	4.918	.000	.468	2.138
	Kepemimpinan Transformatif	.076	.072	.140	1.062	.293	.468	2.138

a. Dependent Variable: Kinerja Lingkungan Karyawan

The results of hypothesis testing are presented in Table V, where overall, the influence between variables shows significance. The significance value for the effect of organizational culture (X_1) on employee performance (Y) is 4.918, while for transformational leadership (X_2) on employee performance (Y) is 1.062. Therefore, it can be concluded that the variable organizational value has a significant effect on variable Y variable, while the variable leadership style has moderate effect on Y.

The T statistical test basically shows how far the influence of an independent variable is partially in explaining variations in the dependent variable. In this study, a significance level of 0.05 ($\alpha = 5\%$) was used. If $t_{\text{Count}} < t_{\text{Table}}$, then the independent variable partially has no effect on the dependent variable (which means the hypothesis is rejected). Meanwhile, if $t_{\text{count}} > t_{\text{table}}$, then the independent variable partially influences the dependent variable (hypothesis is accepted).

V. CONCLUSION

The results of this research's hypothesis test found that the independent variable Organizational Culture contributed more significantly (56.1%) to the dependent variable Employee Performance compared to the contribution of the independent variable Leadership style (37.5%). Meanwhile, when the test was carried out simultaneously, these two variables contributed quite significantly to the dependent variable (57.1%).

A strong organizational culture, which creates a supportive work environment, is full of positive values and facilitates employees' engagement, while leadership style, with its ability to inspire, provide clear direction and motivate staff, directly affects staff performance. Together, these two factors contribute quite significantly to employees' performance in Menara Peninsula Hotel.

Based on the findings above, several suggestions that can be given are: (1) The leadership style at the Menara Peninsula Hotel needs to be improved because it was found that the leadership variable value has a less significant influence on employee performance; (2) Employees are expected to increase their commitment to their organization with performance that pays more attention organization's goal; (3) Company management can provide rewards to improve employee performance, such as provide training so that employee organizational commitment can increase.

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The Impact of Organizational Culture and Leadership Transactional Towards Employee Performance

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