
The Influence of Transformational Leadership Style, Organizational Culture on Job Satisfaction and its Impact on Employee Performance at System Integrator Company PT. Aetherica Itanusa Persada in 2020

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KEYWORDS

transformational leadership style, organizational culture, job satisfaction, employee performance

ABSTRACT

This study examines the factors related to Employee Performance at the system integrator PT Aetherica Itanusa Persada. The factors include Transformational Leadership Style, Organizational Culture, and Job Satisfaction, as independent variables, with Job Satisfaction functioning as an intervening variable that influences Employee Performance, treated as a dependent variable. The research was conducted over 5 months, from October 2019 to February 2020, including the design, implementation, and reporting of the research results. The population for this study consists of employees residing in DKI Jakarta. The sample for this research includes 97 employees of PT Aetherica Itanusa Persada, comprising 23 permanent employees and 74 non-permanent employees. The sampling technique used is purposive sampling, where samples are designated and selected by the researcher. The research results indicate that all hypotheses from the path analysis can be accepted, showing significant and positive effects. The R^2_m value is 0.759, meaning that 57.7% of the data variance can be explained by the model, indicating that the information contained in the data can be explained by 57.7%. The remaining 42.3% is explained by other variables outside the model. Several suggestions and recommendations can be made, including that leaders should pay attention to the intensity of meetings with their employees and conduct periodic training to achieve positive Employee Performance. Leaders and employees should maintain and implement the Organizational Culture effectively, adhere to established work regulations, and be consistent in their application.

INTRODUCTION

Employees are strategic assets that significantly impact an organization's well-being. Evaluating the urgency of developing HR capabilities is crucial for future organizational growth. In these environmental conditions, management is required to design new ways to maintain employees at high productivity and develop their potential to provide maximum contribution to the organization, where HR problems at first glance seem to be internal problems but have a close relationship with the wider community as public servants or providers of a service (Amir, 2015).

Human resource management is a mechanism to improve human quality, which will improve the performance and results of the organization, to be able to realize employees who have a work ethic, so a large role is also needed from the leader of the organization, functioning to improve employee performance (Mesfin et al., 2020). It requires an analysis of the factors

that influence it by paying attention to the needs of employees, including a transformational leadership style so that a good and coordinated organizational culture is formed, resulting in HR job satisfaction and will automatically impact employee performance (Suwatno & Priansa, 2011).

In today's competitive business environment, the need to manage and develop human resources effectively has become a key determinant of organizational success. As organizations strive to achieve high performance, one of the primary challenges they face is improving employee satisfaction and engagement, which directly influences their productivity (Fahmi, 2018). An effective human resource management strategy must take into account not only the technical skills and qualifications of employees but also the psychological and motivational factors that drive their behavior. This is where leadership plays a crucial role, especially transformational leadership, which has the potential to foster an environment that enhances employee motivation, satisfaction, and performance (Purwanto, 2021).

Transformational leadership encourages a culture of trust, commitment, and motivation, which helps in aligning individual goals with organizational objectives (Khan et al., 2020). By focusing on the development of employees through inspiration, intellectual stimulation, and individualized consideration, transformational leaders can create a work environment that promotes job satisfaction and enhances employee performance (Ritonga & Zein, 2013). As employees feel more engaged and valued, they are likely to put in more effort, be more creative in solving problems, and contribute to achieving organizational goals. Therefore, understanding how transformational leadership influences employee satisfaction and performance is essential for developing strategies that support organizational growth and sustainability (Wexley & Shobaruddin, 2015).

Additionally, organizational culture, which is shaped by leadership practices, influences how employees perceive their work environment and interact with each other. A positive organizational culture encourages collaboration, open communication, and mutual respect, all of which contribute to employee satisfaction and performance (Rivai & Sagala, 2011). When leaders foster a culture that values teamwork, innovation, and recognition, employees are more likely to feel motivated and committed to their work. Thus, the interaction between leadership style and organizational culture plays a critical role in creating a conducive work environment that drives high levels of performance (Syamsir, 2014).

Despite the recognized importance of transformational leadership and organizational culture, there remains a gap in understanding how these factors directly impact employee performance in specific organizational settings, especially in the context of PT Aetherica Itanusa Persada (Abujudeh, 2023). While previous studies have explored the general effects of leadership and organizational culture on employee performance, few have focused on the specific interplay of these factors in a technology-driven company like PT Aetherica Itanusa Persada. This research seeks to address this gap by providing a comprehensive analysis of how transformational leadership and organizational culture influence job satisfaction and employee performance within the company.

A leader's style significantly shapes organizational culture. Effective leaders can influence their followers to adhere to agreed-upon work processes, leading to positive outcomes and growth. One common example in an organization is giving praise when the work is successful, giving motivation, and giving awards which will automatically affect the satisfaction and work performance of the followers (Suhardi, 2021). The role of a leader is very strategic in organizational life, setting goals, planning, organizing, controlling, and moving all organizational resources to achieve satisfactory but effective, efficient performance because of a good work team (Sinek, 2019). Therefore, leaders are required to create conditions that always satisfy their followers so that they not only get followers who work and realize organizational goals. An organization that adopts a transformational leadership style can

encourage employee performance through inspiration and motivation (Paais & Pattiruhu, 2020). Leaders with this style are also known as charismatic leaders who are used to doing things beyond expectations so that they can inspire, identify, communicate, and realize the organization's vision in achieving organizational goals, and aligning the organization's future vision. According to Yammarino and Bass, in transformational leadership and multiple levels of analysis of human relations (1990), transformational leaders must be able to persuade their subordinates to do their tasks beyond their interests for the greater good of the organization. Transformational leaders articulate a realistic vision of the future of the organization, intellectually stimulate subordinates, and pay attention to the differences that their subordinates have.

Bass and Avalio (1990) identified four dimensions of transformational leadership, known as "the Four I's." The first dimension of transformational leadership is indeed "idealized influence," which refers to a leader's ability to inspire respect, trust, and admiration among their followers. The second dimension is called inspirational motivation. Transformational leaders in this dimension are distinguished by their ability to communicate expectations for each team member. They show unwavering dedication to the organization's objectives and foster a strong sense of team spirit. By cultivating enthusiasm and optimism, they effectively inspire those around them to work towards common goals. The third dimension is called intellectual stimulation. Transformational leaders must be able to generate new ideas, provide creative solutions to problems faced by subordinates, and motivate subordinates to seek new approaches in carrying out organizational tasks. The last dimension is called individualized consideration. In this dimension, transformational leaders are described as leaders willing to listen attentively to the input of subordinates. Transformational leaders are recognized as exemplary models of leadership. They possess the ability to continually enhance efficiency, productivity, and innovation within a business, ultimately contributing to a company's competitiveness in an increasingly competitive landscape.

From the background description that has been described, the researcher provides an identification of problems that will be used as research material, regarding the transformational leadership style, the researchers identified that organizational leaders have not yet cadre forming the company, high absenteeism rates due to lack of supervision and commitment to comply with laws in company regulations, seen from organizational culture variables. Job dissatisfaction is a primary driver of high employee turnover. There is a negative impact on sales turnover which has decreased significantly at PT Aetherica Itanusa Persada due to employee performance.

This study's novelty lies in its application of transformational leadership and organizational culture theory within the context of PT Aetherica Itanusa Persada, a technology-based company. By focusing on a specific organizational setting, this research offers a unique perspective on how leadership style and culture influence employee performance in a sector where innovation and adaptability are key. The research also introduces the concept of analyzing the indirect effects of leadership and organizational culture on employee performance through job satisfaction, providing new insights into the mechanisms that drive performance in technology-focused companies.

The primary objective of this research is to analyze the direct and indirect effects of transformational leadership and organizational culture on job satisfaction and employee performance at PT Aetherica Itanusa Persada. The study aims to identify how these variables interact and contribute to the overall performance of employees in the organization. The benefits of this research are twofold: first, it will provide valuable insights for management to improve leadership practices and organizational culture to boost employee satisfaction and performance. Second, it will contribute to the broader understanding of how transformational leadership can be leveraged to create high-performing teams in the technology sector, offering

practical recommendations for other companies looking to enhance their workforce's engagement and productivity.

RESEARCH METHOD

This study utilizes a qualitative approach to explore the relationships between transformational leadership style (X1), organizational culture (X2), job satisfaction (Y), and employee performance (Z) at PT Aetherica Itanusa Persada. Using a survey method, data was collected without researcher intervention, ensuring the natural behavior of respondents was observed. The study population consisted of 97 employees from various divisions, including management, business development, and technical teams. Sampling was conducted purposively to ensure consistency in employee behavior across the organization. The operational definitions of variables were categorized as independent (transformational leadership and organizational culture), intervening (job satisfaction), and dependent (employee performance). Transformational leadership was measured using indicators such as idealism, inspiration, intellectual stimulation, individual consideration, and motivational support. Meanwhile, organizational culture was assessed through dimensions like work scrutiny, accuracy, achievement, result quality, employee participation, and action stability. Job satisfaction encompassed factors such as work interest, supervision, colleagues, promotion, and salary, while employee performance was evaluated based on quality, quantity, knowledge, creativity, and initiative.

Data collection relied on primary sources through direct observation, interviews, and questionnaires, complemented by secondary data from company documents and literature. The Likert scale was used for variable measurement, with responses categorized into five levels, from "strongly agree" to "strongly disagree." Statistical analysis included descriptive and inferential methods, employing tools like SPSS for path analysis. Classical assumption tests such as normality, multicollinearity, and heteroscedasticity were conducted to ensure validity. The study sought to examine the direct and indirect effects of transformational leadership and organizational culture on job satisfaction and their subsequent impact on employee performance. Hypotheses were tested at a 95% confidence level, revealing whether leadership and organizational culture positively influence job satisfaction and performance. Ultimately, the research aims to provide actionable insights for improving organizational practices at PT Aetherica Itanusa Persada, aligning with its goals for enhanced employee satisfaction and performance.

RESULTS AND DISCUSSION

To examine the influence of Leadership Style and Organizational Culture on Job Satisfaction, the following presents the results of the Regression Coefficient Test using SPSS:

Table 1. Regression Coefficient Test using SPSS

| Coefficients ^a | | | | | |
|---------------------------|-----------------------------|------------|---------------------------|-------|------|
| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | B | Std. Error | Beta | | |
| (Constant) | 22.247 | 2.551 | | 8.720 | .000 |
| Leadership Style | .461 | .114 | .336 | 4.324 | .237 |
| 1 Organizational Culture | .324 | .067 | .403 | 4.927 | .406 |

a. Dependent Variable: Job Satisfaction

From the test above, the results show that the significance value of the Transformational Leadership Style variable on Employee Job Satisfaction is 0.237. The findings indicate a direct

influence of Transformational Leadership Style on Employee Job Satisfaction. Additionally, the significance value for the Organizational Culture variable in relation to Employee Job Satisfaction is 0.406, suggesting that there is also a direct impact of Organizational Culture on Employee Job Satisfaction.

Table 2. Organizational Culture on Employee Job Satisfaction.

| Coefficients ^a | | | | | | |
|---------------------------|-----------------------------|------------|---------------------------|-------|-------|------|
| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | |
| | B | Std. Error | Beta | | | |
| 1 | (Constant) | 18.160 | 2.701 | 6.724 | .000 | |
| | Leadership Style | .158 | .102 | .162 | 1.550 | .248 |
| | Organizational Culture | .012 | .041 | .031 | .298 | .200 |

a. Dependent Variable: Employee Performance

The second test revealed a significance value of 0.248 for the Transformational Leadership variable about Employee Performance. It suggests a direct influence of Transformational Leadership on Employee Performance. Additionally, the second result showed a significance value of 0.200 for the Organizational Culture variable in relation to Employee Performance, indicating a direct influence of Organizational Culture on Employee Performance.

Table 3. Organizational Culture on Employee Performance.

| Coefficients ^a | | | | | | |
|---------------------------|-----------------------------|------------|---------------------------|-------|-------|------|
| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | |
| | B | Std. Error | Beta | | | |
| 1 | (Constant) | 19.404 | 2.458 | 7.896 | .000 | |
| | Job Satisfaction | .112 | .109 | .106 | 1.034 | .315 |

a. Dependent Variable: Employee Performance

The third test demonstrated a direct influence between job satisfaction variables and employee performance, yielding a significance value of 0.315. This indicates that job satisfaction significantly affects employee performance. Based on these results, we can conclude that the hypothesis in the first research objective is accepted. This implies that Transformational Leadership Style, Organizational Culture, and Job Satisfaction collectively influence Employee Performance. In other words, a more effective implementation of transformational leadership and a stronger organizational culture lead to increased employee job satisfaction, which ultimately enhances performance. This finding reinforces that a work environment bolstered by inspiring leadership and a culture that aligns with organizational values can significantly motivate and boost employee productivity.

CONCLUSION

The research conducted on employee performance at PT Aetherica Itanusa Persada reveals several significant findings: Firstly, there is a direct influence of transformational leadership style on employee job satisfaction, indicated by a regression coefficient of 0.237, and organizational culture significantly impacts job satisfaction as well, with a higher regression coefficient of 0.406. Furthermore, organizational culture directly affects employee performance, evidenced by a regression coefficient of 0.248, and also has a notable influence

with a coefficient of 0.200. Additionally, job satisfaction itself has a direct impact on employee performance, demonstrated by a regression coefficient of 0.315. Importantly, the analysis reveals an indirect influence of transformational leadership style on employee performance through job satisfaction, supported by Sobel test results showing a significance of 0.007 and a z-value of 2.694, which exceeds the critical threshold of 1.96 at a 95% confidence level. Similarly, there is an indirect influence of organizational culture on employee performance via job satisfaction, with Sobel test results indicating a significance of 0.001 and a z-value of 3.242, also surpassing the critical value at the same confidence level.

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