

Effect of Style of Leadership on Implementation of Organizational Culture, Motivation and Performance of PT HNR TBK Employees

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To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v8-i12/4998>

DOI:10.6007/IJARBSS/v8-i12/4998

Published Date: 18 December 2018

Abstract

This research is about human resources (HR). The type of research is quantitative research to test the truth that human resources is not only used as a support for functional organizations, but is a central factor that can achieve organizational goals. The location of this study was conducted in West Java on PT HNR TBK manufacturing for staff employees. PT. HNR TBK is one of the branches of the world's largest tire manufacturer founded on January 26, 1917. The head office is in the United States employing more than 65,000 people with a production plant of 47 units in 21 countries throughout the world. The two innovation centers at the innovation center in Akron, Ohio and Colmar-Berg, Luxembourg always strive to create superior products and services that become industry technology and performance standards. PT HNR TBK strives to work hard to produce the best quality in all fields including products, processes, behavior and ethics, then behave honestly, integrity and respect, supports security and safety in the work area and everywhere. Commit to focus on organizational culture to create shared goals to be achieved. In the current era every employee is required to be able to provide the best performance. On the other hand employees are also required to have motivation and work experience in carrying out their roles and functions for both individuals and organizations. On this basis PT HNR TBK has a very dynamic leadership system which is obliged to make a replacement director of manufacturing every two years that has been carried out for more than 30 years which will bring a new leadership style. This is expected to affect the implementation of culture, work motivation and employee performance. This study uses a quantitative approach, where primary data is obtained by means of interviews, questionnaires that have been prepared in advance by researchers and secondary data obtained from journals. The research time is from January to June 2018. Respondents in this study were 78 manufacturing staff employees. The variables in this study are latent exogenous in the form of organizational culture, leadership style, work motivation and endogenous latency in the form of employee performance.

Through the method of description analysis using Structural Equation Modeling Partial Least Square (PLS SEM) found several important results from this study. The leadership style has a very significant and positive influence on the implementation of organizational culture, which

means that the better the leadership style by the director will improve the implementation of the organizational culture of PT HNR TBK. The leadership style has a significant and positive influence on employee motivation, where the better the leadership style of the director will increase the work motivation of PT HNR TBK employees. The influence of leadership style on performance is not significant and negative, which means that leadership style does not directly influence the performance of PT HNR TBK employees. Implementation of organizational culture has a positive but not significant effect on performance, where the better implementation of organizational culture will improve the performance of PT HNR TBK employees but the relationship is quite weak. Motivation with performance has a positive and significant effect, meaning that the more employee motivation increases, it will directly affect the performance of employees at PT HNR TBK.

Keywords: Employee Performance, Leadership Style, Organization Culture Implementation, Work Motivation

Introduction

An important asset of a business organization is human resources (HR). At present HR is not only used as a supporting functional organization but is used as a central factor that can achieve organizational goals. On the other hand human resources is one part of the advancement of science, technology, and management science which focuses more on regulating the role of human resources within an organization. The existence of human resource management is very important for organizations or institutions in managing, managing, managing, and using human resources so that they can function productively, effectively, and efficiently to achieve organizational goals. Human resource management considers that employees are the main assets or assets of the organization that must be managed properly, so that the nature is more strategic for the organization in achieving its intended goals. Basically the company's goals can be achieved if all human resources are involved in implementing the company's vision and mission. The company's goals can be achieved if employees always show their best performance, on this basis both companies need to identify important factors that can improve the performance of their employees.

Development in Indonesia is rampant in all processes of achieving progress in all fields, both in the fields of social, economic, technological fields and in other fields. Manufacturing plays an important role in the development process. Besides the company as one of the contributing sectors in the development process, the company has certain objectives. In order to achieve these objectives, the company leadership has a responsibility to improve effective and efficient performance from employees in order to achieve company goals.

PT. HNR TBK is one of the largest branches of tire manufacturers in the world which was established on January 26, 1917 which is headquartered in West Java. PT HNR TBK is engaged in the tire industry for motorized vehicles, aircraft and tire exports. The parent of PT HNR TBK employs more than 65,000 people with a production plant of 47 units in 21 countries around the world. Two innovation centers at the Innovation Center in Akron, Ohio and Colmar-Berg, Luxembourg always strive to create superior products and services that become industry technology and performance standards. PT HNR TBK strives to work hard to produce the best quality in all fields and strive to believe what others expect and PT HNR TBK itself as a shared value. Commit to quality that includes products, processes, behavior and ethics, then behave honestly, integrity and respect, support security and safety in the work area and everywhere. Commit to focus on group learning culture where all employees must be sure that they can

raise questions, express opinions and problems without having to feel afraid of being pressured to create common goals to be achieved.

In achieving the best performance from its employees, PT HNR TBK always strives to provide understanding to each of its employees. The company considers that organizational culture can change the behavior of PT HNR TBK employees. Organizational culture is considered to be the character and personality of the company. In addition, organizational culture is a concept that continues to be developed in both management and corporate sciences.

Based on the company's internal data, it is known that leadership rotation still needs to be studied more deeply related to the magnitude of its influence on employee performance. During 2015-2016 leadership rotation still had a different influence on each level of work at PT HNR TBK. In 2015 there was leadership rotation at PT HNR TBK, where it was thought to affect the overall performance of employees. In total, it was known that PT HNR TBK employees who were in the low performance category in 2015 were only 10 people or 9.62 percent. While in 2016 there were 24 people or 22.22 percent. In the strong performance group, it was known that in 2015 there were 78 people or 75 percent while in 2016 it decreased to 68 people or 62.96 percent. In exceptional performance assessments in 2015 and 2016 it was known to have the same number of employees as many as 16 people but had different percentages of 15.38 percent and 14.81 percent.

The director's rotation process at PT HNR TBK has occurred more than 34 years ago. It is known based on the information of senior employees where the director turnover process is done at most 2-3 years. Substitutions that are too fast to be expected by many employees have an impact on the implementation of bad human resource management which ultimately affects the performance of employees and companies. Therefore, the author feels the need to conduct research on the influence of leadership rotation. Each rotation will bring a new leadership style to do with the implementation of organizational culture, work motivation and employee performance.

Objectives

Currently organizational culture is considered to have an important role for management as a way that can improve the performance of employees of PT HNR TBK. As is known organizational culture PT HNR TBK which is a multinational company has a culture that is different from the culture in the company in Indonesia in general.

In the application of the culture is made a form of acculturation of foreign culture and culture in the country. This of course gives a real impact in working. Of course this can have an impact on employee performance in PT HNR TBK.

In addition, leadership rotation becomes a phenomenon in PT HNR TBK. Where this is always done and can affect the performance of every employee of PT HNR TBK. This is possible due to the change of the company's leader in every time. Based on the description is compiled several problem formulations in research as follows:

1. What is the influence of leadership style on the implementation of culture of the PT HNR TBK?
2. How is the influence of leadership style on the motivation of the PT HNR TBK employees?
3. What is the influence of leadership style on the performance of PT HNR TBK employees?
4. What is the influence of cultural implementation on the performance of PT HN TBK employees?

5. What is the influence of motivation on the performance of PT HNR TBK employees?
6. What are the managerial implications in order to improve the performance of PT HNR employees?

Literature Review

Human Resource Management

Human resource management is the study of how to make people productive in the company, make work, work groups, help employees who have the ability to develop, find ways to develop employee performance and provide compensation to them for their hard work in working Bohlander and Snell (2010)

In the plan to accelerate development and development in all fields, it is necessary to improve the quality of human resources and that is the most important requirement, Notoatmodjo (2009). Human resource management is a process that is carried out from the beginning to the end to find, train it to meet the expected standards, then do an assessment, give rewards, work relations are well maintained, health and safety are considered, and most importantly, be fair to employees, Dessler (2015).

Leadership Style

Leadership style according to Hersey and Blanchard (2002) is a form of behavior that is continuously applied when working. Leadership style is a habit that someone takes in order to practice his leadership, Herujito (2005). This is reinforced by Suradinata (2007), said to know the leadership style that is applied in an organization must understand the differences of leaders and leadership, where leaders are people who lead a group while leadership is the ability of a leader to organize, control, influence and evaluate for predetermined goals.

Organizational culture

Organizational culture is a system of units that are compiled, believed and believed to be able to influence and guide the behavior of members to overcome internal and external problems of the organization, Mangkunegara (2010). While according to Robbins and Judge (2012) defines organizational culture as a system of meanings (perceptions) shared by members of the organization, which distinguishes the organization from other organizations. Tika and Pabundu (2006) suggest that there are two important things that must be considered in the formation of organizational culture, namely the forming elements of culture and the process of forming the culture of the organization itself. He gave conclusions about the process of forming organizational culture through four stages, namely the first stage of the interaction between leaders and subordinates in the organization. In the second stage, the interaction produces ideas that are transformed into artifacts, values, and assumptions. The third stage is that artifacts, values, and assumptions will be applied to form organizational culture. The final stage is that in order to maintain the organizational culture, training needs to be conducted for new members in the organization.

Motivation

Motivation comes from the Latin "movere" which means to move. Motivational formula means that motivation represents a psychological process that causes arising, directed and the occurrence of persistence of voluntary activities (volunteers) directed towards certain goals Winardi (2007). Whereas Hasibuan (2012), interpreting motivation is the giving of driving force that creates the enthusiasm of one's work so that they will cooperate, work

effectively and be integrated with all their efforts to achieve satisfaction. Robbins and Judge (2012) say that motivation is a process that describes the intensity, direction and perseverance of a person to achieve his goals. Motivation can be interpreted as an additional energy obtained by a person due to an influence, Robbins and Coulter (2012). On this basis it can be interpreted that motivation is a design that encourages individuals to behave and behave to achieve a desired goal. From a number of understanding of the experts above, it can be concluded that motivation is a reason that encourages someone to do, complete, stop an activity in order to achieve certain desired goals of the motivation.

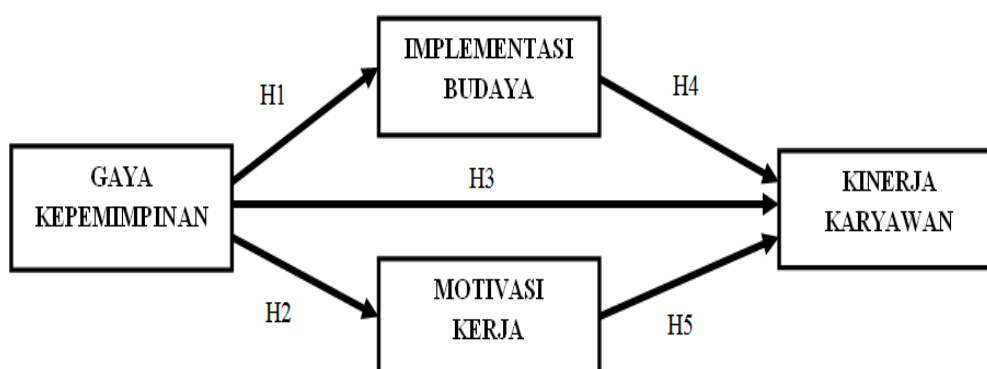
Basically in this study discussed the characteristics of highly motivated people. Achievement motivation is another important element of motivational theory based on the strength that exists in humans. Motivation is formed by many dimensions. According to Robbins and Judge (2012), McClelland's theory of needs which was raised by David McClelland and his colleagues deals with three important needs that can increase employee motivation. The important dimensions include: Achievement needs (need for achievement), Strength requirements (need for power), Relationship needs (need for affiliation).

Employee Performance

Every human being has the potential to act in various forms of activity. The ability to act can be obtained by humans either naturally (there are from birth) or studied. Even though humans have the potential to behave in a certain way, the behavior is only actualized at certain times. The potential for certain behaviors is called ability, while the expression of this potential is known as performance. Hasibuan (2012) argues that performance is a result of a job charged to him based on his skills and experience and sincerity at the appointed time. In other words, performance is the result of work achieved by someone in carrying out the tasks assigned to him according to the criteria set. Furthermore, As'ad (2008) argues that a person's performance is a barometer of one's success in carrying out their duties and responsibilities. There are 3 (three) main factors that influence performance, namely individuals (ability to work), work effort (desire to work), and organizational support (opportunity to work).

Research Methods

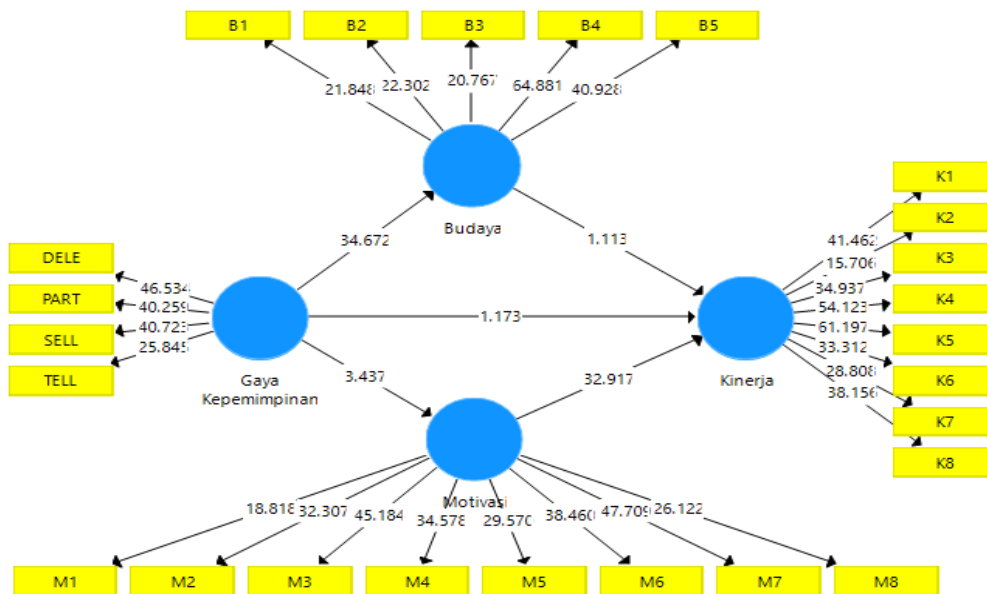
This research uses quantitative approaches and analysed using analysis of structural equation modeling. The research conducted at PT HNR TBK located in Java. The sample used in the study amounted to 78 peoples. Where is done from January to June 2018.



Result & Discussion

Structural Model

Structural models are used to describe the relationship of each variable to other variables and indicators to variables. In the PLS model according to Chin (1998) in estimating the model is not assumed through certain parameter estimation, therefore the measurement of the model can be said to be a non-parametric prediction measurement. The PLS structural model in this study is as follows:



Outer Model Testing

Outer model testing is an important thing that needs to be done. This is based on the output function of the outer which is useful for assessing an item having validity. In addition, in testing the outer model, it is also known that the reliability value serves to see the extent to which items have or not to certain trends that can lead to changes in the research model. The several outer outputs used include:

1. Convergent Validity

Based on the output convergent validity value obtained some information that describes the condition of the outer loading value of each indicator, as for the information as follows: Based on the table above related to the value of validity obtained some information that describes the condition of the value of the outer loading of each indicator, as for information such as the following:

1. In cultural variables through the five indicators it is known that all indicators are declared valid or have been in accordance with the expected goals. This is evidenced by all the convergent validity output values above 0.5.
2. In the performance variable through eight indicators, it is known that all indicators are declared valid or have been in accordance with the expected goals. This is evidenced by all the convergent validity output values above 0.5.
3. In the motivation variable through eight indicators, it is known that all indicators are declared valid or have been in accordance with the expected goals. This is evidenced by all the convergent validity output values above 0.5.

4. In the leadership style variable through four indicators, it is known that all indicators are declared valid or have been in accordance with the expected goals. This is evidenced by all the convergent validity output values above 0.5.

Discriminant Validity

Discriminant validity is used is the degree of suitability between variables or attributes measured by measuring instruments and theoretical concepts. In the PLS reflective model can be used several sizes such as cross loading, average variance extracted and composite reliability.

Cross loading

Based on the above data it is known that each indicator has the highest value in each section, as for the following: Based on the above data it is known that each indicator has the highest value in each part, as for the following:

a. The highest cross loading value of the cultural implementation variable with the indicator located is known to have higher values, namely: 0.847, 0.887, 0.846, 0.933 and 0.914. While the value of cultural implementation variables with indicators of leadership style, performance and motivation is lower indicates that this data is good to use.

b. The highest cross loading value of the performance variable with the indicators located is known to have higher values, namely: 0.939, 0.851, 0.932, 0.958, 0.958, 0.934, 0.917 and 0.934. While the value of the performance variable with indicators of leadership style, cultural implementation and motivation is lower indicates that this data is good to use.

c. The highest cross loading value of the motivational variable with the indicator located is known to have higher values, namely: 0.910, 0.935, 0.950, 0.931, 0.928, 0.948, 0.896 and 0.897. While the value of the motivation variable with indicators of leadership style, cultural implementation and lower performance indicates that this data is good to use.

d. The highest cross loading value of the leadership style variable with the indicators located is known to have higher values, namely: 0.918, 0.914, 0.903 and 0.861. While the value of the leadership style variable with indicators of cultural implementation, performance and motivation is lower indicates that this data is good to use.

Average Variance Extracted (AVE)

Average Variance Extracted (AVE) is a coefficient that describes variants within indicators that can be explained by common factors. Known AVE output as follows:

Variable	AVE	\sqrt{AVE}	Goodness of Fit	Information
Culture	0.732	0.855	0.5	Valid
Leadership style	0.746	0.863	0.5	Valid
Performance	0.843	0.918	0.5	Valid
Motivation	0.847	0.920	0.5	Valid

Loading Factor Analysis and Significance

Analysis of loading factor is used to determine the direction of each variable relationship. While significances are used as information about the strong or weak relationship of each variable. So that loading factor and significance function in providing information in determining the best recommendations for management related to priorities in management development. The output is as follows:

Loading Factor and Signification

Variables		Original	T Statistic	Information
Motivation → Employee Performances		0.946	32.917	Positive & Significant
Leadership style → Culture		0.885	34.672	Positive & Significant
Leadership style → Motivation		0.273	3.437	Positive & Significant
Culture → Employee Performances		0.108	1.113	Positive & Not Significant
Leadership style → Employee Performances		-0.102	1.173	Negative & Not Significant

Managerial Implications

Based on all research outputs, managerial implications can be prepared which can be conveyed and can be used by PT HNR TBK.

1. There is no difference in the leadership style of the old director and the new director. The leader turnover that was done relatively quickly turned out to be able to continue because it would not interfere with employee performance.
2. Although the leadership style does not directly affect the performance of employees, but can be influential through the implementation of organizational culture even though the relationship is weak and this must be done. There is a tendency for the implementation of organizational culture to differ because the director's background comes from different countries. In order for the implementation of organizational culture to be carried out and maintained properly, then for each director there must be reinforcement of debriefing.
3. The leadership style is also known to affect employee performance through the connecting variable of employee work motivation. The higher the work motivation of the employees, the better the performance of PT HNR TBK employees. A leader must be able to provide the best motivation to the team. Because motivation has a direct and very significant effect on employee performance.

Conclusion

Based on the results of the above research there are several important things that can be used as conclusions, including:

1. The leadership style has a significant and positive influence on the implementation of PT HNR TBK culture. The better the leadership style, the better the implementation of the culture.
2. The leadership style has a significant and positive influence on the work motivation of PT HNR TBK employees. The leadership style of each director is considered to have a strong role in increasing the work motivation of each employee, although there are differences due to the state's background of the director himself. Each director is required to be able to motivate his employees well.
3. The leadership style has a non-significant and negative influence on the performance of PT HNR TBK employees. In this case the leadership style directly does not have an impact on employee performance. Leaders who change every two years will not have a direct effect on employee performance.

4. The implementation of culture has a not significant but positive effect on the performance of PT HNR TBK employees. The organizational culture for PT HNR TBK has a role in improving employee performance despite its weak influence. This is based on the consequences of mature organizational culture.

5. Work motivation has a significant and positive influence on the performance of PT HNR TBK employees. Motivation which is an intermediate variable plays an important role in improving employee performance. This management needs to be aware of in order to maintain and continue to increase employee motivation at work. It is expected that employees have the same motivation in working to always be oriented to giving the best results in every activity.

6. The change of directors who are so fast can still be maintained, but each director must be equipped to maintain and implement the existing organizational culture.

Recommendations

1. The researcher realizes that there are still many weaknesses and shortcomings in the research, so on this basis the researcher hopes that an additional study will be carried out on the effect of implementing organizational culture on work motivation.

2. Further research can be done in other departments to obtain more complete data with more respondents. In order to be able to see more deeply from the reactions of the respondents and deeper variable relationships.

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