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# The Influence of Leadership and Organizational Culture on Company Performance Through Job Satisfaction
# (Case Study on PT. Daisy Mutiara Samudra)

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*ABSTRACT :*

Leadership and organizational culture within a company are considered important because they can influence loading and unloading activities, which are closely related to the human resource management (HRM) system and employees, particularly operational employees. Daisy Mutiara Samudra has a total of 85 operational employees, which impacts job satisfaction and company performance. Empirically, there is a relationship between job satisfaction and productivity, and the success of an organization greatly depends on the people who work within it. Therefore, employee job satisfaction plays a crucial role in determining the performance and success of an organization. This research uses an explanatory analysis approach to observe the causal relationship between exogenous variables and endogenous variables. The research results indicate that leadership and organizational culture have a positive and significant impact on employee job satisfaction at PT. Furthermore, effective leadership and a positive organizational culture can enhance comfort and satisfaction in the workplace. The research also finds that job satisfaction positively and significantly impacts PT performance, meaning that the higher the job satisfaction, the better the organization's performance. Employees who feel valued and have a supportive work environment will increase their motivation and commitment to the company. Other findings indicate that job satisfaction significantly mediates the influence of leadership on company performance.

*Keywords: Leadership ; Organizational culture ; Company Performance: Job Satisfaction*

## INTRODUCTION

PT. Daisy Mutiara Samudra is a company in the stevedoring service sector that has been operating since 1998 to the present.  The success of PT. Daisy Mutiara Samudra is closely linked to job satisfaction, which contributes to achieving its goals.  To what extent the relationship between leaders and subordinates (team) is able and willing to work hard, be innovative, loyal, and creative in taking responsibility for their respective workloads. Therefore, leadership and organizational culture within the company are considered important because they can lead to In loading and unloading activities, there is a close relationship with the human resource management system (HRM) and the employees, especially the operational employees.

PT. Daisy Mutiara Samudra has a total of 85 operational employees, which impacts job satisfaction and the company's performance itself.  However, by looking at table 1.1, it can be seen that the absenteeism rate among operational employees over the 2-year period from 2022 to 2023 is quite high, with the number of absent employees reaching 3%.  Whereas  The success and progress of an organization greatly depend on job satisfaction.  Empirically, there is a relationship between job satisfaction and productivity, and success in an organization greatly depends on the people working within it.  Employee job satisfaction can determine employee

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behavior, where satisfied employees tend to speak positively about the workplace, help their colleagues, and work to their fullest potential. In addition, employee job satisfaction also impacts commitment to the organization, which is a key factor in running the organization. Thus, employee job satisfaction plays an important role in determining the performance and success of an organization.

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Organizational Culture according to Robbins (2003) is a system of meanings embraced by members that distinguishes one organization from another. Members must understand the organizational culture from the beginning. Gibson (1996) and Linawati (2003) state that organizational culture determines what can and cannot be done by organizational members, sets the boundaries of behavior that must be followed, determines the types and nature of organizational control and supervision, determines the management styles acceptable to organizational members, determines the proper ways of working, and much more. The research conducted by Sawitri & Dewanggi H.P. (2016) shows that organizational culture influences company performance. However, this is different from the research conducted by Widana Putra (2017) which found that organizational culture does not affect company performance.

## Literature Review

According to Bernadin and Russel (2001;378), performance is defined as the record of outcomes produced over a time period, which can be interpreted as performance being a record of the results obtained from specific organizational functions/jobs over a certain period of time. Meanwhile, according to S. Ruky (2002:6), performance is related to the efforts, activities/programs initiated and implemented to plan, direct, and control employee performance. According to Quansah, Nancy (2013), organizational performance is not just an activity or process, but rather a concrete result that can be measured and observed. These results can include achieving sales targets, increasing market share, or even customer satisfaction. The performance of the organization must be measurable objectively. This measurement can be done using various performance indicators, such as sales figures, profitability levels, or employee satisfaction levels. On the other hand, according to Byremo, C. (2015), he views organizational performance as the final result achieved in financial performance, market performance, operational performance, and employee performance. In other words, organizational performance is

not only viewed from one aspect, such as financial profit, but also encompasses several other important aspects. Organizational performance according to Bastian in Hessel Nogi (2005: 175) is described as an illustration of the level of task execution achievement in an organization with the aim of realizing the organization's goals, objectives, vision, and mission.

From the definition and explanation above, it can be concluded that performance is a measure of an organization's success in achieving its set goals. This involves the evaluation of various aspects, ranging from the results achieved to the processes carried out.

Organizations can be understood from various perspectives, including through social systems, negotiated orders, as structures of power and domination, symbolic constructions, and social practices (Reed, Michael L:1992). For its sustainability, an organization must build reciprocity with the environment. Problem-solving will only be effective for the broader society and environment. Organizations should be able to guarantee material, political, and cultural resources. Thus, the fundamental issue of the system framework is how to design the structure appropriately to address various functions, environmental conditions, and ensure the availability of resources.

Organizations as symbolic constructions or infer precative-symbolic (Hatcht: 2001) encompass various aspects such as myths, rituals, histories, narratives, styles, cultural artifacts that are produced, reproduced, and transformed through processes of symbolic construction, mediation, and interpretation. The reality of the organization is constructed, internalized, maintained, and transformed through the process of cultural creation. In addition, organizational culture is also formed through the creation of ideological values, rituals, and ceremonies that are expressed, understood, and adhered to by the members of the organization. Organizations as interpretative-symbolic focus on the creation of transformation and cultural development. Culture becomes a fundamental resource and process through which social interactions and actions are continuously constructed and reconstructed to shape various organizational realities.

The concept of a leader comes from the foreign word "leader" and leadership from "leadership." So leadership according to opinions such as: Pamudji (2000:6) A leader is one of the essences of management, a key resource, and the central point of every activity that occurs within an organization. According to Hasibuan (2004:43), a leader is someone who, with their leadership authority, directs their subordinates to perform part of their work in achieving goals. Sutrisno (2009:232) states that leadership is the ability to influence others through communication. Thoha (2000:75) states that leadership is a process of influencing the activities of an individual or group in their efforts to achieve goals in a specific situation. Nawawi and Hadari (2006:9) state that a leader is the person and leadership is the activity. In this regard, for the time being from an organizational perspective, leadership can be defined as the ability/intelligence to encourage a number of people (two or more) to work together in carrying out activities directed towards a common goal. Kartono (2005:51) states that a leader is an individual who possesses certain superiority, Rivai (2006:65) states that a leader is a member of a group who is given a specific position and is expected to act according to that position. Ridwan (2007:65) states that leadership involves the technique of follower preparation, human relations techniques, and the technique of being a role model. According to Sudriamunawar (2006:1), a leader is someone who

possesses certain skills that can influence their followers to cooperate towards achieving predetermined goals. Wahyudi (2009:123-124), in facing environmental changes, organizations need leaders who are critically responsive and brave enough to make strategic decisions to achieve a competitive organization. Hersey and Blanchard, as quoted by Wahyudi (2009:123), found that effective leadership styles vary according to the "maturity" of subordinates. Maturity or adulthood, according to him, is not in the sense of age or emotional stability but rather the desire to achieve, the willingness to accept responsibility, and having the ability and experience related to the task. Suwatno and Priansa (2011:154), the behavioral approach focuses on two aspects of leadership behavior. And further, Mar'af (2000:218) states that there are four indicators of leadership, namely focus on the process, influencing others, behavior, and achieving goals.

Based on the above opinion, it is concluded that leadership is the ability of a leader to influence others in cooperating to achieve predetermined goals. So leadership is the most tangible aspect of management activities, which indicates a focus on processes, influencing others, behavior, and achieving goals.

Drucker yang dikutip oleh Tika (2005:4) "the organizational culture is the body of solution to external and internal problems that has worked consistently for a group and that is therefore taught to new members as the correct way to perceive, think about and feel in relation to those problems"

Wibowo (2016:15), organizational culture as what workers feel and how this perception creates patterns, beliefs, values, and expectations. Furthermore, Mangkunegara (2005:133) states that organizational culture is a set of assumptions or a system of beliefs, values, and norms developed within the organization, which serve as guidelines for the behavior of its members to address external adaptation and internal integration issues. Amstrong (2005), organizational culture or corporate culture is a pattern of values, norms, beliefs, attitudes, and assumptions that may no longer be articulated, but shape and determine how people behave and accomplish tasks.

Robbins (2001) stated that organizational culture is the dominant values disseminated within the organization, which become the work philosophy of employees and serve as a guide for organizational policies in managing employees and consumers. According to Robbins (2001), a strong organizational culture is one where the core values of the organization are held intensively and widely embraced by its members.

**METHOD**

This research uses the correlation between causal differences and the Explanatory Analysis approach, meaning that each variable presented in the hypothesis will be observed through testing the causal relationship of exogenous variables to endogenous variables. The relationship between variables can be illustrated in the form of a path analysis diagram; the research framework can be explained as

follows:

Figure 1: Research Design
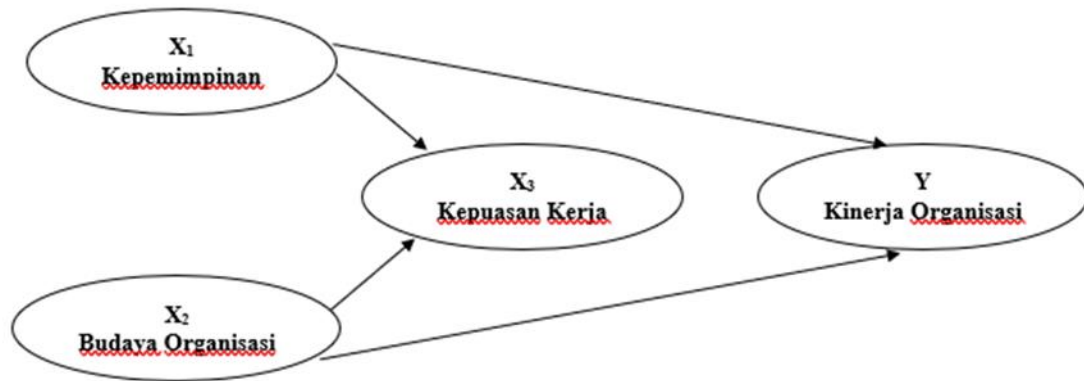


Modelo 1

This model identifies X1 (Leadership) and X2 (Organizational Culture) on X3 (Job Satisfaction) can be formulated as:  X3 = f (X1, X2)

Modelo 2

This model identifies X1 (Leadership) and X2 (Organizational Culture) on Y (Organizational Performance) can be formulated as:  Y = f (X1, X2)

Modelo 3

This model identifies X3 (Job Satisfaction) in relation to Y (Organizational Performance) and can be formulated as:  Y = f (X3)

Modelo 4

This model identifies the influence of variable X1 (Leadership) on Y (Organizational Performance) through X3 (Job Satisfaction) and can be formulated as:  Y = f (X1 / X3)

Modelo 5

This model identifies the influence of variable X2 (Organizational Culture) on Y (Organizational Performance) through X3 (Job Satisfaction) and can be formulated as: Y = f (X2 / X3)

The data analysis technique in this study uses partial least square. Partial least square is a powerful analysis method because it can be applied to all data scales, does not require many assumptions, and the sample size does not have to be large. PLS, in addition to being used for theory confirmation, can also be used to establish relationships that do not yet have a theoretical foundation or for proposition testing (Hair et al., 2014).

There are two types of indicators in the PLS approach, namely reflective indicators and formative indicators. Reflective indicator is an indicator that is considered to be influenced by the latent construct, or an indicator that is considered to reflect/present the latent construct. Reflective indicators observe the effects caused by the latent variable. Meanwhile, formative indicators observe the causal factors of the latent variable.

## RESULTS AND DISCUSSION

The results of this study reveal that leadership and organizational culture have a positive and significant impact on employee job satisfaction at PT. Daisy Mutiara Samudra, thus supporting hypothesis 1. This result means that the better the quality of leadership and the stronger the organizational culture applied in the company, the higher the level of employee job satisfaction will significantly increase. Effective leadership, such as providing clear directions, support, and motivation to employees, contributes to a sense of comfort and satisfaction in the workplace. Similarly, a positive organizational culture, such as good values, norms, and work habits, can create a conducive work environment and increase employee satisfaction. Thus, the company can enhance employee well-being and productivity by strengthening aspects of leadership and organizational culture.

The research found that leadership and organizational culture have a positive and significant impact on the performance of PT. Daisy Mutiara Samudra, and this finding supports the second hypothesis. This means that the better the leadership and organizational culture within the company, the more significantly the organization's performance will improve. Effective leadership, such as providing clear direction, motivation, and support to employees, can enhance productivity and work efficiency. Meanwhile, a positive organizational culture, with strong values and good work habits, can create a conducive work environment, enhance collaboration, and accelerate the achievement of company goals. Thus, the company can improve its overall performance by strengthening the aspects of leadership and organizational culture.

The next finding in this study reveals that job satisfaction has a positive and significant impact on the performance of PT. Daisy Mutiara Samudra, supporting the third hypothesis. This finding indicates that the higher the level of employee job satisfaction, the more significantly the organization's performance will improve. High job satisfaction reflects that employees feel valued, receive fair compensation, have opportunities for growth, and work in a comfortable and supportive environment. This has an impact on increasing employee motivation, productivity, and commitment to the company. Therefore, to improve organizational performance, PT. Daisy Mutiara Samudra needs to continuously pay attention to factors that influence employee job satisfaction, such as the reward system, the job itself, promotions, and support for employees.

The fourth finding in this study states that job satisfaction significantly mediates the influence

of leadership on company performance, supporting the fourth hypothesis. This means that effective leadership not only directly impacts the improvement of company performance but also indirectly through the enhancement of employee job satisfaction. Leaders who are able to provide clear direction, support, motivation, and build a positive work environment will enhance employee job satisfaction. Employees who are satisfied with their jobs tend to be more motivated, productive, and contribute better to the achievement of organizational goals. Thus, to optimally improve the company's performance, the management of PT. Daisy Mutiara Samudra needs to strengthen the leadership aspect that is oriented towards employee satisfaction.

The latest findings in this study reveal that job satisfaction significantly mediates the influence of organizational culture on company performance, supporting the fifth hypothesis. This means that a strong and positive organizational culture not only directly impacts the improvement of company performance but also indirectly through the enhancement of employee job satisfaction. When a good organizational culture is implemented, employees tend to feel more satisfied with their work. This high job satisfaction then drives increased motivation, productivity, and employee commitment, which ultimately contributes to better company performance. Therefore, PT. Daisy Mutiara Samudra needs to continue strengthening a positive organizational culture to enhance job satisfaction and ultimately drive better company performance.

## CONCLUSION

Based on the results and discussion in the previous chapter, the conclusion of this research is as follows: Leadership and organizational culture have a positive and significant impact on employee job satisfaction at PT. Daisy Mutiara Samudra. Leadership and organizational culture have a positive and significant impact on the performance of PT. Daisy Mutiara Samudra. Job satisfaction has a positive and significant effect on the performance of PT. Daisy Mutiara Samudra. Job satisfaction significantly mediates the influence of leadership on the company's performance. Job satisfaction significantly mediates the influence of organizational culture on company performance.

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