

# THE EFFECT OF LEADERSHIP STYLE, WORK MOTIVATION, ORGANIZATIONAL CULTURE AND JOB DISCIPLINE ON EMPLOYEES PERFORMANCE

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# 1 The Effect of Leadership Style, Work Motivation, Organizational Culture and Job Discipline on Employees Performance

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**Abstract** The purpose of this study is to analyze the influence of leadership styles, motivation, and organizational culture and work discipline on employee performance. This study is conducted to see whether there are differences in the performance of employees in the conventional and Islamic banking. The benefits obtained in this study are to add to knowledge about organization policy related to employee performance. Questionnaires were used to obtain related data and analysed by using SPSS. The results obtained in this study are the variables of leadership style, organizational culture and work motivation, and discipline of work have a significant effect on employee performance, motivation of work gives the most impact among other standardized coefficient variable that is equal to  $\beta = 0.392$  in islamic banking and  $\beta = 0.395$  in conventional banking and no difference performance of the conventional and islamic banking employees.

**Keywords** Leadership style · Motivation · Organizational culture · Work discipline · Employee performance

## 1 Introduction

Practices that occur over time in the organization employees might feel bored on the job, or there are other factors that make the employee's performance declined. This is a problem for the organization because it can degrade the performance of the organization. Leader in organization is one of the important factors that affect how the employee's performance will have impact on organization performance. To have the employees to achieve the organization's goals must first understand the motivation of employees working at the organization. Motivation will determine how the behavior of employees to work productively for the organization. Culture influences the way employees act in an enterprise culture is related to the way one

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1 considers the work, in collaboration with colleagues and looking at the organization's goals. Conscious employees comply with laws and regulations applicable in an organization are a work discipline that will benefit the organization.

Formulation of the problem in this study is whether the leadership style, motivation, organizational culture, and work discipline effect on employee performance and whether there are no differences in performance between conventional banks and Islamic banks.

The purpose in doing this study was to determine the effect of variable styles of leadership, motivation, organizational culture, and work discipline on the performance of employees at conventional banking and Islamic banking.

## 2 Literature Review

### 2.1 Employee Performance

Performance describe how far the implementation of a program to establish a corporate policy goals, the purpose of the vision and mission of the enterprise, or in general an enterprise performance achieved in a given time period based on the strategic plan of the organization. According Syanputri [9] the performance is the output of a process. If the output is derived and employee or as a result of the case was named employee performance According Sentono (1999) in Chairunnisah [2] is the result of the performance that can be achieved by a person or group within an organization in accordance with the authority and responsibility of each individual in order to attempt to achieve the purpose of the enterprise concerned is legally not break the law and in accordance with moral or ethics.

### 2.2 Styles of Leadership

According Sutrisno [8] leadership is an activity of a process to mobilize others to lead, guide, influence others, to do something in order to achieve the desired results. The style of leadership is the process of influencing or moving employees to want to do what is desired and expected leadership. According Sutrisno [8] the leader of the enterprise has an important role both internally and externally synchronize enterprise where both are intended to improve the organization's ability to achieve its objectives. According to Ralph and Ronald in Purwoko et al. [5] leadership style is divided into three kinds, namely:

(a) Autocratic leadership style

Autocratic leadership style is the style of leadership in which the leader much influence or determine the behavior of their subordinates.

(b) **Democratic Leadership Style**

Is a leadership style that a lot of emphasis on the participation of members. This leadership style is not using its authority to make the final decision and to provide specific guidance to employees, but to find a variety of opinions and ideas from employees about decisions to be taken.

(c) **Leadership Style Laissez Faire (free)**

Is a leadership style that emphasizes more group decisions. Leaders will submit decisions on the wishes of the group and is responsible for the execution of such work on the employee.

### **2.3 Work Motivation Theory**

People need motivation to achieve his desire. Motivation questioned how morale boosts. According Gitosudarmo (2001) in Sutrisno [8] motivation is a factor that drives a person to do a particular activity, motivation is often interpreted as a factor driving behavior. When someone wants something, he will be tempted to do something to get what they want. According to Banni et al. [1] motivation is the key benefit of as an effort to improve the quality and increase the quality and productivity at an individual. For enterprise motivation will increase profits from increased productivity of employees. Beneficial for employees to enhance skills and enthusiasm to work harder later on employee and revenue performance will be better in their work. And to society will get satisfaction from what is offered and produced an enterprise. The purpose of this motivation is to improve employee morale and job satisfaction, increase employee productivity, improve the stability of the organization's employees, improving employee discipline, streamline procurement employees to create an atmosphere and a good working relationship between employees increase loyalty, creativity, and employee participation to improve the welfare employees reinforce a sense of responsibility to the task, improve the efficiency of the use of tools and raw materials

### **2.4 Organizational Culture**

According Wibowo (2011) in Tintami et al. [10] organizational culture is organization policies that download philosophy confidence, norms, and values with a characteristic core of how to do something in the enterprise. Confidence, norms, and values to be holding all the human resources (employees) of the organization in implementing the performance. According Nurjanah [4] organizational culture is the values, symbols are understood and complied with, which belongs to an organization so that members of the organization feel a family and create a situation that is different from other organizations. Organizations that have a culture will have something unique or a distinctive feature that will provide traction for

1 individuals to join. Culture itself is a strong beneficial to direct the behavior of individuals or employees. With the advent of culture will help employees to do a better job. Luthans (2006) in Nurjanah [4] stated organizational culture has a number of important characteristics. Among them:

- (a) Rules of conduct are observed when members of the organization which interact with one another, they use the language, terminology, and common rituals associated with respect and how to behave.
- (b) Norms are standards of behavior, including guidelines on how much the job done.
- (c) Where the dominant enterprise support and hope participants shared core values, such is the high product quality, a little absent and high efficiency.
- (d) The philosophy there is an organization that builds trust policies on how employees or customers are treated.
- (e) There are strict guidelines related to enterprise performance. Newcomers should learn the techniques and procedures that have to be accepted as a member of a growing group.
- (f) Organizational climate is the overall feeling conveyed employee with the physical nature of the rules, the way employees interact and how members relate with clients and individuals from outside.

## 2.5 Job Discipline

Regularity is one of the key features of the organization and discipline of work is one method to preserve the orderliness. Its main purpose to increase efficiency by preventing the waste of time and energy and, in addition discipline will prevent damage or loss of property when caused by caution, amusement or theft. Discipline try to resolve errors and negligence caused because less attention, the inability of employees or employee tardiness. According Sutrisno [8] the discipline of employees is an appropriate behavior with rules, existing work or discipline is the attitude, behavior, and act in accordance with good industrial rules written or unwritten. Disciplines seek to protect good behavior by getting the desired response. According Moekijat [3] discipline comes from the latin word meaning "diciplina" training or education modesty and spirituality and behavioral development. This emphasis on employees to develop proper attitudes toward work and the way in making supervisory role in relation to the discipline. According Singodimedjo (2002) in Sutrisno [8] there are several factors that affect employee discipline, namely:

- (a) The size of the compensation
- (b) Presence or absence of exemplary leadership within the organization
- (c) Whether or not there are definite rules to hold on
- (d) Leadership courage in taking action

- (e) Presence or absence of supervisory leadership
- (f) Presence or absence of attention to employees
- (g) Created habits that support the establishment of discipline

Based on the above theoretical formulation of the problem and then derived the following research hypothesis:

Nurjanah [4] conducted a study with the results of the leadership style has a positive effect on employee performance. A leader must apply leadership style to manage subordinates in the work so that the leadership style of a leader will affect the organization's success in achieving its objectives through employee performance.

*H<sub>1</sub>: leadership style has a positive effect on employee performance*

Banni et al. [1] conducted a study with the results of work motivation influence performance. Motivation is one of the factors that a person works better. Employees who have high motivation to work will have a peak performance. Motivation is necessary in order to encourage employees to continue working with better.

*H<sub>2</sub>: work motivation has a positive effect on employee performance*

Prasetyono and Nurul Kompyurini [6] doing research with the results of the organizational culture affects employee performance. Priyahayanto also said employees are constantly surrounded by the culture of the organization which forms the backdrop of this culture relating to the environment, working conditions, attitudes, behaviors, and perceptions of employees in the organization where they work.

*H<sub>3</sub>: organizational culture has a positive effect on employee performance*

Reza [7] conducted the study with the results of the work discipline effect on employee performance. Reza also says discipline is the loyalty and devotion of a person or group of people for rules both written and unwritten, as reflected in the form of behavior and actions.

*H<sub>4</sub>: work discipline positive effect on employee performance*

## 2.6 Research Method

The population in this study is employees of conventional and islamic banking in Yogyakarta the sample are 60 employees with 30 employees on conventional banking and 30 employees on islamic banking. Data used in this study is primary data using questionnaires given to employees as research respondents. Test equipment used is the classical assumptions, the analysis used in this study is chow test analysis with the performance of the employee as the dependent variable, and leadership style, work motivation, organizational culture, and work discipline as the independent variable. Test the validity of using the corrected item and uses the Cronbach Alpha to reliability test.

## 2.7 Result and Discussion

Classical Test Multicollinearity Assumptions in this study resulted in VIF values below 10 and the tolerance value above 1 thus concluded multicollinearity does not happen. Normality test in this study resulted in the P-plot graphs were spread and follow the direction of the diagonal line so that it can be said not happen autocorrelation. Autocorrelation test in this study at conventional banking DW value of  $1.89 > 1.5$  and Islamic banking of  $2.16 > 1.5$  so it does not happen autocorrelation inferred.

By using SPSS 13.0 can be seen the results of multiple regression analysis as follows:

Regression result conventional and Islamic banking

$$Y = 0.319X_1 + 0.347X_2 + 0.236X_3 + 0.216X_4$$

Regression result conventional banking

$$Y = 0.271X_1 + 0.395X_2 + 0.237X_3 + 0.241X_4$$

Regression results Islamic banking

$$Y = 0.231X_1 + 0.392X_2 + 0.287X_3 + 0.243X_4$$

From the regression equation above can be explained that the variables of leadership style, motivation, organizational culture and work discipline has a coefficient that is positive towards the performance of employees either at conventional banking and Islamic banking. Based on the results of the statistical test using the  $F$  test  $F$  conventional banking known count of 37.57 with a 0.000 sig, and islamic banking known  $F$  calculated at 28.98 with a 0.000 significance values below 0.05.

Based on the results of the statistical calculations it can be seen the value of adjusted  $R^2$  conventional banking of 0.835 this shows the percentage contribution of the effect of independent variables on the dependent variable was 83.5% and the adjusted  $R^2$  islamic banking of 0.794 so that demonstrates influence of independent variables on the dependent variable was 79.4%. The results of hypothesis testing in conventional banking leadership style variable indicates  $t$  value of standardized coefficients  $\beta = 0.271$ ,  $p < 0.05$  so that  $H_1$  is accepted motivation to work with of  $\beta = 0.395$ ,  $p < 0.01$  thus  $H_2$  is accepted. Organizational culture was  $\beta = 0.237$ ,  $p < 0.05$  successfully receives  $H_3$  and variable labor discipline  $\beta = 0.241$ ,  $p < 0.05$  received the  $H_4$ . While the leadership style Islamic banking  $\beta = 0.231$ ,  $p < 0.041$  work motivation  $\beta = 0.392$ ,  $p < 0.01$ , organizational culture  $\beta = 0.287$ ,  $p < 0.01$  and work discipline  $\beta = 0.243$ ,  $p < 0.05$ , thus explained that the  $H_1 - H_4$  is accepted.

### 3 Conclusion

Based on the validity and reliability of the data indicates that the data used to conduct the study is valid and reliable. Based on the classic assumption test variables can be inferred in this study can be used for regression models. Based on the results of the  $F$  test is known that variable leadership style, motivation, organizational culture, and discipline work simultaneously on variables affect the performance of employees. Based on the results of the regression coefficient of determination unknown  $R^2$  conventional banking for the remaining 83.5, 16.5% influenced by other variables not included in the research model. While at Islamic banking by 79.4% and the remaining 20.6% influenced other variables. Based on the  $t$  test result that  $H_1$ ,  $H_2$ ,  $H_3$ , and  $H_4$  is accepted. Work Motivation gives the most impact among other variable that is equal to 39.75% in conventional banking and 43.26% in islamic banking there are difference performance between islamic banking and conventional banking.

#### Suggestion

1. Those companies to further improve their performance in work motivation so that employees will achieve better performance again.
2. For further research in order to increase the sample and extend the research by looking at the performance of private sector employees and public employees.  $R^2$  test results show there are still other variables that can affect the performance of the employee.

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