

The influence of leadership style, Organizational culture, and Rewards on Employee Performance

by Claudius Aprilianus Sot

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The influence of leadership style, Organizational culture, and Rewards on Employee Performance

Claudius Aprilianus Sot¹⁾*, Wahyu Wulandari²⁾, Dharmayanti Pri Handini³⁾

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Management, Faculty of Economics and Business, Universitas Widyagama Malang,
Indonesia

Email: aprilianussot@gmail.com

Abstract

For employees, organizational culture consists of a variety of implementation guidelines to technical guidelines. Every leader has his or her own passionate leadership style. Effective leadership requires the ability to adapt to various situations. When employees receive adequate compensation, performance will usually increase, but if compensation is inadequate, employee performance may decrease. This research has the aim of knowing whether the compensation given to employees is equal to the responsibility for their performance. The compensation indicator raises the enthusiasm of employees, how not, with the compensation of employees will be more prosperous. This study chose descriptive and quantitative methods. The results showed that leadership style, organizational culture, and simultaneous and partial rewards had a significant effect on employee performance, obtained from a significance value of 0.037, 0.025, and 0.003. The significant value is greater than alpha ($0.000 < 0.05$).

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Keyword: leadership style, organizational culture, rewards, employee performance

1. INTRODUCTION

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Rewards or Compensation is a term related to financial rewards received by people through their employment relationship with an organization. Rewards or compensation as one of the variables in increasing employee involvement and employee performance at work is difficult to estimate because employee views regarding money or direct rewards seem to be very subjective and perhaps is something that is very typical in the industry. The level of employee compensation is closely related to the employee's education level, position level and length of service. Therefore, determining employee benefits needs to be based on an assessment of the employee's performance, condition, education level, position and length of service. As an office that pays attention to employee performance, discipline

and loyalty, it is appropriate that there is compensation given to employees to further motivate and encourage employee involvement and employee performance so that they can work professionally. This is done to develop activities in the workplace so that they run according to expectations (Riza, F. A. 2017). In the current era, many companies claim that employees are the main asset, so it is important for them to be able to maintain asset sustainability. Usually, companies have various goals in order to further increase profits or employee welfare, this indicator is the most important when reviewing the progress or decline of the company, so employee recruitment must be in accordance with needs. The average employee has the intention of being able to meet the needs of food, shelter, and daily needs. This reward is a key factor so that employees can work optimally according to their abilities, so that they can meet their life targets. Organizational culture should be the company's full attention because a character is invisible, where it is a habit that employees do in the organization, this matter can be an example of comparison material. In addition, organizational culture is referred to as behavior that can be understood simultaneously, can show the values, behavioral norms of the members of the organization. Leadership is any change undertaken by a person or group in order to coordinate to provide direction to a person or group that converges on a particular place in order to achieve predetermined goals. A leader has various methods of exercising leadership in his work. But a good leader must be able to adjust to the possibilities and someone who is led in order to give the right target. Compensation is an important indicator that has a role related to employee performance. Compensation also includes all financial returns and rewards, various tangible services to the intentions obtained at the employment relationship. Performance is a person's performance effort to be achieved, based on several job requirements. Of course, all types of jobs have certain criteria in order to achieve work, or in other words, job standards. PT Magnum Attack Malang as a company operating in a competitive industry. Every activity in the company, of course, cannot be separated from ²² the performance of its employees because it is interconnected to the results obtained. With this, the company must pay more attention, especially in the aspects of leadership style, organizational culture to the rewards that employees are entitled to receive. The number of indicators related to Leadership Style, Organizational Culture and Rewards, I as the author want to explore further whether the actual performance of employees in the company has been maximized or there is a need for revision in order to achieve company goals. Therefore, the author is interested in researching this by making a study entitled, "THE EFFECT OF LEADERSHIP STYLE, ORGANIZATIONAL CULTURE AND REWARDS ON EMPLOYEE PERFORMANCE AT PT. MAGNUM ATTACK MALANG".

2. LITERATURE REVIEW

a. Leadership Style (X1)

Hemphill & Coons (1957) in the book Human Resource Management, says: “Leadership, the behavior of a person directing group activities to achieve common goals”. Rauch&Behling (1984) in the book Human Resource Management 2nd Edition, says: “Leadership, progress in influencing group activities in an organized manner to achieve goals”. (Imelda, et al., 2021) says: “Leadership style is a consistent attitude, lived by the leader when influencing colleagues” Marsam (2020) says: “Leadership style reflects the leader's view of the potential of his colleagues, both directly and indirectly. It describes the way a leader acts and plans tactics, which is a combination of skills, attitudes, and attitudes being practiced in an effort to influence subordinates.”

b. Organizational Culture (X2)

Organizational culture is a system or characteristic developed and adopted by a group of people to achieve common goals Habudin (2020) says “Organizational Culture, an important indicator is emphasized and valued in an organizational entity and in people's daily lives. This involves the formation of cultural ties that influence behavioral norms until values are recognized by each organization, and are used as a basis for regulating behavior within the organizational environment. Mayeni and Badri (2023) say “Organizational culture can be formed by an organizational group to overcome obstacles in the future”. Wibowo et al. (2020) say “Corporate culture, a crucial element that distinguishes each company. This culture is formed from the beginning of the company's establishment to continue throughout the company's existence, with the potential to change as the company itself develops”. Widjaja (2021) says “Organizational culture is a system of social control in the organization so that its members have a harmonious culture”.

c. Compensation (X3)

Marbun and Kusnawan (2022) say “Compensation refers to various forms of income, as part of the results of his services to the company, in the form of money, benefits, and other benefits”. Cahyani, Kamase, and Aminuddin (2021) say “rewards, overall in the form of rewards or compensation received in lieu of their services, in line with employee expectations in order to achieve satisfaction with the achievements that have been carried out, according to the company's strategic goals”. Herawati (2021) says “Compensation is related to the provision of financial rewards to individuals through their employment relationship with a company”.

Widodo and Yandi (2022) say “Compensation also includes all wages received by workers in return for services, performance results in the company, in the form of goods and materials, directly or indirectly”.

d. Employee Performance (Y)

Employee performance refers to real work results including quality, working hours, and cooperation to achieve organizational goals. Mangkunagara (2002) in the book *Human Resource Management* states “Achievement, the result of a person's work in carrying out a given task, in terms of quality to quantity”. Meinitasari (2023) states “Performance is a concrete manifestation of capabilities to individual achievements successfully achieved by a person when completing the tasks burdened by the company. Abidin et al. (2022) state “Performance is the product of personal or group efforts in a company, according to the responsibilities to the rights given to them, in order to achieve organizational goals legally, according to the law, to be consistent with moral standards, ethics that are upheld.”

3. RESEARCH METHODS

Shufa (2018) states that a conceptual framework is a framework that can be narrative or graphical and is intended to display key variables or describe a structure based on the assumption of the relationship that exists between these variables to be researched and studied. In this study, the effect of leadership style, organizational culture and rewards on employee performance can be described as follows:

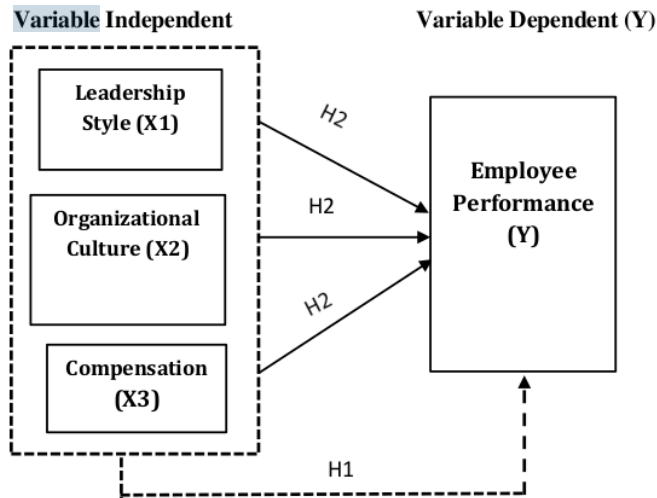


Figure 1. Research Conceptual Framework
Source: Patimulyo (2020)

Discription:

Simultaneously: -----

Partially : →

HYPOTHESIS:

1. H1: leadership style, organizational culture, rewards have a partial effect on the performance of employees of PT. Magnum Attack Malang
2. H2: organizational culture, leadership style, rewards have a simultaneous effect on the performance of employees of PT Magnum Attack Malang.
3. H3: rewards have a dominant effect on the performance of employees of PT Magnu Attack Malang

RESULTS AND DISCUSSION

RESULTS:

Data regarding the characteristics of respondents in this study include: 1) based on age; 2) by Gender; 3) based on Last Education; 4) based on length of service.

The four characteristics of respondents are presented in the table below:

Table 1

Characteristics of Respondents Based on Gender

No.	Gender	Total	Presentage (%)
1	Man	35	70,00%
2	Woman	15	30,00%
6	Total	50	100,00%

Source: Primary data processed (2024)

Based on table 1 it is known that most of the respondents are male, namely 35 respondents and some are female, namely 15 respondents.

Table 2

Characteristics of Respondents Based on Age

No.	Age	frequency	Percentage (%)
1	< 19 years	9	69,23%
2	19 - 25 years	15	115,38%
3	26 - 35 years	13	184,62%
4	36 - 45 years	2	12,00%
5	>45 years	7	14,00%
	Total	50	100,00%

Source: Primary data processed (2024)

Based on table 2 it is known that the majority of respondents were aged 19 -25 years with a total of 15 respondents. Then the next most respondents were aged 26 - 35 years with a total of 13 respondents, those aged < 19 years with a total of 9 respondents, those aged 36 - 45 total of 6 respondents and those aged > 40 years with a total of 7 respondents.

Table 3

Characteristics of Respondents Based on Last Education

No.	Last Education	Frequency	Percentage (%)
1	S1	13	26,00%
2	D3	17	34,00%
3	SMA/Sederajat	20	40,00%
Total		50	100,00 %

Source: Primary data processed (2024)

From table 3 above, it can be seen that the respondents in this study who have the latest S1 education background are 13 people or 26.00%, who have a D3 background are 17 people or 34.00% and who have the latest high school / equivalent education are 20 people or 40.00%.

Table 4.
based on length of service

No.	Length of Service	Frequency	Percentage (%)
1	<5 tahun	20	40,00%
2	6 tahun	17	34,00%
3	11- 15 tahun	13	26,00%
Total		50	100,00 %

Source: Primary data processed (2024)

Respondents in this study were dominated by 20 people with a working period of less than 5 years with a percentage of 40.00% and the fewest respondents taken ranged from 11 to 15 years as many as 13 people with a percentage of 26.00%.

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
Conconst	2.143	1.573		1.362	.180		
Leadership style(X1)	.181	.084	.275	2.151	.037	.471	2.121
Organization culture(X2)	.184	.080	.301	2.361	.025	.459	2.180
rewards (X3)	.388	.124	.353	3.126	.003	.603	1.658

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a. influence of leadership style Style on Employee Performance at PT
Magnum Attack Malang

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 The research results show that leadership style (X1) is 0.037. The significant value is greater than alpha ($0.000 < 0.05$). So Leadership Style has a significant effect on Employee Performance at PT Magnum Attack Malang.

(Muharram 2022) in his research shows that leaders, through their style or method, give directions to employees to work optimally in accordance with the targets set by the company. Apart from providing direction, leaders must also be able to encourage employees to work well. Leadership style is a process where superiors influence their subordinates to achieve mutually agreed goals (Dems 2022). A leader with a transformational leadership style can have a significant influence on his followers by encouraging them to put aside their own interests for the sake of the organization. Ratnawati, 2019.

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b. The Influence of Organizational Culture on Employee Performance at PT
Magnum Attack Malang

The research results show that leadership style (X2) is 0.025. The significant value is greater than alpha ($0.000 < 0.05$). So Leadership Style has a significant effect on Employee Performance at PT Magnum Attack Malang

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 In order to improve employee performance, companies need to create a good organizational culture so that the company can achieve the desired goals. The existence of a relationship between organizational culture and employee performance is found in Abubakar's (2013) research, namely finding a positive moderate correlation between organizational culture and employee performance and also the research results Maria (2017) stated that organizational culture was proven to have a significant effect on employee performance variables at a significance level of 5%, with an influence size of 55.03%

c. The Effect of Rewards on Employee Performance at PT Magnum Attack Malang

The research results show that leadership style (X3) is 0.003. The significant value is greater than alpha ($0.000 < 0.05$). So Leadership Style has a significant effect on Employee Performance at PT Magnum Attack Malang Rewards or Compensation is a term related to financial rewards received by people through their employment relationship with an organization. Rewards or compensation as one of the variables in increasing employee involvement and employee performance at work is difficult to estimate because employee views regarding money or direct rewards seem to be very subjective and perhaps is something that is very typical in the industry. The level of employee compensation is closely related to the employee's education level, position level and length of service. Therefore, determining employee benefits needs to be based on an assessment of the employee's performance, condition, education level, position and length of service. As an office that pays attention to employee performance, discipline and loyalty, it is appropriate that there is compensation given to employees to further motivate and encourage employee involvement and employee performance so that they can work professionally. This is done to develop activities in the workplace so that they run according to expectations (Riza, F. A. 2017).

4. CONCLUSION

This study aims to determine the effect of workload on the desire to move and the role of job satisfaction as a mediating variable for employees of PT Magnum in Malang City. As data analysis and hypothesis testing can be known that:

1. Leadership style affects the performance of employees of PT Magnum Attack Malang.
2. Organizational culture affects the performance of employees of PT Magnum Attack Malang
3. Rewards affect employee performance.

Based on the results of the research mentioned above, this research is concluded as follows:

1. A very good leadership style is able to improve the existence of employees at PT Magnum Malang City.
2. Excellent Organizational Culture is able to improve harmony, equality at PT Magnum Malang City.

3. High rewards will increase employee morale in employees at PT Magnum Malang City.

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