

## The Influence Of Organizational Culture And Leadership Style On Employee Performance

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**ABSTRACT.** *This article is a review of the relevant literature, and its purpose is to formulate research hypotheses concerning the interaction of variables that will be utilized in subsequent research, particularly in the field of Human Resource Management. For the purpose of writing the article on the literature review, the library research method was utilized, and online sources such as Google Scholar, Mendeley, and other academic online platforms were utilized. This literature review article's findings are comprised of three primary aspects, which are as follows: First, the influence of the organization's culture; second, the leadership style; and third, the performance of the employees. In addition to the exogenous variables that have been mentioned above, there are a great number of other factors that have an effect on the endogenous variable of motivation and performance. These factors include organizational culture, leadership style, and employee performance.*

**Keywords:** *Organizational Culture, Leadership Style, and Employee Performance*

### INTRODUCTION

The role of human resources is crucial in attaining the objectives of a company or organization. Companies and organizations aim to cultivate a work environment that promotes employee motivation, recognition, and accountability, resulting in heightened employee engagement and productivity.

The efficacy of an organization is directly impacted by the proficiency of its human resources, making them a crucial component. Hence, it is imperative for companies to nurture a workforce that possesses the ability to make significant and valuable contributions to both their workplace and the organization in its entirety. Employees are most likely to achieve optimal performance when they perceive that their employers value and appreciate them.

Enhanced employee performance will positively impact the overall performance of the company. The performance of a company is primarily determined by the accomplishments of its members, ranging from executives to operational employees (Utamy et al., 2020). An organization necessitates leaders who possess the ability to actualize the organization's vision and mission. A leader or chief of an organization will gain recognition as a leader if they possess influence and are capable of guiding their subordinates towards accomplishing the goals of the organization. Efficient organization by leadership increases the likelihood of the organization successfully achieving its targets (Djunaedi & Gunawan, 2018). In order to effectively implement a specific leadership style, leaders must initially comprehend the identity of their subordinates, assess their subordinates' strengths and weaknesses, and then strategically leverage their subordinates' strengths to compensate for their weaknesses. This

demonstrates the presence of individuals within an organization who possess the capacity to exert influence, provide direction, and offer guidance, as well as a number of individuals who engage in activities with the intention of achieving these objectives. Exert influence over the actions of others to ensure compliance with directives issued by their superiors or leaders.

Leadership is the skill of exerting influence over others in order to collectively attain shared objectives. Effective leadership necessitates a harmonious combination of intellect, confidence, benevolence, bravery, and self-control. Leadership that exclusively depends on intelligence will generate leaders who exhibit authoritarian tendencies and are generally unpopular among their subordinates. Leadership that solely depends on moral virtue will result in leaders who lack strength and decisiveness. Leadership that exclusively depends on trust will generate leaders who are highly susceptible to deception. Leadership that is exclusively dependent on courage will generate leaders who exhibit aggression and recklessness. Leadership that solely depends on discipline will yield leaders who are severe and unjust. An appropriate leadership style for a company will facilitate the achievement of its objectives. In addition to that, a favorable organizational culture will also enhance employee performance. Organizational culture refers to a structured framework of principles and standards that govern the behavior and beliefs within an organization. The role of organizational culture in achieving organizational goals is significant, as it has the ability to influence the behavior of members within the organization.

If an organization's culture is aligned with its strategy and effectively addresses environmental challenges, it can serve as a competitive advantage. It is crucial for an organization to maintain a balanced and harmonized workforce in order to ensure its continued existence. Organizations typically hold the belief that in order to attain excellence, they must actively pursue the highest level of individual performance. This is due to the fact that the performance of each individual will have an impact on the performance of the team or work group, which in turn will have an impact on the overall performance of the organization.

Leadership, being a crucial factor in shaping the direction and objectives of a company, needs to possess the ability to effectively adapt to the most recent advancements. Leaders who lack the ability to anticipate change, or at the very least, adapt to it, are likely to cause their organizations to become stagnant and eventually fail. Durgadevi & Vasantha (2017) highlight the significance of employee performance in determining the success of an organization. An employee's level of contribution to the company is influenced by several factors, such as organizational culture, work environment, and leadership style. External factors can also have a substantial impact on influencing employee performance.

The background information allows for the formulation of specific problems that will be addressed, serving as the basis for developing hypotheses for future research. These problems include:

1. Does the organizational culture influence employee performance?
2. Can the leadership style have an impact on the performance of employees?

## **LITERATURE REVIEW**

### **Organizational Culture**

The field of organizational culture has experienced a significant increase in importance since the 1980s. The increased interest arises from the recognition of the importance of organizational culture within the "environment-strategy-structure-performance" framework and its capacity to enhance predictions of organizational performance. However, despite its widespread presence and relevance in different domains, including national, industry, and cooperative settings, there is still no agreement on a precise and universally accepted definition of organizational culture.

In the context of an organization, the term "organizational culture" refers to the collective set of values, beliefs, and standards that have an impact on how the organization operates and how its members behave. Decision-making, behavior, and the organization's overall effectiveness are all influenced by the system, which is a well-established framework of collective comprehension.

According to Edy (2019:1-2), organizational culture is defined as a collection of individuals who have a common understanding of the beliefs and values that are held by a group. On the other hand, Smircich and Stubbart consider it to be the "social glue" that brings communities of people together. According to Schein, the concept of organizational culture can be understood as a profound layer of fundamental assumptions and beliefs that are held in common by members of an organization. Unconscious assumptions and beliefs serve as a representation of the organization's perception of itself and its environment. These assumptions and beliefs are considered to be something fundamental and unquestionable. In essence, the culture of an organization is a reflection of its one-of-a-kind personality, just as individuals are distinguished by their own unique personalities. Barney makes the observation that studies on organizational culture generally employ the same terms and concepts, regardless of the theoretical foundations upon which they are based. There is a degree of consensus regarding the fundamental components of organizational culture, as indicated by this. Moreover, as stated by Hari (2019:4), organizational culture refers to the set of values that direct the actions and conduct of employees within the organization. According to Saiful (2018:34), organizational culture can be defined as the fundamental principles of the organization that include commonly held beliefs, norms, and values that determine the way things are conducted within the organization. Hari (2019:14) defines organizational culture as comprising three layers: artifacts, values, and basic assumptions. Artifacts encompass the concrete elements of an organization, including its physical surroundings and symbolic representations. Values are collective convictions and fundamental doctrines that direct conduct. Basic assumptions are the fundamental beliefs about the functioning of the world that are unquestioningly accepted by individuals within the organization. These beliefs are referred to as "underlying assumptions." Seven fundamental characteristics are included in the concept of organizational culture :

1. Innovation and risk-taking
2. Attention to detail
3. Outcome orientation

4. People orientation
5. Team orientation
6. Aggressiveness, and
7. Stability.

These attributes influence the functioning of an organization and impact the behavior of its members. Organizational culture plays a crucial role in unifying the organization and establishing a structure for decision-making. Additionally, it aids in the attraction and retention of skilled individuals, while also fostering a favorable work atmosphere. Organizational culture functions as a unifying force that brings together and coordinates employees within a company. It achieves this by creating a stable atmosphere and promoting a sense of belonging and selflessness, which in turn influences and molds their actions. Furthermore, optimal performance is frequently derived from a robust organizational culture that is both united and adaptable to the welfare of employees and the demands of market forces. The diagnosis of these cultures relies on six crucial measurements: dominant traits, leadership approach, organizational cohesion, strategic focus, criteria for success, and employee administration. There are four cultural typologies, each represented by four alternative statements, corresponding to each of the six key dimensions. The four statements provided by Abdul Manaan Osman, et al. in 2023 serve as the fundamental criteria for assessing an organization's culture.

### **Leadership Style**

(Hajjali, et al., 2022) A leader is an individual who possesses the ability to motivate, instruct, and steer a collective of individuals towards a shared goal. Leadership is a responsibility that is given to someone based on their proven abilities and suitability for the position. Transactional leadership, as described by Padauleng et al. (2020), highlights the leader's emphasis on conducting exchanges that involve rewards and punishments based on performance results. Vieira et al. (2021) define transactional leadership as a leadership style characterized by the leader's clear establishment of employee expectations and provision of incentives for their fulfillment. Transactional leadership entails motivating subordinates by offering rewards in exchange for enhanced performance. The recommendations that have been made on the basis of these findings pertain to the influence of organizational culture and leadership style on employee performance. It is generally acknowledged that this approach is quite effective in putting leadership styles into practice, both directly and indirectly. Leaders, on the other hand, should always provide support to all of their employees so that they can finish their work. The provision of rewards is an example of leadership showing concern for the work performance of employees. This is done with the goal of improving performance and making the integrity of the company an additional value for both leaders and employees. When it comes to future researchers, they will be able to conduct research using other variables, which will allow them to have a more expansive research orientation.

**Employee Performance**

Training plays a crucial role in enhancing organizational performance by boosting employee knowledge, skills, and attitudes. Effective training programs contribute directly to achieving organizational goals and outcomes. However, the existing theoretical frameworks for analyzing training and performance relationships lack adequate depth. To address this gap, a new theoretical model is proposed that highlights the impact of training on employee capabilities and HR outcomes, ultimately leading to improved company performance. This model emphasizes the critical role of training in shaping employee knowledge, skills, abilities, attitudes, behaviors, and motivation. HR outcomes, influenced by training, directly impact company performance (Deddy Novie Citra Arta, et al. 2023).

**Figure 1 : Relevant Previous Research**

No	Author (Year)	Previous Research Result	Similarity with this article	Difference with this article
1	Jon Kenedi, Bambang Satriawan, and Muammar Khaddafi (2022)	Organizational culture influences employee performance, resulting in good performance results.	Organizational culture influences employee performance.	in previous researchers there were only 2 variables.
2	Ismail Hajiali, Andi Muhammad Fara Kessi , Budhiandriani ,Etik Prihatin, Mukhlis Sufri (2022)	Job satisfaction and employee performance are both influenced by a number of factors, including work motivation, leadership style, and employee competence.	Leadership style influences on employee performance.	The relationship between work motivation and employee competence has a significant impact on both job satisfaction and employees' performance..
3	Fitri Rezeki (2023)	A transformational leadership style, organizational culture, and organizational communication are all factors that are investigated in this study to determine how they affect employee job satisfaction.	Transformational Leadership Style and Organizational Culture influences on employee performance.	Organizational Communication influences on Employee Job Satisfaction.
4	Hery Basuki (2022)	A study conducted by the Faculty of Social and Political Science at Balitar Islamic University	The impact of leadership style on employee performance.	In Previous Researchers There Were Only 2 Variables.

No	Author (Year)	Previous Research Result	Similarity with this article	Difference with this article
		looks at the influence that different leadership styles have on the performance of employees.		
5	Deddy Novie Citra Arta1, Ferdy Leuhery, Herminawaty Abubakar, Muhammad Yusuf, Pandu Adi Cakranegara (2023)	Analyzing the correlation between training programs and employee performance within a company.	Quantitative approach: Both articles likely utilize quantitative research methods and statistical analysis to establish the relationships between variables and employee performance.	Organizational culture is the shared values, beliefs, and behaviors that shape operations. However, leadership style is how leaders guide and influence subordinates. Employee Performance Impact
6	Dodi Prasada (2020)	This study examines the impact that leadership and organizational culture have on the performance of employees working for PT. Mandiri Konstruksi Tangerang Selatan.	Leadership style greatly affects worker performance. Organizational culture greatly affects employee performance.	Overall, the first article focuses on a specific context and explores the nuanced interplay of leadership and organizational culture within that context.
7	Jufri, Marimin (2022)	An examination of the influence that leadership style and organizational culture have on the performance of employees	Based on the findings of the study, it was discovered that the variables of leadership style and organizational culture had a positive and significant impact on employee performance.	The two articles overlap in examining how leadership interacts with systems or culture. For example, an article on leadership styles might analyze how different styles function in different organizational systems.

No	Author (Year)	Previous Research Result	Similarity with this article	Difference with this article
8	Rosalendro Eddy Nugroho (2019)	Transformational leadership, work stress, and organizational culture affect project performance.	Leadership style strongly impacts employee performance.	Organizational culture influences little.
9	Putri Apriyani, Indra KUSDARANTO, Samsinar (2023)	Organizational culture and leadership style affect PT. Sepuh Energi Alam employee performance.	Organizational culture boosts employee performance significantly.	Leadership style boosts employee performance slightly.
10	Andi Andriyana (2023)	The Banjar Branch Office of BPJS Kesehatan investigated how organizational culture, job satisfaction, and leadership style affect employee performance.	Organizational culture influences employee performance positively and significantly. Leadership style boosts employee performance significantly..	The second article might be more quantitative and statistical, analyzing data to measure the relationships between variables and draw broader conclusions.

## RESEARCH METHOD

This article on the Literature Review makes use of a descriptive qualitative approach to writing, which is based on research conducted in libraries and makes use of online platforms such as Google Scholar, Mendeley, and other applications that are comparable. A literature review in the field of performance management is presented here in the form of this article.

One of the most important aspects of qualitative research is making sure that the literature reviews are always aligned with the methodological assumptions. Therefore, in order to avoid having an effect on the questions that the researcher seeks to answer, it is recommended that they be utilized in an inductive fashion. According to Ali and Limakrisna (2013), the exploratory nature of qualitative research stands out as a significant justification for conducting such research.

## **DISCUSSION**

The research focuses on the concentration of Human Resource Management, taking into account the background, problem formulation, theoretical studies, and relevant previous research. :

### **1. The Effect of Organizational Culture on Employee Performance**

When it comes to the cultivation of cohesive relationships within the complex social structure of a company, organizational culture, which is defined as a collective system of beliefs and standards, is something that is absolutely essential. As a result of the culture's role as the foundation upon which organizational policies, codes of conduct, and interpersonal dynamics are developed, the culture has an impact on the overall environment of the organization. According to Wibowo (2010), the fundamental principles that shape an organization's policies, rules of interaction, and the feelings evoked by its physical surroundings are what constitute the organization's culture. Organisational culture is defined as the fundamental principles. A definition of organizational culture is provided by Robbins and Judge (2013), who describe it as "a system of shared meaning held by members that distinguishes the organization from other organizations." Norms, values, assumptions, beliefs, philosophies, and organizational habits are all components that are included in organizational culture, as stated by Wirawan (2010) (Jon Kenedi, et al. 2022).

### **2. The Effect of Leadership Style on Employee Performance**

Hery Basuki, 2022 The efficacy of an organization is determined by the caliber of its leaders and members. An essential aspect of effectively executing employee functions and duties is the adoption of a leadership style that encompasses directives, participation, support, and a focus on achieving goals. A directive leader provides clear and explicit instructions to employees regarding work rules or programs. Supportive leaders possess the ability to identify and effectively address problems or conflicts within the organization. Participative leaders organize and develop work activities and establish work programs. Results-oriented leaders highly esteem and acknowledge the accomplishments of employees' work.

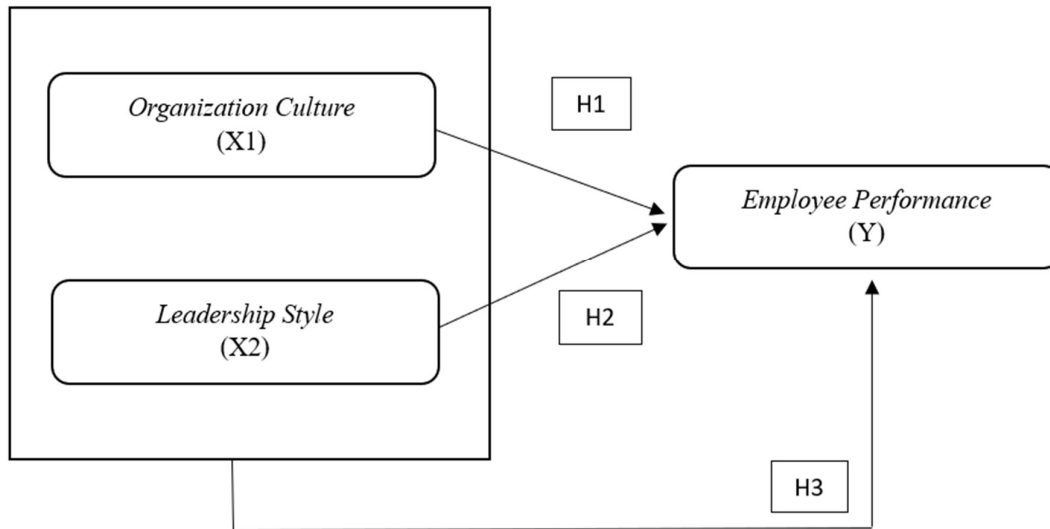
The leadership style has a significant impact on employee performance in terms of quantity, quality, punctuality, effectiveness, and high commitment. This aligns with the findings of Halim's (2020) research.

## **Conceptual Framework**

The conceptual framework is derived from the problem formulation, theoretical studies, and previous research.:

*Image 1. Conceptual Framework*





The aforementioned framework elucidates that this Literature Review encompasses two distinct independent variables, namely Organizational Culture (X1) and Leadership Style (X2), which influence one dependent variable, namely Employee Performance (Y).

### Hypothesis

As stated by Suharsimi Arikunto in (Hardani et al., 2020), a hypothesis serves as a provisional solution to research problems, pending confirmation through the analysis of gathered data. Based on the problem formulation, research objectives, and theoretical foundations outlined, the following hypotheses can be derived:

H1: Organizational Culture is believed to exert an impact on Employee Performance.

H2: The leadership style is believed to impact employee performance.

H3: Organizational culture and leadership style are believed to have a simultaneous impact on employee performance.

### CONCLUSION

By synthesizing theory, pertinent articles, and discourse, it is possible to develop a hypothesis that can serve as a basis for future investigation.

1. Organizational Culture is believed to exert an impact on Employee Performance
2. Leadership style is believed to impact employee performance.
3. Organizational culture and leadership style are believed to exert a concurrent influence on employee performance.

## RECOMMENDATION

The advice derived from these conclusions is highly commendable in terms of implementing leadership styles, both directly and indirectly, for the purpose of enhancing employee performance in relation to the influence of organizational culture and leadership style. Nevertheless, it is imperative for leaders to consistently provide assistance and encouragement to all their employees in order to ensure the successful completion of their tasks. Offering incentives is a leadership strategy aimed at enhancing employee performance, resulting in improved productivity and increased company reputation for both leaders and employees. Subsequently, future researchers may explore alternative variables to expand the scope of their research.

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