

The Leadership Style Model That Builds Work Behavior Through Organizational Culture

Arasy Alimudin, Agus Sukoco

Department of Management, Narotama University of Surabaya, Indonesia

arasybest@gmail.com

Diterima : 10 Juli 2017	Direview : 15 Agustus 2017	Diterbitkan : 20 September 2017
----------------------------	-------------------------------	------------------------------------

Abstract: The changes in organizational culture and work behavior is an important process for companies to survive in competition. And a change of leadership that is part of the change will pose challenges and reactions to the interests of its human resources. The research approach used quantitative research and included explanatory research to explain the causal relationship among variables through hypothesis testing with partial least squares path modeling (PLS-SEM) analysis technique. The results showed the influence of leadership style on positive work behavior but not significant. Reward and punishment no significant effect on work behavior. The organizational culture had a positive and significant effect on work behavior. The leadership style had a positive and significant effect on organizational culture. The reward and punishment had positive and significant effect on organizational culture. The findings of this study showed that participative leadership style model using reward and punishment mechanism could improve work behavior and organizational culture.

Keywords: Leadership Styles, Organizational Culture and Work Behavior

Introduction

In Asean Economic Community competition that has been running since 2015, the quality of human resources in work field is non-negotiable prerequisite. It means less skilled and less knowledgeable human resources will be eliminated and more skilled ones will dominate work field. Changes in organizational culture and work behavior is an

important process for companies to survive in competition. And a change of leadership that is part of the change will pose challenges and reactions to the interests of its human resources. For that it must be a change of leadership must be done properly and choose leaders who have leadership style that can build work behavior and organizational culture.

PT. Citra Air is a moving services company established since 1989 with Gary Sweitzer and Gerry Lane as shareholders. This company became one of the pioneers of moving service companies in Indonesia. Along with the global development, more and more companies in Indonesia, both local and international. PT. Citra Air made organizational change by conducting a change of leader. This is clearly intended to improve employee behavior, which is expected to issue a policy that is able to develop an organizational culture and impact on improving company performance.

Vaden¹ conducts a study in United States by taking sample from cross-company employees. His study shows that punishment stimulates catcall and unfair treatment from manager. A favorable working environment is a form of non-financial reward.²

Work behavior is very important in achieving company goals. High work behavior is expected to increase employees' performance which eventually affects corporate accomplishment. Bashir³ conducted a study of public sector employees in Pakistan against 948 respondents from about 376,000 federal government civil servants and taken from six cities in Pakistan. One of the most important results to support this research is that Culture emerges as a dominant factor affecting employee work behavior. The majority of employees do not believe in their public organization. They feel the organization does not fulfill its promise in

¹ Chris Vaden, "Punishment in Business 1, Punishment in Business 2". (Senior Honor Thesis, Virginia: Liberty University, 2004).

² Stella I. Mbah, Gabriel C. Mgbemena, and Daniel C. Ejike, "Effective Reward Management and Employee Performance in Civil Service (A Study of Anambra State Civil Service)", *European Journal of Business and Management*, Vol. 7, No. 27 (2015): 137–151.

³ Sajid Bashir, "Organizational Cynicism Development and Testing of an Integrated Model A Study of Public Sector Employees in Pakistan", (Thesis, Islamabad: Mohammad Ali Jinnah University, 2011).

psychological contracts. Bhatia and Jain,⁴ The findings of this research are that a large number of respondents (57.7%) strongly agree that organizational culture has an effect on employee performance, and that 48.7% of Employees also agree that organizational culture determines the level of organizational productivity. Lestari and Firdausi,⁵ in the research "The implementation of reward and punishment system in the Ministry of Finance in order to improve the discipline of KPPN Kudus employees" obtained the result that after the reward and punishment system discipline of KPPN Kudus employees increased, both time discipline and discipline of deeds. According to (Ching) conducted a study entitled "Looking into the issue of reward and punishment in students". From the research, it is concluded that reward and punishment give positive and significant impact of discipline.

Research Methodology

The research approach used is quantitative research and includes explanatory research to explain the causal relationship among variables through hypothesis testing with *partial least squares path modeling* (PLS-SEM) analysis technique. In this study, the population taken as sample is employees of PT. Citra Air. The range of sample used for PLS-SEM model does not require large samples. According to Ghozali and Latan,⁶ number of samples is 30 to 100. So, based on this, the number of samples taken in this study are as many as 100 employees. Data is collected through questionnaires, and then it is processed with measurement scale and scoring. The measurement scale used in this research is Likert scale 1 - 4. Analysis tool used to test the hypothesis of data is SmartPLS ver 3.0 statistical package. Hypothesis testing is completed by calculating the

⁴ Megha Bhatia and Manjula Jain, "Organizational Culture and Its Impact on Employee Job Performance with Special Reference to RRB's", *Indian Streams Research Journal*, Vol. 2, Issue 12 (January 2013).

⁵ Asih Widi Lestari and Firman Firdausi, "Pelaksanaan Sistem Reward dan *Punishment* di Lingkungan Kementerian Keuangan dalam Upaya Meningkatkan Kedisiplinan Pegawai (Studi Pada Kantor Pelayanan Perbendaharaan Negara/KPPN, Kudus)", *Reformasi*, Vol. 6, No. 1 (2016).

⁶ Imam Ghozali and Hengky Latan, *Partial Least Squares, Konsep, Teknik dan Aplikasi Menggunakan Program Smartpls 3.0 untuk Penelitian Empiris*. (Semarang: UNDIP, 2015).

coefficient value of the *path* or *inner model* which indicates the significance level of testing the hypothesis. Coefficient value of path or inner models which is indicated by T-statistic should be above 1.96.⁷

Result and Discussion

The result of instrument validity test in the research using *corrected item total correlation* points out coefficient value is above 0.30 which is considered to have a satisfying distinguishing power or valid. As for reliability test, this study applies *cronbach alpha* method which shows alpha value > critical value of *product moment* or r table value (0.60), which means instrument s can be regarded as reliable instrument.

Leadership style variables (X1) consist of four indicators, namely directive, supportive, participative and achievement orientation.⁸ The research result shows the whole average value for directive leadership style is 3.12. Furthermore, the whole average value for supportive leadership style is 2.94, for Participative leadership style is 3.22, and for orientation leadership style is 3.16. Data above shows that Inna Manager Sindhu Beach Hotel is more likely to apply participative leadership style.

Reward and Punishment (X2) consists of 4 indicators; 1) Salary/Bonus/Incentives (2) Career Development (3) Psychological Appreciation (4) Punishment preventive and (5) Punishment Repressive.⁹ The research reveals that the whole average value for salary/bonus/incentives is 2.87. Moreover, the whole average value for career development is 3.02, for psychological appreciation is 2.99, for Punishment preventive is 3.00, and for Punishment Repressive is 3.10.

Organizational Culture variables (Y1) consist of 4 indicators: values, heroes, rites and rituals, the culture network.¹⁰ The research reveals that the whole average value for values (the beliefs that lie at the heart of the corporate culture) indicator is 3.04, for heroes (the people who

⁷ Joseph F. Hair, et al, *Multivariate Data Analysis*. 5th Ed. (New Jersey: Prentice hall, 1998).

⁸ Stephen Robbins P and Timothy Judge A, *Organizational Behavior*. New Jersey: Prentice hall, 2007).

⁹ Ngalm Purwanto, *Psikologi Pendidikan*. (Bandung: PT Remaja Rosdakarya, 2006).

¹⁰ Terrence E. Deal, and Allan A. Kennedy, et.al, *The New Corporate Cultures: Revitalizing the Workplace after Downsizing, Mergers, and Reengineering*. (Basic Books, 2000. Print.

embody values) indicator is 3.14, for rites and rituals (routines of interaction that have strong symbolic qualities) indicator is 2.97, and for the culture network (the informal communication system or hidden hierarchy of power in the organization) indicator is 3.09.

Work behavior variables (Y2) Measurement of work behavior using the operant conditioning model is one of the models used to describe human behavior, “systematic procedure through which associations and responses to specific stimuli are learned”.¹¹ And the operant conditioning is defined as learning the desired consequences of behavior and the learning consequences of undesirable behavior determines whether the behavior is repetitive”.¹² The research reveals that the whole average value for systematic procedure is 3.08, for duties and the learning consequences of desirable behavior indicator is 3.07, and the learning consequences of undesirable behavior indicator is 3.21.

Based on table 1 then it can be explained the resulting equation:

$$X1.1 = 0.857 X1.1 \xi_1 + \delta_1$$

$$X1.2 = 0.785 X1.2 \xi_1 + \delta_2$$

$$X1.3 = 0.682 X1.3 \xi_1 + \delta_3$$

$$X1.4 = 0.844 X1.4 \xi_1 + \delta_4$$

The loading value can be used as validity measurement for each indicator against latent variables independently. The most valid indicator that is employed to explain the latent variable X1 is X1.1 with loading of 0.857 and the weakest is X1.3 with loading of 0.682.

Tabel 1. Cross Loadings

	budaya_organisasi	perilaku_kerja	gaya_kepemimpinan	reward_punishment
x1.1	0.438621	0.476427	0.856667	0.316720

¹¹ S. Tailby, “Flexibility” *Employee Relations*. N.P. (2003).

¹² Jesper B. “The Strength of Corporate Culture and the Reliability of Firm Performance.” *Administrative science quarterly*, Vol. 47, No. 1 (2002): 70–91.

x1.2	0.473342	0.284770	0.784531	0.485651
x1.3	0.314754	0.213130	0.682370	0.264051
x1.4	0.360827	0.401865	0.844088	0.230063
x2.1	0.303985	0.228252	0.341055	0.720332
x2.2	0.368886	0.390220	0.452017	0.788581
x2.3	0.129857	0.049703	0.062990	0.712705
x2.4	0.234459	0.287386	0.235331	0.723056
x2.5	0.302562	0.229197	0.250702	0.839983
y1.1	0.735029	0.239269	0.243640	0.186203
y1.2	0.787777	0.561899	0.545212	0.346462
y1.3	0.771611	0.361574	0.361562	0.251626
y1.4	0.814742	0.401455	0.307762	0.362415
y2.1	0.353353	0.756445	0.281374	0.335593
y2.2	0.415893	0.810425	0.425067	0.231898
y2.3	0.494115	0.792184	0.344777	0.291840

$$X2.1 = 0.720 X2.1 \xi_2 + \delta_5$$

$$X2.2 = 0.789 X2.2 \xi_2 + \delta_6$$

$$X2.3 = 0.713 X2.3 \xi_2 + \delta_7$$

$$X2.4 = 0.723 X2.4 \xi_2 + \delta_8$$

$$X2.5 = 0.840 X2.5 \xi_2 + \delta_9$$

The loading value can be used as validity measurement for each indicator against latent variables independently. The most valid indicator which is employed to explain the latent variable X2 is X2.5 with loading of 0.840 and the weakest is X2.3 with loading of 0.713.

$$Y1.1 = 0.735 Y1.1 \eta_1 + \delta_{10}$$

$$Y1.2 = 0.788 Y1.2 \eta^1 + \delta_{11}$$

$$Y1.3 = 0.772 Y1.3 \eta^1 + \delta_{12}$$

$$Y1.4 = 0.815 Y1.4 \eta^1 + \delta_{13}$$

The loading value can be used as validity measurement for each indicator against latent variables independently. The most valid indicator which is employed to explain the latent variable Y1 is Y1.4 with loading of 0.815 and the weakest is Y1.1 with loading of 0.735.

$$Y2.1 = 0.756 Y2.1 \eta^2 + \delta_{14}$$

$$Y2.2 = 0.810 Y2.2 \eta^2 + \delta_{15}$$

$$Y2.3 = 0.792 Y2.3 \eta^2 + \delta_{16}$$

The loading value can be used as validity measurement for each indicator against latent variables independently. The most valid indicator which is employed to explain the latent variable Y2 is Y2.2 with loading of 0.815 and the weakest is Y2.1 with loading of 0.756.

Full model equations:

$$Y1 = 0,418 \xi_1 + 0,219 \xi_2 + \zeta_1$$

$$Y2 = 0,390 \eta^1 + 0,198 \xi_1 + 0,126 \xi_2 + \zeta_2$$

The obtained structural model shows that the relationship between Y1 (Organizational Culture) with X1 (leadership style) is 0.418. While the loading value between Y1 (Organizational Culture) with X2 (reward and punishment) is 0.219; as for X1 (leadership style) with Y2 (employee discipline) is 0.198 and for X2 (reward and punishment) with Y2 (work behavior) is 0.126; and for Y1 (Organizational Culture) with Y2 (employee's discipline) is 0.390.

Table 1 shows that for leadership style variables, the convergence validity test result shows that the loading value (λ) of X1.1 to X1.4 is more than 0.50 with T-statistic more than 1.96, so all statement items are statistically significant and valid in measuring leadership style variables. The convergence validity test for reward and punishment variable points out that the loading value (λ) from X2.1 to X2.5 is more than 0,50 with T-statistic more than 1,96, so all statement items are statistically significant

and valid in measuring reward and punishment variables. The convergence validity test for non-physical working environment variable indicates that the loading value (λ) from Y1.1 to Y1.4 is more than 0.50 with T-statistic more than 1.96, so all statement items are statistically significant and valid in measuring variable of non-physical working environment. The result of convergence validity test for work behavior variable shows that the loading value (λ) from Y2.1 to Y2.3 is more than 0,50 with T-statistic more than 1.96, so all statement items are statistically significant and valid in measuring work behavior variables.

Table 2. Convergent Validity

	Original Sample (O)	Standard Error (STERR)	T Statistics (O/STERR)
x1.1 <- Leadership style	0.8567	0.0424	20.2188
x1.2 <- Leadership style	0.7845	0.0707	11.1020
x1.3 <- Leadership style	0.6824	0.1043	6.5404
x1.4 <- Leadership style	0.8441	0.0476	17.7500
x2.1 <- Reward and punishment	0.7203	0.0911	7.9028
x2.2 <- Reward and punishment	0.7886	0.0608	12.9794
x2.3 <- Reward and punishment	0.7127	0.1537	4.6382
x2.4 <- Reward and punishment	0.7231	0.1099	6.5804
x2.5 <- Reward and punishment	0.8400	0.0925	9.0845
y1.1 <- Non-physical working environment	0.7350	0.0943	7.7979
y1.2 <- Non-physical working environment	0.7878	0.0436	18.0736
y1.3 <- Non-physical	0.7716	0.0769	10.0287

working environment			
y1.4 <- Non-physical working environment	0.8147	0.0625	13.0400
y2.1 <- Work behavior	0.7564	0.0811	9.3271
y2.2 <- Work behavior	0.8104	0.0665	12.1896
y2.3 <- Work behavior	0.7922	0.0813	9.7402

Table 3 shows that the output of composite reliability of organizational culture, work behavior, leadership style and reward and punishment variables are more than 0.70 which means the four variables have good reliability. However, by analyzing *Cronbachs* Alpha value, it is noted that work behavior variable is less than 0.70, but still above 0.60.

Table 3. Composite Reliability and Cronbachs Alpha

No.	Variables	Composite Reliability	Cronbachs Alpha
1	Organizational Culture	0.8595	0.7935
2	Work behavior	0.8296	0.6938
3	Leadership style	0.8720	0.8061
4	<i>Reward and punishment</i>	0.8709	0.8249

Table 4 indicates the value of AVE from Organizational Culture, work behavior, reward and punishment and leadership style variables are more than 0.50. So, it can be interpreted that the four variables have good convergent validity.

Table 4. AVE value

No.	Variabel	AVE
1	Organizational Culture	0.6050
2	Work behavior	0.6189
3	Leadership style	0.6319
4	<i>Reward and punishment</i>	0.5754

Source: Data is processed in 2017.

The conducted discriminant validity test finds crossloadings value of each indicator. The following table describes the results of cross loading of Organizational Culture, work behavior, leadership style and reward and punishment variables are higher than the indicators correlation with other variables. It means Organizational Culture, work behavior, leadership style and reward and Punishment variables predict indicators in their own block are better than in other blocks. Thus, all indicators of each variable in this study have fulfilled discriminant validity.

Assessing structural models with PLS structural can be seen from R-Square value for each endogenous latent variable as the predictor force of the structural model. R-Square value is test of goodness fit model. The change in R-Square value is used to explain the effect of certain exogenous latent variables on endogenous latent variables on substantive influence. PLS R-Squares result presents the number of variance of the constructs described by the model.

Table 5. R Square Value

Variables	R Square		Redundancy
organizational culture	0.2935	weak	0.130
Work behavior	0.3470	Moderate	0.163
Average	0.3204	Moderate	

Source: Data is processed in 2017

Table 5 shows that the influence of leadership style and reward and punishment on organizational culture is 29.35%, while the influence of leadership style, reward and punishment, and organizational culture to work behavior is 34.7%. Based on the R-sq value in each variable, the obtained average value is 0.3204, in which the model in this study is categorized as moderate. The communality average is 0.6078 while the recommended one should be 0.50 and the average of R-sq is 0.3204, so GoF value which is produced is 0.441 and it is categorized as large.

Table 6. Significant influence test among variables

	Original Sample (O)	Standard Error (STERR)	T Statistics (O/STERR)
Leadership style -> work behavior	0.1991	0.1286	1.5478
reward_punishment -> work behavior	0.1270	0.1120	1.1410
organizational culture -> work behavior	0.3910	0.1502	2.6034
Leadership style -> organizational culture	0.4165	0.0963	4.3210
reward_punishment -> organizational culture	0.2160	0.1051	2.0590

Table 6 presents the influence of leadership style to shaped work behavior has positive result of coefficient value which is around 0.1991 with T-statistics less than 1.96 that is equal to 1.5478. It explains that leadership style has no significant effect on work behavior. Table 6 also shows the influence of reward and punishment on work behavior has positive result of coefficient value which is around 0.1270 with T-statistics less than 1,96 that is equal to 1,1410. It describes that reward and punishment has no significant effect on work behavior. After that, Organizational Culture has positive and significant effect on work behavior as it is seen from coefficient value which is 0.3910 with T-statistics more than 1.96 that is equal to 2.6034. Leadership style has positive and significant effect on Organizational Culture as it is seen from coefficient value which is 0.4165 with T-statistics more than 1.96 that is equal to 4.3210. Reward and punishment also has positive and significant effect on organizational culture as it is seen from coefficient value which is 0.2160 with T-statistics more than 1.96 that is equal to 2.0590.

Conclusion

From the results of the research indicated that the new leader had a good leadership style, but the analysis results provided leadership style data had no significant effect on work behavior. This was because the new leader did not meet the expectations of his subordinates to comply with company regulations relating to work behavior, which means concrete actions required from the leadership so that his subordinates understand the positive and negative impacts of the subordinate strings on the company. The rewards and punishments on work behavior had a positive but insignificant effect. Organizational culture had a positive and significant impact on work behavior seen from the value of the resulting coefficient was positive. Corporate procedures and systems had been established, through family relationships that impact on employee behavior. Like with the style of leadership showed a significant influence on organizational culture. Participatory leadership style by the new leaders could influence organizational culture. From the analysis result, it could be seen that reward and punishment variable had positive and significant effect to organizational culture variable seen from coefficient value generated was positive equal to 0,2165 with value of T-statistic more than 1,96 that was 2,594. This was supported by research conducted by (Ojo) which stated that organizational culture affects employee work behavior. The findings of this study showed that participative leadership style model using reward and punishment mechanism could improve work behavior and organizational culture. And this was in line with God's guidance that tells us to work with the best or strongest

people in the business field involved and you could trust as His Word, "because of the truth, the best person you take to work is a strong man again trustworthy" (QS. al-Qashah : 26).

References

- Bashir, Sajid. 2011. "Organizational Cynicism Development and Testing of an Integrated Model A Study of Public Sector Employees in Pakistan". Thesis, Islamabad: Mohammad Ali Jinnah University.
- Bhatia, Megha and Jain, Manjula. 2013. "Organizational Culture and Its Impact on Employee Job Performance with Special Reference to RRB's", *Indian Streams Research Journal*, Vol. 2, Issue 12. (January 2013).
- B., Jesper. 2002. "The Strength of Corporate Culture and the Reliability of Firm Performance." *Administrative science quarterly* Vol. 47, No.1.
- Deal, Terrence E. and Kennedy, Allan A. et.al. 2000. *The New Corporate Cultures: Revitalizing the Workplace after Downsizing, Mergers, and Reengineering*. t.t.: Basic Books.
- Ghozali, Imam, and Latan, Hengky. 2015. *Partial Least Squares, Konsep, Teknik dan Aplikasi Menggunakan Program Smartpls 3.0 untuk Penelitian Empiris*. Semarang: UNDIP.
- Hair, Joseph F., et al. 1998. *Multivariate Data Analysis*. 5th Ed. New Jersey: Prentice hall.
- Lestari, Asih Widi and Firdausi, Firman. 2016. "Pelaksanaan Sistem Reward dan *Punishment* di Lingkungan Kementerian Keuangan dalam Upaya Meningkatkan Kedisiplinan Pegawai (Studi Pada Kantor Pelayanan Perbendaharaan Negara/KPPN, Kudus)", *Reformasi*, Vol. 6, No. 1.
- Mbah, Stella I., Mgbemena, Gabriel C. and Ejike, Daniel C. 2015. "Effective Reward Management and Employee Performance in Civil Service (A Study of Anambra State Civil Service)", *European Journal of Business and Management*, Vol. 7, No. 27.
- Purwanto, Ngalim. 2006. *Psikologi Pendidikan*. Bandung: PT Remaja Rosdakarya.
- P., Stephen Robbins and A, Timothy Judge. 2007. *Organizational Behavior*. New Jersey: Prentice hall.
- Tailby, S. 2003. "Flexibility" *Employee Relations*. N.P.

Alimudin & Sukoco

The Leadership Style Model That Builds Work Behavior Through Organizational Culture

Vaden, Chris. 2004. "Punishment in Business 1, Punishment in Business 2". Senior Honor Thesis, Virginia: Liberty University.