The Effect of Leadership and Organizational Culture on Employees Performance at Pt. Pertamina EP Limau Field

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DOI: 10.29322/IJSRP.9.08.2019.p92134
http://dx.doi.org/10.29322/IJSRP.9.08.2019.p92134

Abstract- This study aims to determine the effect of Leadership and Organizational Culture on employee performance at PT. Pertamina EP Limau Field. The population in this study were all employees of PT. Pertamina EP Limau Field as many as 115 employees. The method of collecting samples in this study using the census (saturated sample) method. The results showed that Leadership and Organizational Culture had a positive and significant influence on the performance of PT. Pertamina EP Limau Field and Organizational Culture have the most dominant influence on the performance of employees of PT. Pertamina EP Limau Field. For further research it is recommended to add other variables that affect employee performance such as motivation, compensation, skills, competence, motivation, commitment, facilities and infrastructure, stress levels and work environment.

Index Terms- Leadership, Organizational Culture and Employee Performance

I. INTRODUCTION

Human resources are a central factor in the management of an organization. Human resources in organizations are required to have good performance because it will determine the successful of an organization. According to Armstrong and Baron in (Sedarmayanti, 2011: 202) performance is a means to get better results from organizations, teams, and individuals by understanding and managing performance within the framework of objectives and standards, and agreed upon attribute requirements.

PT. Pertamina EP is a subsidiary of PT. Pertamina Persero, as national oil and gas company conducts business in the upstream oil and gas sector which includes exploration and exploitation activities. Limau Field which is part of the working area of Pertamina EP operates in the South Sumatra province including Prabumulih City, Muara Enin and Lahat Regencies. As a company engaged in the exploitation and production of oil and gas, the main performance of the Limau Field organization is certainly very closely related to the volume of achievement of oil and gas production over a period of years.

The achievement of targets for oil production in 2017 and 2018 still did not meet the targets set by the company, while the achievement of gas production in 2017 was quite good, which is 195.9% above the target, but in 2018 gas production did not meet the target, which is only 96.2%. In the other side the achievement of employee performance in Limau Field in 2017 and 2018 had relatively little change where those who get less ratings are more dominant than those who get good ratings.

The manager as the highest leader in the field plays an important role in mobilizing all available resources in the company so that the target at Limau Field can be achieved. Managers also give instructions to their subordinates to complete findings at work. In 2017 the tasks given by Limau Field manager were 567 assignments with the percentage of completion completed on time about 91.7%. In 2018 the number of assignments given was fewer, 258 assignments but the percentage of completion of timely assignments dropped to 48.1%.

Organizational culture in PT. Pertamina EP is guided by 6C values, namely: Clean, Competitive, Confident, Customer Focused, Commercial, Capable. Other cultures launched by the company to improve employee performance in achieving organizational goals are a culture of innovation and knowledge sharing from employees

In 2017 the number of innovations carried out was 12 innovations while the target set by the company was 18 innovations or only reached 67%. In 2018 there was increasing in the number of employee innovations, about 14 innovations while the set targets were still the same as the previous year which was 18 innovations or achieving 78%. Number of employee innovations in 2017 and 2018 despite an increase but still not able to meet the set targets.

Based on the background of the problem described above, the research problem formulation is obtained, how the effects of leadership and organizational culture on the employees performance at PT Pertamina EP Limau Field.

Research Purposes

1. To know whether leadership influences the employees performance at PT. Pertamina EP Limau Field.
2. To know whether organizational culture influences the employees performance at PT. Pertamina EP Limau Field.
3. To know which variables of leadership and organizational culture have a dominant influence on employees performance at PT. Pertamina EP Limau Field.
II. LITERATURE REVIEW

Leadership
Leadership is the most important factor in an organization. According to Achmad Sanusi and M. Sobry Sutikno (2014: 15), leadership is the ability to influence and mobilize other people to achieve goals. Hersey and Blanchard (2014: 27), focused on the characteristics of subordinate maturity as the key point of the situation that determines the effectiveness of a leader's behavior. According to them, subordinates have different levels of readiness and maturity so that leaders must be able to adjust their leadership style, to fit the situation of readiness and maturity of subordinates.

Organizational Culture
According to Robbins and Judge (2013: 512) organizational culture refers to a shared guided system of organization members that distinguish the organization from other organizations. This system, if observed more closely, is a set of main characteristics that are respected by the organization. The dimensions of organizational culture according to Robbins (2016) are Innovation and Risk Taking, Attention to Detail, Outcome Orientation, People Orientation, Team Orientation, Aggressiveness and stability.

Employee performance
Performance is a work ability or work performance that is shown by an employee to obtain optimal work results. Performance is also an accumulation of three interrelated elements, namely skills, efforts, and characteristics of external circumstances. The basic skills that a person brings to work can be in the form of knowledge, abilities, interpersonal skills and technical skills (Fatah, 2012: 127).

Several factors that influence employee performance are stated by Armstrong and Baron (1998: 15):
1. Personal factor, indicated by the level of skill, competence possessed, motivation and individual commitment.
2. Leadership factor, indicated by the quality of encouragement, guidance and support made by managers and team leaders.
3. Team factors, indicated by the quality of support provided by co-workers.
4. System factor, indicated by the work system, facilities and infrastructure provided by the organization, compensation and organizational processes and performance culture in the organization.
5. Contextual/situational factor, indicated by the level of pressure and changes in the internal and external work environment.

Conceptual Framework

Research Hypothesis
The hypothesis proposed in this study are:
H1: Leadership has a positive and significant effect on Employee Performance at PT. Pertamina EP Limau Field
H2: Organizational Culture has a positive and significant effect on Employee Performance at PT. Pertamina EP Limau Field
H3: Organizational Culture has the most dominant influence on Employee Performance at PT. Pertamina EP Limau Field
**Research Methods**

**Data Source**

The data sources used in this study are primary data. Primary data is data obtained directly from observation and the results of questionnaires given to respondents (Sekaran, 2013). Primary data is collected by researchers when conducting research by distributing questionnaires.

**Research Population and Samples**

The population in this study were all employees of PT. Pertamina EP Limau Field totally 115 employees. The sample used in this study is to use the census method which means that all study populations are used in this study.

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**III. RESULTS AND DISCUSSION**

**Validity Test Results**

Based on the results of the study it is known that each indicator (item) on each leadership, organizational culture (independent variable) and employee performance (dependent variable) has the result of Product Moment Pearson’s with a significance value of 0.006; 0.011; 0.007; 0.000 <0.05, so that the indicators (items) used in this research variable can be declared appropriate or relevant and can be used as items in data collection.

**Reliability Test Result**

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Cronbach’s Alpha</th>
<th>Cutt Off</th>
<th>N of Item</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership (X1)</td>
<td>0.728</td>
<td>&gt; 0.60</td>
<td>10</td>
<td>Reliabel</td>
</tr>
<tr>
<td>Organizational Culture (X2)</td>
<td>0.720</td>
<td>&gt; 0.60</td>
<td>10</td>
<td>Reliabel</td>
</tr>
<tr>
<td>Employee Performance (Y)</td>
<td>0.702</td>
<td>&gt; 0.60</td>
<td>10</td>
<td>Reliabel</td>
</tr>
</tbody>
</table>

Data Source: Processed from Questionnaire, 2019

Based on the results of the instrument variable reliability test in Table 1 above, the results show that independent variables of leadership (X1) and organizational culture (X2) indicate that the data obtained is reliable because the value of Cronbach's Alpha is 0.728, 0.720, while dependent variable of employee performance (Y) shows that the data obtained is also reliable because the value of Cronbach's Alpha is 0.702.

**Normality Test Result**

<table>
<thead>
<tr>
<th>Test of Normality</th>
<th>Kolmogrov-Smirnov</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sig.</td>
</tr>
<tr>
<td>Leadership (X1)</td>
<td>0.112</td>
</tr>
<tr>
<td>Organizational Culture (X2)</td>
<td>0.124</td>
</tr>
<tr>
<td>Employee Performance (Y)</td>
<td>0.137</td>
</tr>
</tbody>
</table>

Data Source: Processed from Questionnaire, 2019

Based on the results of Table 2 above, it can be seen that the probability value or significance for each variable is greater than 0.05, so that it can be stated that the data in this study are normally distributed.

**Multicollinearity Test Result**

<table>
<thead>
<tr>
<th>Test of Multicolliniearity</th>
<th>VIF</th>
<th>Cutt Off</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership (X1)</td>
<td>1.230</td>
<td>&lt;10</td>
<td>No multicollinearity indicated</td>
</tr>
</tbody>
</table>
Based on the results of Table 3 above, it shows that there is no multicollinearity between independent variables because it shows a VIF value that less than 10.

Heteroscedasticity Test Result

Based on Figure 2 above, it shows that there is no heteroscedasticity, because the spread of data forms a certain line or there is no clear pattern, and the points spread above and below the zero on the Y axis.

Multiple Linear Regression Analysis

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>23.637</td>
<td>3.690</td>
<td>6.406</td>
<td>0.000</td>
</tr>
<tr>
<td>Leadership</td>
<td>0.198</td>
<td>0.077</td>
<td>2.577</td>
<td>0.011</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>0.201</td>
<td>0.100</td>
<td>2.012</td>
<td>0.047</td>
</tr>
</tbody>
</table>

Based on the results of Table 4, the results of multiple linear regression analysis can be expressed by the following equation:

\[
Y = a + b_1X_1 + b_2X_2 + e \\
Y = 23.632 + 0.198X_1 + 0.201X_2 + e
\]

The above linear regression equation can be explained as follows:

1. The constant value of 23.632 indicates that if there is no leadership and organizational culture variable then the employee's performance is 23.632.
2. The regression coefficient of the leadership variable of 0.198 shows that if the leadership variable is increases one unit, the employee's performance will increase by 0.198.
3. The regression coefficient of the organizational culture variable of 0.201 shows that if the organizational culture variable is increases one unit, the employee's performance will increase by 0.201.

Model Feasibility Test Results (Test F)

The feasibility test of the model or more popularly referred to as the F test in this study was conducted to identify a feasible or improper regression equation model used to explain the effect of independent variables on the dependent variable. Based on the results of testing and processing data, the test results are obtained as follows:

<table>
<thead>
<tr>
<th>Model</th>
<th>ANOVAa</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
</table>

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Based on the results in Table 5 above, a significance value of 0.000 is obtained. Because the significance value is 0.000 < 0.05, it can be concluded that the linear regression model obtained is feasible used to explain the influence of leadership and organizational culture on employee performance.

**Correlation Coefficient (r) and Determination Coefficient (R²) Test Results**

The strength of the relationship and the magnitude of the influence between the independent variable and the dependent variable can be seen in the following table:

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.378</td>
<td>0.143</td>
<td>0.127</td>
<td>1.348</td>
</tr>
</tbody>
</table>

Based on Table 6, it can be seen that the value of the correlation coefficient (r) between the independent variables and the dependent variable is 0.378 or 37.8%. This shows that the correlation or relationship between independent variables and the dependent variable is weak (in the range of 0.20-0.39).

The coefficient of determination (R²) of 0.143 shows that the independent variables namely leadership (X1) and organizational culture (X2) can explain the dependent variable, which is employee performance (Y) of 14.3%, while the remaining 85.7% is explained by other factors not included in this study such as motivation, compensation, skills, competence, motivation, commitment, facilities and infrastructure, stress level and work environment (Armstrong and Baron, 1998: 15).

**Significance (t) Test Results (Partial)**

Significance test (t test) aims to find out how far the influence of independent variables individually on the dependent variable. This study has a significance of 5% or α = 0.05. The results of the t test can be seen in Table 7.47 as follows:

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized Coefficients</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Constant</td>
<td>23.637</td>
<td>3.690</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Leadership</td>
<td>0.198</td>
<td>0.077</td>
<td>2.577</td>
</tr>
<tr>
<td></td>
<td>Organizational Culture</td>
<td>0.201</td>
<td>0.195</td>
<td>2.012</td>
</tr>
</tbody>
</table>

Based on the data in Table 7, the value of Degree of Freedom (df) = n-k = 115-3 = 102 and 0.05, the t table value for this research data obtained is 1.98350. The results of the analysis can be explained as follows:

1. The value of t count leadership variable (X1) is greater than t table which is 2.577 > 1.98350 and the significance value is smaller than 0.05, which is 0.011 <0.05. Positive t value indicates that leadership has direct influence on employee performance. These results indicate the hypothesis that leadership has a positive and significant effect on employee performance at PT. Pertamina EP Limau Field can be accepted.

2. The value of t calculated organizational culture variable (X2) is greater than t table which is 2.012 > 1.98350 and the significance value is smaller than 0.05, which is 0.047 <0.05. Positive t value indicates that organizational culture has direct influence on employee performance. These results indicate the hypothesis that organizational culture has positive and significant effect on employee performance at PT. Pertamina EP Limau Field can be accepted.
3. Variable organizational culture (X2) has a greater coefficient of value than the leadership variable (X1) which is 0.201 > 0.198. This means the hypothesis that organizational culture has the most dominant influence on employee performance can be accepted.

Discussion of Research Results

1. The Effect of Leadership (X1) on Employee Performance (Y)

The results of the analysis obtained in this study indicate that leadership has a positive and significant effect on employee performance so that the hypothesis can be accepted. Employee performance will decrease if a leader in implementing his leadership is not appropriate with the level of readiness and maturity of the subordinates. This is in line with the theory of Hersey and Blanchard (1996: 117) which suggests that the most effective leadership style varies with employee readiness. Readiness is a desire for achievement, a willingness to accept responsibilities and abilities related to tasks, skills and experience.

The results of the frequency of respondents’ questionnaire answers that indicate that leadership has a strong influence on the performance of employees of PT. Pertamina EP Limau Field is also in accordance with previous research conducted by Priscilia (2019); Ahmad (2018); Denny (2018); Yahya (2018); Andi (2017); Budi (2017); Destu (2017); Djuremi (2016); Isnan (2016); Syafei (2016); Riana (2016) which shows that leadership has a positive and significant effect on employee performance.

Statements from respondents' answers, most of which agree with the consultative and participation leadership style, need to be considered by leaders at Limau Field in carrying out their leadership style so that employee performance can improve. The leaders at Limau Field also need to understand the profiles of their diverse subordinates so that the applied leadership style can be appropriate.

Employees at Limau Field with a low level of education and relatively short working period but have a strong desire to complete assignments are more suitable to consultative leadership style that provides a lot of direction and support. Employees with a higher education level and a longer working period will be appropriate with the participation leadership style that does not give too much direction but still provides support. In addition, the level of difficulty of the work provided by the leadership to subordinates also needs to be considered because employees with higher education levels and long working period still need direction and support from the leader if the work provided is quite difficult to complete.

2. The Effect of Organizational Culture (X1) on Employee Performance (Y)

Based on the results of the study indicate that organizational culture has a positive and significant effect on the employees performance at PT. Pertamina EP Limau Field so the hypothesis can be accepted. This is in accordance with the theory of Robbins and Judge (2013: 512) that organizational culture refers to a shared guided system of organization members that distinguish the organization from other organizations. Strong culture will have a large influence on the behavior of its members because the level of togetherness and intensity will create a climate of high behavioral control.

3. Variables that Have the Most Dominant Influence on Employee Performance at PT. Pertamina EP Limau Field

Based on the results obtained in this study it is known that organizational culture has the most dominant influence on employee performance so that the hypothesis can be accepted. The Limau Field management team needs to continue to pay attention to the culture of the organization and socialize the culture so that awareness of each employee is built to implement it in the work environment. The application of the organizational culture requires unequal time for each individual because of the different backgrounds. In this case the management team at Limau Field needs to act as a role model of subordinates and can be started from a smaller scope such as each function or part.

Employees who apply organizational culture consistently and able to be role models for other employees need to get appreciation from management, for example job promotion or other awards, while those who does not implement the organizational culture need to be given guidance and other consequences.

IV. CONCLUSIONS AND SUGGESTION

Conclusion

1. Leadership has a positive and significant effect on employees performance at PT. Pertamina EP Limau Field
2. Organizational culture has a positive and significant effect on employees performance at PT. Pertamina EP Limau Field
3. Organizational culture has the most dominant effect on employees performance at PT. Pertamina EP Limau Field

Suggestion

1. To improve employees performance, leader must be able to understand the level of readiness and maturity of different subordinates and leaders must be able to adjust their leadership style to be appropriate with the situation of readiness and maturity of their subordinates. Based on the results of analysis, what is expected from the leader at PT. Pertamina EP Limau Field in this case Field Manager to be more inclined to use consulting and
participation leadership styles in order to be able to improve the employees performance at PT. Pertamina EP Limau Field.

2. Limau Field management team should maintain and socialize the organizational culture in the company to improve employee performance such as culture of innovation in the work environment, culture of paying attention to detailed matters such as caring for regulations, safety and work environment. People-oriented culture also needs to be improved such as giving appreciation to employees that have good performance.

3. For further researchers, it is expected to add other variables that affect employees performance such as motivation, compensation, skills, competence, motivation, commitment, facilities and infrastructure, stress level and work environment.

REFERENCES


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