The Effect of Participatory Leadership Styles and Organizational Culture on Employee Performance With Employee Engagement as an Intervening Variables (Study at Bali Royal Hospital Denpasar)

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Abstract
This study is related to how the direct and indirect influence of participatory leadership style and organizational culture on the employees performance of Bali Royal Hospital Denpasar with employee engagement as an intervening variable. The sampling technique used in this study was the proportionate stratified random sampling technique as many as 97 people who are permanent employees at the Bali Royal Hospital Denpasar. Data is analyzed with classical assumption tests, hypothesis test, path analysis. Analysis was performed using spss version 23 software. The results showed that there was a positive and significant direct influence between participatory leadership style, organizational culture and employee engagement on employee performance. The results showed that the employee engagement variable was not a mediating variable for the influence of participatory leadership style on employee performance, but the employee engagement variable was a mediating variable for the influence of organizational culture on employee performance.

Keywords : Participatory Leadership Style; Organizational Culture; Employee Performance; Employee Engagement
INTRODUCTIONS

The services provided by hospitals cannot be separated from the community's economic growth during its development. In hospitals at the time, health services were not only curative (healing), but also rehabilitative (rehabilitative), and were delivered in an integrated and long-term manner. Based on that, the health care provided in the hospital is a comprehensive health service (Law of the Republic of Indonesia Number 44 Year 2009 on Hospitals, 2009). Human resources are one of the most important components for the performance of service businesses, including hospitals. A good service business can be judged by how well its employees treat customers or service users, as well as how well they handle customer requests (Kotler, 2009).

Employees must be considered in the business in order to be able to operate in order to achieve the goals set by management, and with good help and management, employees will feel satisfied at work, demonstrate optimum output both in quantity and quality, and have a positive impact on the achievement of goals (Hasibuan, 2007:9). "Performance" is described by (Mangkunegara, 2005) as "the product of employees' work, both in terms of quality and quantity, in carrying out the tasks assigned to them." Companies may improve their employees' performance in a variety of ways, one of which is by developing a leadership style and organizational culture that aligns with employee standards.

According to Kartono (2008), a leader's leadership style represents his or her personality in the form of characteristics and behaviors when forming relationships with others, and each leader is unique. Leaders who can effectively carry out their responsibilities can make a good impact on their staff, resulting in higher levels of engagement. "Good management-mentoring" is a critical aspect of leadership that can boost employee engagement. It will be able to increase efficiency with the introduction of good management and administrative effectiveness, as well as encouragement for subordinates to create ideas and take initiatives and contributions with all types of creative feedback to the organization (Papalexandris & Galanaki, 2009). Organizational culture is a belief system held by members of an organisation, with each organization having its own culture (Robbins & Judge, 2008). Since organizational culture serves as a link between the company and its employees, it plays a role in shaping employee engagement (Siddhanta & Roy, 2010).

Furthermore, employee engagement with the organization is a key factor in rising productivity and performance at work. Employee engagement is described as employees' positive attitude toward the company, assuming that they understand the work and collaborate to increase job efficiency and the organization's benefits (Robinson, 2004). Engagement is the result of a healthy organizational culture. Companies with a culture that prioritizes every major aspect of managerial and managerial leadership at all levels outperform companies without remarkably different cultural characteristics, according to Kotter and Heskett (Kotter & Heskett, 1997). Employee engagement may have an impact on employee performance. This is supported by Bakker & Demerouti (2008), who claim that workers with attachments can work hard with positive feelings, resulting in them getting more done at work faster.

The Covid-19 pandemic, which has been a source of concern since mid-2020 in Indonesia, cannot be denied for posing new threats that have never been encountered before. Extra effort is needed from health care staff in order for hospitals to play the best possible role during the Covid-19 pandemic. This is where, at the same time, health workers (employees) are forced to follow strict standardized health procedures in order to avoid being infected with the Covid-19 virus. The government has made an appeal for every hospital in Indonesia to participate in handling Covid-19 and become the front line, with Bali Royal Hospital being one of them.
The success of a company is greatly influenced by the performance of its employees. Performance appraisal is a process in the organization in assessing employee performance. The goal to be achieved is to provide feedback to employees in an effort to fix their work and increase company productivity while specifically related to company policies in the field of Human Resource such as for promotion, compensation, education and training purposes and others. One way to fulfill the demands of optimal service and increase employee performance is to improve the quality of human resources. In practice, employees make many mistakes when delivering services to patients, resulting in lower customer satisfaction and concerns about the services rendered. Every day Bali Royal Hospital has a growing number of patients visit the and hospital in the hopes of receiving the best and fastest care possible, both outpatient inpatient facilities, causing staff to become busier and more easily exhausted at work. This disorder affects the pace, friendliness, and transparency with which employees communicate information to patients and their families, resulting in customer complaints. This condition demonstrates that workers have not completely optimized facets of performance improvement.

The emergence of a remuneration scheme (reward) that has failed to inspire healthy competition among workers because it is not considered comparable to work, resulting in lower performance. On the other hand, at the Bali Royal Hospital, some employees' output continues to fall short of expectations, and some even fail to reach them. There is also a drop in employee working time discipline, as well as the presence of work that cannot be done on time, indicating a lack of conformity with the introduction of predetermined standard operating procedures.

In a study conducted by Joushan & Syamsun, (2015) stated that organizational culture has a significant influence on employee performance, but there is no significant effect of employee engagement on employee performance. Lousyiana & Harlen, (2015), in their research results state that there is no significant effect on employee performance from organizational culture, and there is a positive and significant influence between leadership and employee performance. The results of research by Rahayu & Surahman (2012) state that employee engagement has a significant effect on performance, but leadership has no significant effect on individual employee performance.

Since there are still issues with participatory leadership style, organizational culture, and employee engagement in improving employee performance, it is thought to be quite feasible to conduct additional research at the Bali Royal Hospital on the effect of participatory leadership style and organizational culture on employee performance with employee engagement as an intervening variable. The purpose of this research is to test the effect of participatory leadership style, organizational culture, employee engagement on employee performance, and the impact of participatory leadership style and organizational culture on employee performance at the Bali Royal Hospital with employee engagement as an intervening variable.

METHOD

This study's design is part of quantitative approach, which is described as research that is needed to present numbers in its entirety, from data collection to data interpretation to research results presentation (Arikunto & Suharsimi, 2006:12). The data collected in the field is processed into numbers using a quantitative analysis method. The numbers are then analyzed using statistical techniques to evaluate the optimal data processing results. The population in this study were 388 permanent employees at the Bali Royal Hospital. The proportionate stratified random sampling technique was used in this study to select respondents at random from each category, which was divided into six divisions of the same proportion (Sugiyono, 2015:170). This
research used a sample of 97 permanent employees from Bali Royal Hospital, which represents 25% of the total number of permanent employees. Data collection techniques in this study were carried out by observation, interviews, documentation study and questionnaires. The measurement scale for each answer to the questionnaire used in this study is a Likert scale with the five point scale argument. Then, the data analysis technique in this study used SPSS software application. This study’s data analysis methodology is quantitative, which consists of: classic assumption test, hypothesis testing, path analysis.

**RESULT AND DISCUSSION**

**Classic Assumption Test**

The classic assumption test was used to determine the feasibility of using the linear regression model and the sobel test. Classic assumptions test consist of: normality test, multicollinearity test, and heteroscedasticity test.

**Table 1. Normality Test Results with Kolmogorov-Smirnov**

| Unstandardized Residual |
|-------------------------|
| N                       | 97          |
| Test Statistic          | 0.063       |
| Asymp. Sig. (2-tailed)  | .200<sup>c,d</sup> |

Source: SPSS ver23 test result

A good regression model if the data distribution is close to normal. Ghozali, (2012:160) states that if the probability is significant above or equal to 0.05, then the variable is normally distributed. Based on table 1, it can be concluded that the processed data is data that is normally distributed. This is evidenced by the significance value of 0.200 more than α = 0.05 so that the normality test is fulfilled.

**Table 2. Multicollinearity Test Result**

| Model                        | Collinearity Statistics |
|------------------------------|-------------------------|
|                              | Tolerance | VIF       |
| (Constant)                   |           |           |
| Participatory Leadership Style (X1) | 0.714     | 1.401     |
| Organizational Culture (X2)  | 0.577     | 1.733     |
| Employee Engagement (Z)      | 0.677     | 1.477     |

Source: SPSS ver23 test result

A good regression model is if multicollinearity is not found or there is no correlation (Ghozali, 2012:105). The tolerance value and the Variance Inflation Factor (VIF) value can be used to detect multicollinearity between independent variables; if the tolerance value is less than 10%, there are no symptoms of multicollinearity. Based on Table 2, it can be seen that the tolerance value for the variable Participatory Leadership Style, Organizational Culture, and Employee Engagement is ≥ 0.10 and the VIF value ≤ 10. This shows that the regression model does not contain multicollinearity problems, so the model deserves to be used for further analysis. The heteroscedasticity test was used to see whether the regression model had unequal variance between the residuals of one observation and the residuals of another (Ghozali, 2012:139). If the significance of the regression effects is greater than 0.05, the regression model does not contain heteroscedasticity.
From Table 3, it is known that the Glejser test results show that the significance probability value of the Participatory Leadership Style variable, Organizational Culture variable, and Employee Engagement variable is more than 0.050. These results indicate that the absolute value of the regression coefficient is insignificant. Thus, it can be concluded that there is no heteroscedasticity in the regression model so that it can be said that the heteroscedasticity test is fulfilled.

Table 4. Hypothesis result

| Model                        | t    | Sig. |
|------------------------------|------|------|
| Participatory Leadership Style (X1) | 4.452 | 0    |
| Organizational Culture (X2)  | 6.633 | 0    |
| Employee Engagement (Z)      | 9.033 | 0    |

Source: SPSS ver23 test result

Hypothesis 1 Testing Results: The Effect of Participatory Leadership Style on Employee Performance. According to the calculation results and based on Table 4, the Sig Value is obtained. = 0.000 < 0.05 Ho is rejected and Ha is accepted. So it can be concluded that hypothesis 1 which says "There is a significant influence of Participatory Leadership Style on Employee Performance" is proven. The results of this study are consistent with the results of research conducted by research by Lousyiana & Harlen (2015) showing that leadership has a positive and significant influence on employee performance at Ibnu Sina Islamic Hospital Pekanbaru. According to Kartono (2008), leadership style is the traits, habits, temperament, character, and personality that distinguish a leader in interacting with others. Leaders who can carry out their leadership persuasively, cooperate and motivate their subordinates to participate in decision-making.
making openly will be able to improve the performance of their employees.

Hypothesis 2 Testing Results: The Influence of Organizational Culture on Employee Performance. According to the calculation results and based on Table 4, the Sig Value is obtained. = 0.000 < 0.05 Ho is rejected and Ha is accepted. So it can be concluded that hypothesis 2 which reads "There is a significant influence of Organizational Culture on Employee Performance" is proven. The results of this study are consistent with the results of research conducted by research by Yudha & Fikri (2015) showing that there is a relationship between employee engagement and the performance of nurses at Aisyiyah Hospital in Pariaman City. According to Moretti & Postruznik (2011) a general definition of employee engagement is understood as a desired condition which includes the goals of the organization as well as commitment, involvement, enthusiasm, passion, focus on effort, and energy.

Path Analysis

The existence of this complex relationship requires an analytical tool capable of explaining the system simultaneously. Direct and indirect effects between variables can be measured using path analysis (Utama, 2016:159). The level of significance in this analysis is 5 percent. The analysis tool used is the SPSS ver. 23 with the Sobel Test to determine the indirect effect. If $z = 1.96$ then Ho is accepted, it means employee engagement is not an intervening variable. If $z > 1.96$, then Ho is rejected, meaning employee engagement is an intervening variable.

| Model | Unstandardized Coefficients | Standardized Coefficients |
|-------|-----------------------------|---------------------------|
|       | B   | Std. Error | Beta | t   | Sig. |
| (Constant) | 1,474 | 1,160 | 1,270 | 0,207 |
| Participatory Leadership Style (X1) | 0,017 | 0,036 | 0,040 | 0,461 | 0,646 |
| Organizational Culture (X2) | 0,155 | 0,061 | 0,240 | 2,516 | 0,014 |
| Employee Engagement (Z) | 0,442 | 0,075 | 0,528 | 5,916 | 0,000 |

Table 5. Result of The Effect of Participatory Leadership Style Variables, Organizational Culture and Employee Engagement on Employee Performance

Table 6. Result of The Effect of Participatory Leadership Style Variables and Organizational Culture on Employee Engagement
The Effect of Participatory Leadership Style on Employee Engagement With Employee Engagement As An Intervening Variables

The results show that participatory leadership style has an effect on employee performance. The direct influence of participatory leadership style on employee performance is 0.167. While the indirect effect of participatory leadership style on employee performance mediated by employee engagement with sobel test.

\[ \text{Sab} = \sqrt{b^2 a^2 + a^2 b^2 + S a^2 S b^2} \]
\[ = \sqrt{(0.442^2 \times 0.049^2) + (0.083^2 \times 0.075^2) + (0.049^2 \times 0.075^2)} \]
\[ = \sqrt{0.00046 + 0.000038 + 0.0000134} \]
\[ = 0.0226 \]

\[ z = \frac{ab}{\text{Sab}} \]
\[ = \frac{0.083 \times 0.442}{0.0226} \]
\[ = 1.623 \]

Based on the results of the above calculations, it is obtained \( z \) count = 1.623. Because the value of \( z \) count = 1.623 < \( t \) table = 1.98 and it can be concluded that Employee Engagement is not a variable that mediates the influence of participatory leadership style on employee performance. Therefore, the results of this study are not consistent with the original hypothesis, namely organizational culture on employee performance through Employee Engagement supported by research by Firidinata & Mas’ud (2017) showing that there is an influence of paternalistic leadership style and organizational culture on employee engagement as an intervening variable at Pos Indonesia Regional VI Semarang is positive and significant and the effect of employee engagement on employee performance is positive and significant.

The Effect of Organizational Culture on Employee Engagement With Employee Engagement As An Intervening Variables

The results show that organizational culture has an effect on employee performance. The direct influence of organizational culture on employee performance is 0.475. While the indirect
effect of organizational culture on employee performance mediated by employee engagement with sobel test.

\[ \text{Sab} = \sqrt{b^2S_a^2 + a^2S_b^2 + S_a^2S_b^2} \]

\[ = \sqrt{(0.442^2 \times 0.076^2) + (0.366^2 \times 0.075^2) + (0.076^2 \times 0.075^2)} \]

\[ = \sqrt{0.00111 + 0.00074 + 0.000319} \]

\[ = 0.0433 \]

\[ z = \frac{ab}{S_{ab}} \]

\[ = \frac{0.366 \times 0.442}{0.0433} \]

\[ = 3.736 \]

Based on the results of the above calculations, it is obtained \( z \) count = 3.736. Because the value of \( z \) count = 3.736 > \( t \) table = 1.96 and the value of Sig. = 0.000 < 0.05, it can be concluded that Employee Engagement is a Variable that Mediates the Influence of Organizational Culture on Employee Performance. It shows that if organizational culture increases, employee engagement will increase and have an effect on increasing employee performance.

The results in this study are in line with the initial hypothesis, namely organizational culture on employee performance through Employee Engagement supported by research by Firidinata & Mas'ud (2017) showing that there is an influence of paternalistic leadership style and organizational culture on employee engagement as an intervening variable at Pos Indonesia Regional VI Semarang is positive and significant and the effect of employee engagement on employee performance is positive and important.

Mangkunegara, (2005) which states that "organizational culture is a set of assumptions or belief systems, values, and norms developed in organizations that serve as behavioral guidelines for its members to overcome external and internal adaptation problems". Cultural conditions that support the work and development of employees, as well as working conditions that are friendly and helpful to each other can also form an engaged nature and will have an impact on their work. Understanding of all organizational values carried out by employees will make these values as an organizational personality, which will then be realized into daily behavior at work, so that it will become individual performance. When a good organizational culture created, the company's performance will increase significantly.

Engagement is the result from a healthy organizational culture. (Robinson, 2004) states "employee engagement is a positive attitude given by workers to the organization, where they are aware of the content of the work, and work with all colleagues to improve job performance and the benefits of the organization. This requires a two-way relationship between the employee and the boss/employer". Employees who have passion, dedication and full attention to their work are proven to be able to improve their performance.

Employee engagement can be increased by making improvements and increasing in terms of absorption, where workers are satisfied that their focus is absorbed by work, that they are late for work, and that they find it difficult to distinguish themselves from work. Companies that have a positive work
climate can be seen from the active involvement of every employee in the company. Due to the employee's sense of belonging and attachment to the company where they work, they will have a great passion for work, sometimes even far beyond the main tasks they should be doing in accordance with their work contract. Employee engagement with the company is an important element in increasing productivity and work efficiency.

CONCLUSIONS AND SUGGESTION

There are a positive and significant influence between participatory leadership style, organizational culture, and employee engagement on employee performance. This means that as participatory leadership becomes more prevalent, employee performance may improve as well. Leaders who can guide their subordinates to give their best output to the company can achieve organizational success. As a result, leadership should keep in mind that any decision made in a participatory manner must be able to support employee performance growth. Every improvement of organizational culture in a healthier direction can have a very significant impact on improving employee performance. To be able to improve organizational culture, it can be done by re-increasing the commitment of all components of the company to really implement the organizational culture and periodically carrying out socialization programs about organizational culture so that the application and goals of organizational culture for the progress of the company can be achieved. Employees have a sense of attachment in their workplace properly, so the enthusiasm of employees will increase to carry out their duties, which in turn will affect the quality of work so that their duties tend to have satisfactory work quality. Employee engagement can be increased by making improvements and increasing in terms of absorption. Absorption can be improved by developing a pleasant and conducive work environment, as well as by maintaining effective contact between leaders and employees and among employees. In order to be more positive about delivering the highest possible quality results.

Employee Engagement as a mediator has no impact on Participatory Leadership Style's effect on employee performance. This is evidenced by the results of the sobel test analysis which resulted in the value of \( t \) count = 1.623 < \( t \) table = 1.98. Employee Engagement is not a mediating variable. But Employee Engagement acts as a mediator between organizational culture and employee performance. This is evidenced by the results of the sobel test analysis which results in the value of \( t \) count = 3.736 > \( t \) table = 1.98.

This research is limited to the performance of employees of Bali Royal Hospital Denpasar as a health service provider. Further research can develop research areas according to the need to expand the benefits of research. Further researchers can change and add other variables that are considered capable of improving employee performance, and can developing other data analysis method.

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