The Role of Organizational Commitment to Provide Leadership and Organizational Culture with Employee Performance on Mina Group

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Abstract:

This study aims to improve and control the relationship between leadership, organizational culture, organizational commitment and employee performance. This research was conducted at Warung Mina Group with Warung Mina Group employee population, 81 respondents sampled by stratified random sampling method. All data generated from questionnaires are suitable for use, and then analyzed using the structural equation model called Partial Least Square (PLS).

The result of the research shows (1) positive leadership leadership and significant to organizational commitment, (2) organizational culture have positive and significant influence to organizational commitment, (3) positive leadership leadership and significant to employee performance, (4) organizational culture have positive and significant impact to employee performance and.

The implications of this research are that leadership can be maximized by motivational excellence, organizational culture can be improved by applying emphasis on the group (emphasis group), organizational commitment is maximized by increasing affective application and improved employee performance by maximizing the quantity of work.

Keywords: leadership, organizational culture, organizational commitment and employee performance.

1. Introduction:

In various aspects of organizing, human being is one of the resources that exist in every activity of organization. Organization is a process of a series of cooperation by several people to achieve a certain goal. According Raharjo (2013) involvement of human resources is very important in the activities undertaken in the organization to realize the goals of the organization. In realizing the goal orgaisasi very important role of employee performance.

The object of this research is Warung Mina Group. The high level of employee absenteeism also commits an offense as it comes too late. Employee
discipline violations and high rates come late in 2016 of 6.62% where the maximum management policy should be only 5%.

One of the factors affecting employee performance according to Yulk (2007) Robbin and Jugde (2007), stated that the success of leadership is the success of performing employees' performance. However, different opinions of Xenikou and Simosi, 2006; February, 2011; Supartha, 2006; Yuan and Lee, 2011 stated that there is no significant influence between leadership and organizational performance. Davis, Tjahjadi, Ojo (2009) stated that organizational culture has significant impact on employee performance. However Ghani (2006) concluded that organizational culture has a positive and insignificant effect on employee performance.

This study was conducted based on two reasons, namely: (1) the existence of a research gap that has been disclosed in the previous paragraph. (2) the existence of a research problem found in the field. Thus this research takes the title "the role of organizational commitment mediates leadership and organizational culture with employee performance on Warung Mina Group".

2. Review of Literature:

2.1 Employee Performance:

According to Maharjan (2012), performance is a result achieved because motivated with work and satisfied with the work they do

The employee performance indicators according to Robbins (2006) include the quality of work, quantity of work, timeliness and success of work.

2.2 Organizational Commitment:

Organizational commitment is defined as "The degree to which an employee identifies with a particular organization and its purpose, and a desire to maintain membership within the organization (Robbins in Warji, 2009). Some indicators of organizational commitment by Allen and Meyer in Warji (2009) are affective, kotinyu and normative.

2.3 Organizational Culture:

Organizational culture is what employees perceive and how that perception can create patterns of beliefs, values and expectations (Gibson et al in Wuradji, 2009).

Robbins in Wuradji (2009: 79-80) states that the organizational culture indicators are members' identity, group emphasis, community priority, unit integration, supervision, risk tolerance, reward criteria, tolerance of difference, procedural orientation and outcomes and focus on system openness.

2.4 Leadership:

Robbins, (2008: 342) says leaders set the direction by developing a vision of the future, then they unite people by communicating this vision and inspiring them to overcome obstacles. Furthermore, it is formulated that this leadership is an activity to influence people in order to be directed toward the organization's goals (Thoha, 2006: 5).

Umar (2004: 31) states that effective leadership depends on solid managerial foundations. The five bases or indicators that a leader must be concerned about are the way to communicate, motivate, lead ability, decision making and positive power.

In accordance with the study of literature and empirical, it can be developed hypothesis in this study with the exposure as follows:

1) The Influence of Leadership on Organizational Commitment

Fetus and Duggal (2015) in his study found that transformational leadership had a significant effect on organizational commitment. Faraz and Fatimah (2014) and Ali et al. (2014) found that leadership style had a significant effect on organizational commitment. Similar research results were also found by Savas and Toprak (2014). Based on previous research has proven that leadership plays a role in building organizational commitment. Yeh and Hong (2012).
Based on these findings, the hypothesis of this research is:

**H1: Leadership positively affects organizational commitment.**

2) The Influence of Organizational Culture Against Organizational Commitment

Organizational culture is related to organizational commitment. According to Robbins and Judge (2015), one specific outcome of a strong organizational culture is the declining rate of employee turnover. Harmonious goals achieved between employees and organizations through culture will build an organizational commitment within the employee.

Research conducted by Chaterina & Intan (2012) proves and concludes that organizational culture has a positive and significant effect on organizational commitment.

Based on these findings, the hypothesis of this research is:

**H2: Organizational culture has a positive effect on organizational commitment.**

3) The Influence of Leadership on Employee Performance

Suranta (2002); Rachmawati, Warella, and Hidayat (2006); Kusumawati (2008); Baihaqi (2010) has examined the leadership style on employee performance, then states that leadership style has a positive and significant influence on employee performance.

Based on these findings, the hypothesis of this research is:

**H3: Leadership positively affects employee performance.**

4) The Influence of Organizational Culture on Employee Performance

Research conducted by Chaterina & Intan (2012) proves and concludes that organizational culture has a positive and significant effect on employee performance. Mahmudah (2011) conducted a study and stated that the personality, organizational culture and organizational commitment affect the performance of medical personnel. Other studies were also conducted by Uddin, et al. (2013) argue that organizational culture significantly affects employee performance and productivity in the context of a dynamic developing country.

Based on these findings, the hypothesis of this research is:

**H4: Organizational culture has a positive effect on employee performance.**

5) Effect of Organizational Commitment on Employee Performance

Research conducted by Chaterina & Intan (2012) proves and concludes that organizational commitment has a positive and significant impact on employee performance. Research by Irawan Ciptodihardjo (2012) found that organizational commitment has a significant effect on performance. Other studies were also conducted by Memari, at al. (2013), the results show a positive relationship between organizational commitment and employee performance.

Based on these findings, the hypothesis of this research is:

**H5: Organizational commitment has a positive effect on employee performance.**

**Research Method:**

**3.1 Research Design:**

The research design is a flow of research activities to provide a solution using a quantitative approach (Margono, 2010).

These variables become the basis in the preparation of research instruments. After the sample is set, followed by data collection, through the questionnaire method using the instrument that has been prepared. The data obtained before the analysis is tested by validity and reliability test by using confirmatory factor analysis technique to

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confirm the accuracy (valid and reliable) of the instrument, then analyzed by Analyze Analysis technique of Least Square (PLS). The results of further analysis are interpreted and continued by concluding and providing suggestions.

3.2 Research Sites:
This research takes place at Warung Mina Group which is located at Jalan Jayapangus Gang Taman Baru No 5, Peguyangan, Denpasar.

3.3 Scope of Research:
The scope of this research is limited to the areas of leadership, organizational culture, organizational commitment and employee performance performed at Warung Mina - Denpasar. This limitation is done so that research is more focused and get more precise results.

3.4 Population and Sample:
3.4.1 Population:
According to Sugiyono (2014: 115) population is a generalization region consisting of objects and subjects that have certain qualities and characteristics set by researchers to be studied and then drawn conclusions. The population in this study are employees of Warung Mina Group of 427 people.

3.4.2 Sampling Sample:
According Sugiyono (2014: 116) the definition of the sample yagian section of the number and characteristics possessed by the population. To determine the sample size, it is done by using Slovin formula (Umar, 2000: 147) then the targeted minimum sample amount in the research is as much as 81 respondents.

3.5 Identify Variables:
In this research using 4 (four) variables consisting of leadership (X1) and organizational culture (X2) as independent variable (exogenous), organizational commitment (Y1) and employee performance (Y2) as endogenous variable, as well as organizational commitment (Y1) as the mediation variable.

3.6 Operational Definition of Variables:
In this research using 4 (four) variables consisting of:
1) Leadership (X1) can be defined as the nature, character, or manner of a person in an effort to influence other people or subordinates to work in accordance with their duties and responsibilities to achieve predetermined company goals.
2) Organizational culture is the values and norms of behavior accepted and shared by members of the organization as the basis of rules of behavior within the organization. Organizational culture signals whether a particular approach to performance appraisal will be accepted or rejected.
3) Organizational Commitment (Y1) is the respondent's response to the implementation of the degree to which the organization believes and is willing to accept organizational goals and remain or leave the organization.
4) Employee Performance (Y2) is a process of activities related to the organization, where the organization is a decision of the leadership. It is said that performance is an act or action itself is not an outcome, a consequence or a result of behavior or deed, in addition performance is a manifestation of the work done by a person.

3.7 Types and Data Sources:
This research is a quantitative research with survey method with data source in this research is primary and secondary data source. Both obtained directly from the field and data obtained from the company.

3.8 Methods of Data Collection and Research Instruments:
Data is collected by plunging directly into the field at any given time. In addition to the researcher as an instrument, will also be used support equipment in the framework of collecting data such as recorder so that the data collected enough to complete the research and achieved research objectives. To obtain the necessary data in this research, it
candisampaikan data collection techniques used include questionnaires, interviews and documentation. In measuring the research variables, respondents were asked to state their perceptions by choosing one of the five answer alternatives: (5) strongly agree, (4) agree, (3) disagree, (2) disagree, (1) agree.

3.9 Testing of Research Instruments:
The result of the research instrument test showed that all the items of the questions of the four variables studied (leadership, organizational culture, organizational commitment and employee performance) were valid (coefficients above 0.30), and showed good level of reliability (Alpha correlation coefficient (α) Cronbach is above 0.60).

3.10 Data Analysis Techniques:
3.10.1 Descriptive Analysis:
The use of descriptive analysis techniques is intended to obtain a description of the characteristics of the study respondents from several aspects, such as: gender, age and education presented in the form of frequency, percentage, or average (mean).

3.10.2 Inferential Analysis:
Inferential analysis method used in this research is to test the measurement model and structural model simultaneously with the available data analysis of 60 questionnaires. In accordance with this, adequate analytical techniques used are the structural equation modeling (SEM) based on variance or component based best known as Partial Least Square (PLS).

4. Discussion:
In this study the four latent variables of leadership (X1), organizational culture (X2), organizational commitment (Y1) and employee performance (Y2) is a measurement model with reflective indicators, so that in the evaluation of measurement model is done by checking:

1. Evaluation of Measurement Model (Outer Model):
   a. Convergent Validity: in the results of this study, each indicator has an outer loading value greater than 0.50 and T-Statistic is above 1.96. so the indicators used to measure each research variable can be said to be valid.
   b. Discriminant Validity: all variables have an AVE value above 0.5. In addition, the square root of average variance extracted (\(\sqrt{AVE}\)) values for each variable are mostly above the correlation coefficient values between variables. Thus, the results obtained indicate the discriminant validity of the research model is good enough and acceptable for further analysis.
   c. Composite reliability: the value of composite reliability of the four latent variables has been above 0.70, so it can be said that the reliable indicator block measures the variables.

2. Evaluation of Structural Model (Inner Model):
The result of evaluation of structural model obtained value of Q2 is 0.990. Thus, the results of this evaluation provide evidence that the strutural model has a goodness of fit model. This result can be interpreted that the information contained in the data is 99 percent can be explained by the model, while the remaining 1 percent is explained by errors and other variables that have not been contained in the model.

3. Hypothesis Testing Results:
Hypothesis testing is done by t-test dengan sorting for testing direct and indirect influence or testing of mediation variables. The results of hypothesis testing research can be presented in the following figure:
From the table above, it can be determined the results of hypothesis testing described in the following description:

a) Leadership (X1) proved to have a positive and significant effect on organizational commitment (Y1) with a positive path coefficient of 0.408 with T-statistic = 11.035 (T-statistic > 1.96).
b) Organizational culture (X2) has a positive and significant effect on organizational commitment (Y1). This result is shown by path coefficient with positive value of 0.712 with T-statistic = 23.256 (T-statistic > 1.96).
c) Leadership (X1) has a positive and significant effect on employee performance (Y2). This result is shown by the positive path coefficient of 0.682 with T-statistic = 6.516 (T-statistic > 1.96).
d) Organizational culture (X2) has a positive and significant effect on employee performance (Y2). This result is shown by path coefficient which have positive value equal to 0.691 with T-statistic = 11.015 (T-statistic > 1.96).
e) Organizational commitment (Y1) has a positive and significant effect on employee performance (Y2). This result is shown by the positive path coefficient of 0.601 with T-statistic = 4.207 (T-statistic > 1.96).

4. Mediation Securities Test Result:

In order to know the overall effect for each relationship between the variables studied, it can be presented recapitulation of direct effects, indirect effects, and total effects in the following table:

| No | Hubungan Variabel                  | Efek Langsung | Efek Langsung Tak | Efek Total |
|----|------------------------------------|---------------|-------------------|------------|
| 1  | Kepemimpinan (X1) → Kinerja Karyawan (Y2) | 0.682<sup>s</sup> | 0.245<sup>s</sup> (0.408*0.601) | 0.927      |
| 2  | Kepemimpinan (X1) → Komitmen Organisasi (Y1) | 0.408<sup>s</sup> | -                | 0.408      |
| 3  | Budaya Organisasi (X2) → Komitmen Organisasi (Y1) | 0.712<sup>s</sup> | -                | 0.712      |
| 4  | Budaya Organisasi (X2) → Kinerja Karyawan (Y2) | 0.691<sup>s</sup> | 0.427<sup>s</sup> (0.712*0.601) | 1.118      |
| 5  | Komitmen Organisasi (Y1) → Kinerja Karyawan (Y2) | 0.601<sup>s</sup> | -                | 0.601      |
The effect of organizational commitment mediation (Y1) on the indirect effect of organizational culture (X2) on employee performance (Y2) is with the coefficient of path of 0.427, greater than the effect of organizational commitment mediation (Y1) on the indirect influence of leadership (X1) employee performance (Y2) that is with path coefficient of 0.245. Thus overall, the organizational culture path (X2) organizational commitment (Y1) employee performance (Y2) with total effect gained of 1.118 is greater than the leadership path (X2) organizational commitment (Y1) employee performance (Y2) with a total effect of 0.927. These findings provide clues that leadership and organizational culture can improve employee performance. However, the indirect effect of organizational culture has an effect on employee performance through mediation of organizational commitment capable of giving greater impact to employee performance. This signifies the better the organization culture embedded in a company can increase organizational commitment and balanced with good leadership will certainly have an impact on employee performance is getting better too.

Based on the results of testing the hypotheses that have been described above, then compiled the path diagram as the following Graph 4.3:

5. Conclusions and Suggestions:

1. Conclusion:
   a) Leadership has a positive and significant effect on organizational commitment.
   b) Organizational culture has a positive and significant impact on organizational commitment.
   c) Leadership has a positive and significant effect on employee performance.
   d) Organizational culture has a positive and significant impact on employee performance.
   e) Organizational commitment has a positive and significant impact on employee performance.

2. Limitations of Research:
   Limitations that can be conveyed from this research based on the time of research that is relatively short (cross-sectional). This limitation certainly has a low impact of generalization of research, given the problems faced in the process of improving employee performance is relatively complex and dynamic from time to time. If the model is applied at other times and conditions it is possible to obtain different results.

3. Advice:
   a) Leadership Warung Mina Group is reflected in the provision of motivation such as Leaders who always provide guidance, direction, and...
encouragement to subordinates to be able to achieve common goals. In addition, it should pay attention to the process in decision making, how to communicate, leadership skills and apply positive power.

b) The organization culture of Warung Mina Group tends to be reflected in the tolerance of the difference (conflict tolerance) as it shows the great sense of tolerance to the existence of differences among fellow employees. Organizational culture will be better if able to pay attention thoroughly to other things like mean-ends orientation, people focus, reward criteria, group emphasis, tolerance against differences (conflict tolerance), member identity, control, unit integration and focus on open system focus.

c) The high organizational commitment of Warung Mina Group tends to be reflected in continuous concerns such as dismissal from the company, hampered in financial, employee losses, loyalty to the company, limited job opportunities and difficulties meeting the needs. The high organizational commitment can also be supported by several other factors such as affective and normative.

d) Good employee performance is reflected in the efforts made by employees in optimizing the fulfillment of targets set by the company. Based on the company's standard in performing its duties, taking an active role in achieving the company's goals and the high creativity of all employees will also maximize the employee's performance if it can be applied in the work process in the company.

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