THE EFFECT OF LEADERSHIP STYLE, ORGANIZATIONAL CULTURE, EMPLOYEE DEVELOPMENT AND TRAINING ON EMPLOYEE PERFORMANCE
(Study of PT. PLN (Persero) Suluttenggo Region)

PENGARUH GAYA KEPEMIMPINAN, BUDAYA ORGANISASI, PENGEMBANGAN KARYAWAN DAN PELATIHAN TERHADAP KINERJA KARYAWAN
(Studi di PT. PLN (Persero) Wilayah Suluttenggo)

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Abstract: An organization or company’s best asset is human resource or in this case is employee, because employee performance is related to organization or company’s performance. So, to improve employee performance, company needs people who have expertise and unique capabilities that are in line with company’s visions and missions. The purpose of this research is to find out the effect of leadership style, organizational culture, employee development and training on employee performance in PT. PLN (Persero) Suluttenggo Region, simultaneously and partially. The data in this research is gathered from 100 respondents by using simple random sampling method. Multiple regression analysis is applied in this research. Research result shows that there is significant effect of leadership style, organizational culture, employee development and training on employee performance simultaneously. Moreover, there is negative and no significant effect of leadership style on employee performance partially, and on the contrary, there is positive and significant effect of organizational culture, employee development and training on employee performance partially. PT. PLN (Persero) Suluttenggo Region has to pay attention to the leadership style and maintain the organizational culture, employee development and training.

Keywords: leadership style, organizational culture, employee development, training, employee performance


Kata kunci: gaya kepemimpinan, budaya organisasi, pengembangan karyawan, pelatihan, kinerja karyawan
INTRODUCTION

Research Background

Today organization or company can easily exchange their material, goods and services to other organization or to other countries. But there is one resource which is not easily be exchanged is human resource. Human resource is one of the most resources needed in an organization or company. To encourage employee performance, company needs human resources who have expertise and unique capabilities that fit to the company’s vision and mission.

PT. PLN (Persero) is a State-Owned Enterprise (SOE) that serves and supply electricity needs of the society, either for household, government and industry. The government will remove the subsidy for electricity in 2016. It is because PLN has been able to improve efficiency in the budget. The CEO of PT. PLN (Persero), Mr. Sofyan Basir said that the target of budget efficiency of PLN will reach Rp. 12 trillion per year. By that budget efficiency, PLN is expected to be able to improve the performance without getting funding from the government (Praditya, 2015).

Yazid (2014) stated that in 2014, performance of PT. PLN (Persero) was positive because its profit was increased up to Rp. 15.3 trillion. The main factor affecting that increase in net profit were the reduction of expense in the calculation of foreign exchange rates, the increasing of 15% in electricity tariff for some groups, and the increasing number of customers. Moreover, according to Agustian (2014), the PLN Senior Manager of Corporate Communication, Mr. Bambang Dwiyanto, said that the net profit was affected by the foreign exchange for around Rp. 2.4 trillion. As additional information, Mr. Bambang added that at that time, the income from new customers was also increased up to 17%.

Although the performance of company increases, the complaints from society still remain. Therefore, PT. PLN (Persero) Suluttenggo Region tries to improve the quality of employee performance so that they can work properly and maintain or even improve the good performance of company.

PT. PLN (Persero) Suluttenggo Region tries to improve the employee performance by providing an innovation competition, named Innovation Writing Competition. Innovation is expected to be a culture that can continue to grow and develop. Innovation virus which already exists today is expected to be transmitted to other coworkers, and expected to jointly make a real contribution through the work of innovation which have an impact on improving the performance of the unit.

In order to raise employee performance, PT. PLN (Persero) Suluttenggo Region scheduled training for the employees to improve their knowledge, ability and skill. One of the training was In-House Training, to improve employee competency in technical services. According to PLN Suluttenggo Deputy Manager of Organizational Development, Mr. Gregorius Adi, before getting the Competency Certification of Technical Services, the employees who have direct contact with the technical service must attend In-House Training. By considering those facts, this research is aimed at analyzing the effect of leadership style, organizational culture, employee development and training on employee performance in PT. PLN (Persero) Suluttenggo Region.

Research Objectives

This research aims to identify the significant effect of:

1. Leadership Style, Organizational Culture, Employee Development and Training on Employee Performance simultaneously.
2. Leadership Style on Employee Performance partially.
3. Organizational Culture on Employee Performance partially.
4. Employee Development on Employee Performance partially.
5. Training on Employee Performance partially.
THEORETICAL FRAMEWORK

Theories

Human Resource Management

Dessler and Huat (2009:4) stated that human resource management is the process of recruiting, training, appraising and rewarding employees. Boddy (2005:338) defined human resource management as the effective use of human resources in order to enhance organizational performance. Human Resource Management can be concluded as the whole process where the employees have been selected and prepared to be the best in a company.

Leadership Style

Dyck and Neubert (2009:478) defined leadership as the process of influencing others so that their work efforts lead to the achievement of organizational goals. Ojokuku, et al. (2012) explained that leadership style is the manner and approach of providing direction, implementing plans and motivating people. Leadership style can be concluded as the process of how someone be a leader and motivate people.

Organizational Culture

Boddy (2005:326) defined organizational culture as the collection of relatively uniform and enduring values, beliefs, customs and practices that are uniquely shared by an organization’s members and which are transmitted from one generation of employees to the next. Rahmisyari (2015) states Gibson, et al. (2000), stated that organizational culture is a product of interaction between the value of selection process, function of managerial and organizational behavior. It can be concluded that the organizational culture is something that happen in one organization which gives impact on the behavior of the employees.

Employee Development

Dyck and Neubert (2009:370) defined development as learning activities that result in broad growth for a person, including growth in terms of a larger career or beyond the scope of the person’s current job. Nda and Fard (2013) cites Hameed and Waheed (2011), explained employee development is gaining an increasingly critical and strategic imperative in organizations in the current business environment. It can be concluded that employee development is an activity that provided by a company to enhance employees capabilities.

Training

Mondy (2012:200) defined training as an activities designed to provide learners with the knowledge and skills needed for their present jobs. Kinicki and Williams (2011:288) explained, training refers to educating technical and operational employees in how to better do their current jobs. Training can be concluded as an activity that can improve the capability, knowledge and skill of an employee.

Employee Performance

Agrawal (2013) said employee performance can be defined as whether a person executes their job duties and responsibilities well. Employee performance means employee productivity and output as a result of employee development. Hameed and Waheed (2011) stated that employee performance will ultimately affect the organizational effectiveness. It can be concluded that employee performance is the output result of how the employee behave in an organization.

Previous Research

Rahmisyari (2015) discussed about the effect of leadership style, organizational culture, and employees development on performance of PT. PG. Gorontalo. The study result has proved that leadership style has significant and positive effect on employee performance. Different result found that organizational culture does not have significant and positive effect on employee performance, while the employee development is effectively improve employee performance. Elnaga and Imran (2013) conceptual paper aimed at studying the effect of training on employee performance and to provide suggestion as to how firm can improve its employee performance through effective training programs. Effective training is considered to be a key factor for improved performance; as it can enhance the level of employee and firm competency. Training programs is the stimulant that workers require to improve their performance and capabilities, which consequently increase.
organizational productivity. This research affirmed the proposition that training has a positive impact on employee performance. Hameed and Waheed (2011) analyzed the theoretical framework and models related to employee development and its affect on employee performance. This paper examines and investigates the literature review on employee development and its affect on employee performance. It also presents the importance of the employee developmental activities, importance of investment in a human capital, and challenges in employee development. The employee performance will affect on organizational effectiveness.

**Conceptual Framework**

![Conceptual Framework](image)

**Research Hypothesis**

- **H1**: Leadership style, organizational culture, employee development and training have simultaneous effect on employee performance in PT. PLN (Persero) Suluttenggo Region.
- **H2**: Leadership style has partial effect on employee performance in PT. PLN (Persero) Suluttenggo Region.
- **H3**: Organizational culture has partial effect on employee performance in PT. PLN (Persero) Suluttenggo Region.
- **H4**: Employee development has partial effect on employee performance in PT. PLN (Persero) Suluttenggo Region.
- **H5**: Training has partial effect on employee performance in PT. PLN (Persero) Suluttenggo Region.

**RESEARCH METHOD**

**Type of Research**

This is a causal research. It will determine and investigate the effect of leadership style, organizational culture, employee development and training on employee performance.

**Place and Time of Research**

The research object is PT. PLN (Persero) Suluttenggo Region. The research is conducted in Manado from April to May 2015.

**Population and Sample**

Malhotra and Peterson (2006:322) defined population as the total of all the elements that share some common set of characteristics. The population in this research is the employees of PT. PLN (Persero) Suluttenggo Region with total of 182 employees. Hair, et al. (2007:170) explained that a sample investigates a small subset of the population to derive conclusions about the characteristics of the population. This research use probability sampling – simple random sampling method, and there are 100 samples in this research.
Data Collection Method

There are two types of data collection method, primary data and secondary data. Sekaran and Bougie (2009:180) said primary data refer to information obtained first-hand by the researcher on the variables of interest for the specific purpose of the study. In this research, primary data is collected by distributing questionnaire and conducting interview to the employees of PT. PLN (Persero) Suluttenggo Region. Secondary data refer to information gathered by someone other than the researcher conducting the current study (Sekaran and Bougie, 2009:184). In this research, secondary data is collected from journals, books, and news from internet.

Operational Definition and Measurement of Research Variables

1. Leadership style is the manner and approach of providing direction, implementing plans and motivating people in PT. PLN (Persero) Suluttenggo Region.
2. Organizational culture is a system of shared beliefs and values that develops within PT. PLN (Persero) Suluttenggo Region.
3. Development is learning activities in PT. PLN (Persero) Suluttenggo Region that result in broad growth for a person, including growth in terms of a larger career or beyond the scope of the person’s current job.
4. Training is activities in PT. PLN (Persero) Suluttenggo Region designed to provide learners with the knowledge and skills needed for their present jobs.
5. Employee performance is the competency, attitude and action of PT. PLN (Persero) Suluttenggo Region’s employee.

This research uses Likert Scale as a measurement. Malhotra and Peterson (2006:264) stated that the end points of a Likert Scale are typically “strongly disagree” and “strongly agree”.

Data Analysis Method

Validity and Reliability Test

Validity is the extent to which a construct measures what it is supposed to measure. An easy measure of validity would be to compare observed measurements with the true measurement (Hair, et al., 2007:246). According to Nasution and Usman (2008) in The (2011), test conducted by looking at the value of the MSA (Measures of Sampling Adequacy). If the MSA values above 0.5 then the data can be declared valid, so it can be used for further tests or analyzes. The reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the “goodness” in measure (Sekaran and Bougie, 2009:161). According to Sekaran and Bougie (2009:325), test conducted by looking at the value of Cronbach Alpha. If the reliability coefficient (alpha) is above 0.6 then the measurement being done is consistent or reliable.

Multiple Regression Analysis Model

Malhotra and Peterson (2006:513) stated that multiple regression involves a single dependent variable and two or more independent variables. The formula for multiple regression analysis method is as follows:

\[ Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e \]

Where:

- \( Y \) : Employee Performance
- \( \alpha \) : Constant
- \( b_1, b_2, b_3, b_4 \) : Coefficient regression, the slope for each independent variable
- \( X_1 \) : Leadership Style
- \( X_2 \) : Organizational Culture
- \( X_3 \) : Employee Development
- \( X_4 \) : Training
- \( e \) : Error
RESULT AND DISCUSSIONS

Result

Validity and Reliability Test

The value of Measures of Sampling Adequacy (MSA) of each indicators are above 0.5, it means that the data is considered as valid. In this research, the Alpha Cronbach is 0.899 which is above the acceptance limit of 0.6; therefore, the research instrument is reliable.

Classical Assumption Test

Multicollinearity Test

Table 1. Multicollinearity

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>Leadership Style</td>
</tr>
<tr>
<td></td>
<td>Organizational Culture</td>
</tr>
<tr>
<td></td>
<td>Employee Development</td>
</tr>
<tr>
<td></td>
<td>Training</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance

Source: Data Processed (2015)

The tolerance value of leadership style is 0.555, organizational culture is 0.523, employee development is 0.661, and training is 0.666. Meaning, the tolerance value of each variable is more than 0.2. The VIF value of leadership style is 1.803, organizational culture is 1.911, employee development is 1.512, and training is 1.501. Meaning, the VIF value of those four variables is less than 10. Since all the tolerance value is more than 0.2 and the VIF value is less than 10, the model concluded to be free from multicollinearity.

Heteroscedasticity Test

Heteroscedasticity occurs of the dots form certain patterns. In this research, the dots are spreading above and below of zero point in coordinate. This proved that there is no heteroscedasticity in this regression.

Normality Test

Normality test can be identified by using graph of P-P Plot. The data will distribute normally if the value of P-P Plot is near diagonal line of the graph. In this research, the dots are spreading near the diagonal line and follow the direction of the diagonal line. Therefore, the normality test is completed.

Multiple Regression Analysis

Table 2. Multiple Regression Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.565</td>
<td>.352</td>
</tr>
<tr>
<td>Leadership Style</td>
<td>-.078</td>
<td>.078</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>.273</td>
<td>.091</td>
</tr>
<tr>
<td>Employee Development</td>
<td>.475</td>
<td>.084</td>
</tr>
<tr>
<td>Training</td>
<td>.196</td>
<td>.072</td>
</tr>
</tbody>
</table>

Source: Data Processed (2015)
The equation is as follows:

\[ Y = 0.565 - 0.078X_1 + 0.273X_2 + 0.475X_3 + 0.196X_4 \]

The explanations of the equation are:

1. Constant (\(\alpha\)) 0.565 shows the effect of relationship between Leadership Style (\(X_1\)), Organizational Culture (\(X_2\)), Employee Development (\(X_3\)) and Training (\(X_4\)) to Employee Performance (\(Y\)). It means, if all independent variables are equal to zero then the Employee Performance (\(Y\)) is predicted to be 0.565.
2. Consider other variables are constant or equal to zero, if there is one unit increasing in Leadership Style (\(X_1\)) then the Employee Performance (\(Y\)) will decrease 0.078.
3. Consider other variables are constant or equal to zero, if there is one unit increasing in Organizational Culture (\(X_2\)) then the Employee Performance (\(Y\)) will increase 0.273.
4. Consider other variables are constant or equal to zero, if there is one unit increasing in Employee Development (\(X_3\)) then the Employee Performance (\(Y\)) will increase 0.475.
5. Consider other variables are constant or equal to zero, if there is one unit increasing in Training (\(X_4\)) then the Employee Performance (\(Y\)) will increase 0.196.

Testing the Goodness of Fit: Coefficient of Correlation (\(R\)) and Coefficient of Determination (\(R^2\))

<table>
<thead>
<tr>
<th>Model</th>
<th>(R)</th>
<th>(R^2)</th>
<th>Adjusted (R^2)</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.764</td>
<td>.584</td>
<td>.565</td>
<td>.32415</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Training, Organizational Culture, Employee Development, Leadership Style

Source: Data Processed (2015)

The value of \(R\) is 0.764. It means that Leadership Style, Organizational Culture, Employee Development and Training have a strong relationship with the Employee Performance because the value of \(R\) is above 0.7. The \(R^2\) of 0.584 shows that the linear relationship in this model is able to explain the Employee Performance (\(Y\)) for 58.4% while the rest 41.6% is explained by other factors not discussed in this research.

Hypothesis Testing

Table 4. F-Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>(F)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>12.854</td>
<td>4</td>
<td>3.213</td>
<td>30.584</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>9.141</td>
<td>87</td>
<td>.105</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>21.995</td>
<td>91</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance
b. Predictors: (Constant), Training, Organizational Culture, Employee Development, Leadership Style

Source: Data Processed (2015)

By using the level of significant of 0.05 (\(\alpha = 0.05\)) and degree of freedom (df) of 4; 92, the \(F_{table}\) from F distribution table is \(F_{4, 90.05} = 2.46\), while \(F_{count}\) from Table 4 is 30.584. The result is \(F_{count} > F_{table} = 30.584 > 2.46\). Since the \(F_{count}\) is higher than \(F_{table}\), \(H_0\) is rejected and \(H_1\) is accepted. So, it obviously shows that there is linear relationship in this multiple regression model. Based on the F-test result, it is revealed that the independent variables simultaneously effected the dependent variable. Therefore, hypothesis 1 is accepted.
Table 5. t-Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>1.605</td>
<td>.112</td>
</tr>
<tr>
<td>Leadership Style</td>
<td>-1.003</td>
<td>.319</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>2.989</td>
<td>.004</td>
</tr>
<tr>
<td>Employee Development</td>
<td>5.632</td>
<td>.000</td>
</tr>
<tr>
<td>Training</td>
<td>2.732</td>
<td>.008</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance

Source: Data Processed (2015)

Table 5 shows that $t_{\text{count}}$ of Leadership Style is -1.003. Value on $t_{\text{table}}$ used for comparison is found at the level of significance of 0.05, which is at the confidence level of 95%. The outcome is $t_{\text{table}}$ will be $t_{0.05} = 1.662$. Comparing the $t_{\text{count}}$ with $t_{\text{table}}$: $-1.003 < 1.662$. Since the $t_{\text{count}}$ is less than $t_{\text{table}}$, $H_0$ is accepted and $H_1$ is rejected. Thus, Leadership Style has no significant effect to the Employee Performance.

The $t_{\text{count}}$ of Organizational Culture is 2.989. By using the level of significance 5%, the $t_{\text{table}}$ will be $t_{0.05} = 1.662$. Comparing the $t_{\text{count}}$ with $t_{\text{table}}$: $2.989 > 1.662$. Since the $t_{\text{count}}$ is greater than $t_{\text{table}}$, $H_0$ is rejected and $H_1$ is accepted. Thus, Organizational Culture has significant effect to the Employee Performance.

The $t_{\text{count}}$ of Employee Development is 5.632. Since there is a level of significance 5%, then the $t_{\text{table}}$ will be $t_{0.05} = 1.662$. Comparing the $t_{\text{count}}$ with $t_{\text{table}}$: $5.632 > 1.662$. Since the $t_{\text{count}}$ is greater than $t_{\text{table}}$, $H_0$ is rejected and $H_1$ is accepted. Thus, Employee Development has significant effect to the Employee Performance.

The $t_{\text{count}}$ of Training is 2.732. Since there is a level significance 5%, then the $t_{\text{table}}$ will be $t_{0.05} = 1.662$. Comparing the $t_{\text{count}}$ with $t_{\text{table}}$: $2.732 > 1.662$. Since the $t_{\text{count}}$ is greater than $t_{\text{table}}$, $H_0$ is rejected and $H_1$ is accepted. Thus, Training has significant effect to the Employee Performance.

Discussions

Leadership Style to Employee Performance

Leadership style has negative and no significant effect on employee performance. This finding has a different result with Rahmisyari (2015) which found that leadership style affect employee performance but, has similar result with Rachmad (2015) which found, there is no significant influence of leadership style on employee performance. The possible reason of this result is that the indicators used in this study do not provide an optimal contribution to leadership style in PT. PLN (Persero) Suluttenggo Region that also does not effect on employee performance.

Organizational Culture to Employee Performance

Organizational culture is positive significantly affect the employee performance. Because employees of PT. PLN (Persero) Suluttenggo Region are encouraged to do some innovation and take risk, have attention to detail, and able to work with team. This result does not support previous research conducted by Rahmisyari (2015) which found that organizational culture does not provide a direct effect on employee performance.

Employee Development to Employee Performance

Employee development has positive significant effect on employee performance. The possible reason of the result is that the employee learning, self-directed, and employee attitude provide an optimal contribution to the employee of PT. PLN (Persero) Suluttenggo Region. Employees are curious to learn something new to develop their current job and has a long-term focus. This study results support the previous research conducted by Rahmisyari (2015) which revealed that employee development effectively improve employee performance.

Training to Employee Performance

Training has significant effect on employee performance. Skill, knowledge and ability are the indicators that be considered in this study. When the employee of PT. PLN (Persero) Suluttenggo Region conducted a training, they got new skill, knowledge and maintaining or even improve their ability. That is why the training affected employee performance. This result supports the previous research by Elnaga and Imran (2013).
CONCLUSION AND RECOMMENDATION

Conclusion

Based on the research results and discussions, the conclusions of this research are:

1. Leadership style, organizational culture, employee development and training are simultaneously affected employee performance in PT. PLN (Persero) Suluttenggo Region.
2. Leadership style does not have significant effect on employee performance partially.
3. Organizational culture has significant effect on employee performance partially.
4. Employee development has significant effect on employee performance partially.
5. Training has significant effect on employee performance partially.

Recommendation

From the conclusion that has been mentioned previously, there are some recommendations for the management of PT. PLN (Persero) Suluttenggo Region:

1. Leadership style in PT. PLN (Persero) Suluttenggo Region has to be more effective in communicating and getting feedback from all employees, so that the performance of employees could be improved.
2. Employees of PT. PLN (Persero) Suluttenggo Region would perform as expected by the company when they feel comfortable with the organizational culture and can develop themselves by following the training conducted by the company.

REFERENCES


