

## **Leadership and Organizational Culture and Work Satisfaction Influence on Commitments Organizational and Performance of Employees of PT Kaltim Industrial Estate in Bontang City**

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**ABSTRACT:** *This study aims to analyse the influence of leadership, organizational culture and job satisfaction on organizational commitment and performance of employees of PT Kaltim Industrial Estate, Bontang City. This study involved 77 respondents and given a questionnaire containing statements that must be answered by giving a score. Data is processed by using Structural Equation Model with Partial Least Square method (SEM-PLS).*

*The results showed that there was a direct positive and significant influence between each of leadership, organizational culture and job satisfaction on organizational commitment and performance of employees. Furthermore, this study also shown that there is insignificant influence between job satisfaction variables and organizational commitment to performance of employees, it means that management of PT Kaltim Industrial Estate needs to pay attention to the element of job satisfaction and strengthen organizational commitment and implement it so well, so that it can increasing performance of employees on organization.*

**KEY WORD:** *leadership, organizational culture, work satisfaction, organizational commitment, performance*

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### **I. INTRODUCTION AND LITERATURE REVIEW**

A company engaged in profit oriented is certainly faced with business competition. The goal of increasing profits and business prospects is also important in improving company performance. In addition, the company needs to have a competitive advantage over other competing companies. Competitors in this case are companies that produce similar goods in the same environment.

In an increasingly rapidly developing industrial era, including changes in its organization, companies are required to provide human resources who not only support organizational continuity but also have the ability to provide increased company performance. There needs to be a competitive advantage possessed by human resources in the company including knowledge, attitudes and skills as well as work behavior in accordance with the company's vision and mission. The results of the company's competitive advantage can be formed by designing the organization through empowering good human resources, creating unique products and being supported by the use of modern technology.

As a profit-oriented company that owns and manages industrial estates in the city of Bontang, PT Kaltim Industrial Estate (PT KIE) is faced with a common problem that is often encountered in companies, namely how to improve business existence so as to produce unqualified financial reports. Therefore, every employee is required to work effectively and efficiently by carrying out work according to their function.

The challenge faced by PT KIE in running its business is human resource management. The existence of direction from shareholders to increase enthusiasm in encouraging organizational commitment and company performance is an important thing that becomes the focus of the leadership's attention. Employees are central in the organization as well as an important resource in the company and have control over the use of other resources (infrastructure, technology, capital and others). If employees are properly nurtured and developed by the company, they will have various positive impacts, one of which is that the profits that the company has targeted will increase and customers will increase.

Fostering morale and improving employee performance is not easy. This is closely related to the motivation of each employee about how the surrounding conditions affect the employee's work mood (leadership, organizational culture and job satisfaction). The hope is that the actions taken by employees can be in line with company goals. For this reason, a synergy between leadership, organizational culture and job satisfaction is needed to support organizational commitment and employee performance in accordance with the company's vision and mission.

Organizational goals formed within the company will not affect organizational commitment and employee performance if leaders are unable to respond to organizational environmental conditions and make

continuous improvements in accordance with the rapid demands of the company. Thus, companies really need leaders who are able to inspire, motivate and move their employees effectively for the company's goals.

Another factor that has an influence on organizational commitment and employee performance is organizational culture. Basically, organizational culture can increase employees' sense of belonging to the company by increasing commitment and performance. Jusmin (2012) explained that organizational culture is a system of shared meanings held by members that differentiates the organization from others.

In its business journey, PT KIE establishes an organizational culture in the form of values shared by all employees that limit normative behavior by determining the right way of working. The organizational culture of PT KIE is as follows:

1. Excellent because of the availability of facilities and network  
PT KIE always strives to provide the best facilities and products for all customers so as to create a strong and trustworthy business network.
2. Unity to achieve goals together  
PT KIE believes that to progress and develop, it is necessary to have a sense of teamwork to achieve company goals.
3. Strong in facing all challenges  
Unyielding and always tough in facing global competition, PT KIE is one of the leading companies in eastern Indonesia.
4. Environmentally friendly  
In carrying out business activities, PT KIE is always committed to protecting and protecting the environment around the company.

Apart from leadership and organizational culture, one of the factors that strengthen commitment in improving employee performance is job satisfaction. Job satisfaction describes the level of fulfillment of the desires of each employee to achieve good performance. Job satisfaction describes how much desire the employee expects for the tangible results that have been obtained. The higher the level of work and the challenges given, the higher the expectations desired for achieving certain job satisfaction.

The variables in strengthening organizational commitment and improving employee performance are based on several research gaps in previous research. The research gaps are as follows:

**Table 1: Inconsistency of Research Results**

No	Research Gap	Researcher	Findings
1	There are differences in the findings of the influence of leadership on employee performance	(Mohammed et al. 2014), (Laksono and Iqbal 2020)	Kepemimpinan berpengaruh positif dan signifikan terhadap kinerja karyawan
		(Darto et al. 2015)	Leadership has no positive and significant effect on employee performance
2	There are differences in the findings of the influence of organizational culture on employee performance	(Maknur and Wahyuningsih 2018)	Organizational culture has a significant effect on employee performance
		(Girsang 2019)	Organizational culture has no significant effect on employee performance
3	There are differences in the findings of the effect of job satisfaction on employee performance	(Khan et al. 2012), (Indrasari 2017)	Job satisfaction has a positive and significant effect on employee performance
		(Crossman and Abou-Zaki 2003)	Job satisfaction has no positive and significant effect on employee performance
4	There are differences in the findings of the influence of leadership on organizational commitment	(Sousa 2017)	Leadership has a positive and significant effect on organizational commitment
		(Suryanto and Prihatiningsih 2016)	Leadership does not have a positive and significant effect on organizational commitment
5	There are differences in the findings of the influence of organizational culture on organizational commitment	(Samuel, Setyadi, and Tricahyadinata 2020)	Organizational culture has a positive and significant effect on organizational commitment
		(Budiono 2016)	Organizational culture does not have a positive and significant effect on organizational commitment
6	There are differences in the findings of the effect of job satisfaction on organizational commitment	(Akbar, Hamid, and Djudi 2016)	Job satisfaction has a positive and significant effect on organizational commitment
		(Sijabat 2011)	Job satisfaction does not have a positive and significant effect on organizational commitment
7	There are differences in the findings of the influence of organizational commitment on employee performance	(Pane and Fatmawati 2017), (Nurandini and Lataruva 2014)	Organizational commitment has a positive and significant effect on employee performance
		(Budiono 2016)	Organizational commitment has no positive and significant effect on employee performance

Source: Data processed, 2020

The phenomenon that occurs at PT KIE is something that really needs to be studied more deeply. Internally, how can employees have high loyalty to the company so that the performance of PT KIE always increases every year which has an impact on the amount of financial welfare that employees receive.

Saleh et al.,(2018) states that leadership is a must in work. Organizations need leaders who focus on the nature, style and approach they do. Leadership is one of the factors that determines whether a group, organization or even a nation will succeed. So that the presence of the concept of leadership in the social sphere cannot be avoided. The leadership style has a strong influence on members' performance.

Yukl (2012) describes the leadership indicators as follows:

1. Implementation of duties  
The leader orders his subordinates to carry out their duties and make all work-related decisions.
2. Provide support  
Leaders provide support by paying attention to the working conditions of their subordinates and creating comfortable work situations for their subordinates.
3. Prioritizing results over processes  
The leader sets goals and gives orders by first discussing with his subordinates.
4. Give directions  
The leader gives instructions to his subordinates to complete their work. Leaders give their subordinates the freedom to be more flexible in carrying out their duties according to predetermined limits and procedures.

Organizational culture is a collection of beliefs, values and cooperation that differentiates one organization from another so that it affects most aspects of organizational life, such as how decisions are made, who makes them, how rewards are shared, who are promoted, how people are treated, how the organization responds. to the environment.

Nikpour (2017) explained that organizational culture becomes a series of shared assumptions that direct interpretations and actions in the organization by describing appropriate behavior in various positions.

There are 7 (seven) main characteristics of organizational culture as follows:(Robbins and Judge 2013)

1. Innovation and risk taking is a level where workers are encouraged to be innovative and dare to take risks.
2. Attention to detail where workers are expected to demonstrate accuracy, analysis and attention to detail.
3. Benefit-oriented where management focuses on results or benefits, not on technical matters and processes in achieving these results.
4. Team orientation where work activities in the organization are based on a team rather than an individual.
5. Aggressiveness where people tend to be more aggressive and competitive.

There are 5 (five) theories of job satisfaction according toIndrasari (2017) namely as follows:

1. Need Fulfilment Theory  
This theory states that job satisfaction is measured through the rewards received by employees or the level of satisfied needs. Employees will be satisfied when they get what they need. The greater the employee's needs are met, the more satisfied the employee is or vice versa. There is a positive direct relationship between job satisfaction and actual satisfaction with expected needs.
2. Equity Theory
  - a. In principle, this theory states that people will feel satisfied as long as they feel there is justice (equity), a feeling of equity and inequity is obtained by comparing themselves with other people in the same class, at work, or in other places. This theory identifies equity in three parts, namely:
  - b. Input, is something that employees feel valuable as input to support their work such as education, training, work tools and others.
  - c. Out comes, is everything that is valuable to employees as a result of their work such as salary, status, recognition of achievement and others.
  - d. Comparisons person, is the comparison between the input and out comes that it gets. According to this theory, employee satisfaction or dissatisfaction is the result of a comparison of his own input-output and other employee's input-output (comparison person). If the comparison is fair, employees are satisfied and vice versa.
3. Discrepancy Theory  
This theory states that to measure a person's job satisfaction, the urge is to calculate the difference between what is expected from the job and the reality that is felt. Job satisfaction depends on the discrepancy between expectations, needs, or values and what he feels or perceives to have been obtained or achieved through work. The attitude of employees towards their work depends on the perceived discrepancies.
4. Motives Two Factor Theory
  - a. According to this theory, there are two factors measuring employee dissatisfaction, namely:
  - b. Maintenance factors or dissatisfaction factors, are maintenance factors related to human nature who want to get physical peace including salary, quality of supervision, organizational policies, quality of

interpersonal relationships between colleagues, with superiors and subordinates, job security, status, and working conditions. .

- c. Motivator factors or satisfaction factors regarding employee psychological needs. This factor is related to respect for the employee's personal which is directly related to work such as achievement, recognition, the job itself.

5. Social Reference-Group Theory

This theory is almost similar to the need fulfillment theory, but the difference is that in this theory, hopes, desires, and interests belong to the individual in the group and not as an independent individual. According to this theory, if the work is in accordance with the interests, expectations and demands of individuals in the group, then someone will feel satisfied with their work, and vice versa. In fact, individuals do not always follow what the group decides, sometimes they act independently.

Robbins and Judge (2013) mention the characteristics of job satisfaction in the following 7 (seven) dimensions:

1. Compensation

Benefits received by employees is an important factor for employee job satisfaction. Rewards that are too small make employees dissatisfied, as well as unfair payrolls.

2. Supervision

The behavior of superiors in supervising employees is very much considered by employees. Supervision carried out by paying attention to and supporting the interests of employees will have an impact on employee job satisfaction.

3. The work itself

The nature of the work faced by employees in organizations, namely skill variety, task identity, task significance, autonomy and feedback, will have different effects on employee job satisfaction.

4. Relationships with colleagues

The interaction between employees in the organization can affect the job satisfaction of these employees.

5. Working Conditions

Clean and neat working conditions will make work easier for employees to do, in this case in the end it has an impact on employee satisfaction.

6. The opportunity to get a change in status

For employees who have a strong desire to develop themselves, the fair promotion policy enforced by the organization will have a satisfied impact on employees.

7. Job security

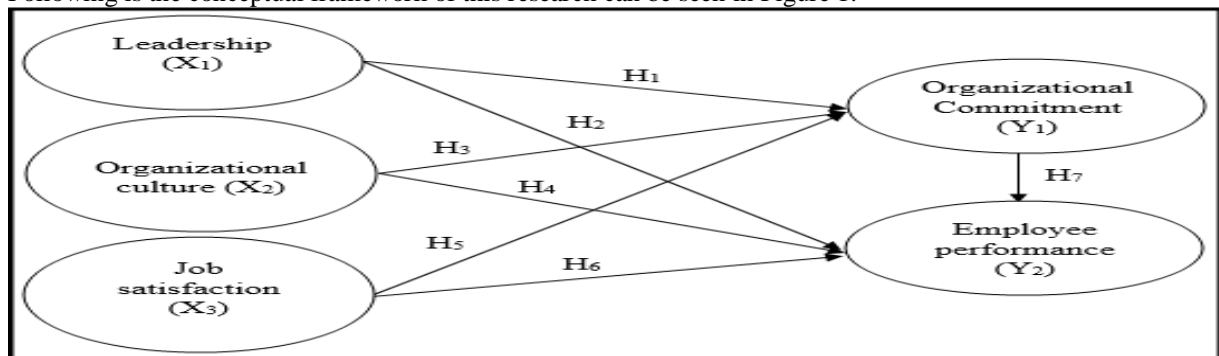
Employees get a sense of security from a pleasant work atmosphere, no fear of uncertainty and no worries about being dismissed suddenly.

Organizational commitment reflects how an individual identifies himself with the organization and is tied to its goals. A higher commitment can make it easier to realize higher productivity. Without organizational commitment, it will be difficult to expect active participation of organizational members. Commitment needs to be maintained and maintained so that job loyalty is getting stronger.

Luthans (2011) defines organizational commitment as follows:

- 1. A strong desire to remain a member of a certain organization
- 2. The desire to try hard according to the wishes of a particular organization
- 3. Certain beliefs, and acceptance of the values and goals of the organization

Following is the conceptual framework of this research can be seen in Figure 1:



**Figure 1. Conceptual Framework**

Based on the background and conceptual framework described, the hypothesis proposed in this study is:

1. Leadership has a significant effect on organizational commitment at PT KIE Bontang.
2. Leadership has a significant effect on the performance of the employees of PT KIE Bontang.
3. Organizational culture has a significant effect on organizational commitment at PT KIE Bontang.
4. Organizational culture has a significant effect on the performance of employees of PT KIE Bontang.
5. Job satisfaction has a significant effect on organizational commitment at PT KIE Bontang.
6. Job satisfaction has a significant effect on the employee performance of PT KIE Bontang.
7. Organizational commitment has a significant effect on the employee performance of PT KIE Bontang.

## **1.2 Research Objectives**

The objectives to be achieved in this study are as follows:

1. Testing and analyzing the influence of leadership on organizational commitment and employee performance at PT KIE.
2. Testing and analyzing the influence of organizational culture on organizational commitment and employee performance at PT KIE.
3. Testing and analyzing the effect of job satisfaction on organizational commitment and employee performance at PT KIE.
4. Testing and analyzing the effect of organizational commitment on employee performance at PT KIE.

Kumari and Afroz (2013) states several indicators of affective organizational commitment, namely:

1. Individual characteristics, such as age, tenure, education level and other personal variables.
2. Authority, related factors such as challenges in work, role conflicts and role ambiguity.
3. Structural factors, such as organizational size, span of control and participation in decision making.

Yusuf (2015) explained that performance is the result of many individual decisions made continuously by management. Meanwhile, Zainal et al., (2018) explained that performance is the result of the relationship between effort, ability and task perception. High performance is a rarity towards the process of achieving organizational goals.

Bono and Judge (2004) mentioning 7 (seven) individual performance measurement criteria as follows:

1. Quality  
The results of the work done are close to perfect or meet the expected goals.
2. Productivity  
The amount generated or the number of activities that can be completed.
3. Punctuality of time  
Work can be completed on time and maximize the time available for other activities.
4. Effectiveness  
Maximum utilization of existing resources in the organization to increase profits and reduce losses.
5. Independence  
Can carry out work without assistance in order to avoid adverse results.
6. Work commitment  
Work commitment between employees and their organizations.
7. Responsibility  
The responsibility of employees to their organization.

## **1.3 Research Methodology and Data Analysis**

Based on the form of the problem, this research includes explanatory research, namely research that seeks to explain the attachment or relationship between the variables being tested. The causal relationship described in this study is the influence of leadership, organizational culture and job satisfaction directly on organizational commitment and employee performance. The population taken in this study were 77 organic employees of PT KIE Bontang. Because the population is relatively small and affordable, this study uses a saturated sampling technique (Siyoto and Sodik 2015) namely a sampling technique in which all members of the population are sampled, in this case all the organic employees of PT KIE Bontang, totaling 77 people.

The data used in this study are primary data, namely data collected through surveys of employees of PT KIE Bontang. Data was collected through several methods, namely:

1. Library research, namely data collection through theories in books, journals or other information media by studying, researching and reviewing literatures that are related to the phenomenon to be studied.
2. Observation, namely data collection through direct observation of the object under study.
3. Questionnaire, which is a data collection method by providing a form containing a closed list of questions with several alternative answer choices. The questionnaire in this study was given via email to all levels of organic employees.
4. Interview, which is the collection of data by conducting direct interviews with the sample under study, in this case employees of the laboratory department at PT KIE Bontang. Interviews were conducted based on

the list of questions contained in the questionnaire. This is done to find more in-depth answers to the questions given.

The operational definition in this study was prepared with the aim of avoiding misunderstandings and differences in interpretation among readers related to the terms in this study, and so that this research can be more focused on each problem to be investigated. The operational definitions of each variable used include:

**Leadership (X1):** Leadership in this study is intended for leadership at PT KIE Bontang in order to mobilize employees to achieve the company's vision and mission. Yukl (2012) describes the leadership indicators as follows:

1. Implementation of duties  
The leader orders his subordinates to carry out their duties and make all work-related decisions.
2. Provide support  
The leader provides support by paying attention to the working conditions of his subordinates and creating a comfortable work situation for his subordinates.
3. Prioritizing results over processes  
The leader sets goals and gives orders by first discussing with his subordinates.
4. Give directions  
The leader gives instructions to his subordinates to complete their work. Leaders give their subordinates the freedom to be more flexible in carrying out their duties according to predetermined limits and procedures.

**Organizational Culture (X2):** Organizational culture is the basic pattern of values and assumptions shared by the organization, in this case PT KIE Bontang, to be trusted and embraced by every employee to determine how they perceive, think and act in dealing with various work situations and become a differentiator for PT KIE Bontang with other companies.

Robbins and Judge (2013) states that there are 7 (seven) main characteristics of organizational culture as follows:

1. Innovation and risk taking is a level where workers are encouraged to be innovative and dare to take risks.
2. Attention to detail where workers are expected to demonstrate accuracy, analysis and attention to detail.
3. Benefit-oriented where management focuses on results or benefits, not on technical matters and processes in achieving these results.
4. Orientation to people where management decisions consider the effect of benefits on people in the organization.
5. Team orientation where work activities in the organization are based on a team rather than an individual.
6. Aggressiveness where people tend to be more aggressive and competitive.
7. The stability in which organizational activity emphasizes the maintenance of the status quo as opposed to development.

**Job Satisfaction (X3):** Job satisfaction is the level of benefits obtained by each employee of PT KIE Bontang. Every employee has a different level of job satisfaction. McShane and Glinow (2010) mention the characteristics of job satisfaction in several dimensions as follows:

1. Compensation  
Benefits received by employees is an important factor for employee job satisfaction. Rewards that are too small make employees dissatisfied, as well as unfair payrolls.
2. Supervision  
The behavior of superiors in supervising employees is very much considered by employees. Supervision carried out by paying attention to and supporting the interests of employees will have an impact on employee job satisfaction.
3. The work itself  
The nature of the work faced by employees in organizations, namely skill variety, task identity, task significance, autonomy and feedback, will have different effects on employee job satisfaction.
4. Relationships with colleagues  
The interaction between employees in the organization can affect the job satisfaction of these employees.
5. Working conditions  
Clean and neat working conditions will make work easier for employees to do, in this case in the end it has an impact on employee satisfaction.
6. The opportunity to get a change in status  
For employees who have a great desire to develop themselves, the fair promotion policy enforced by the organization will have a satisfied impact on employees.
7. Job security  
Employees get a sense of security from a pleasant work atmosphere, no fear of uncertainty and no worries about being dismissed suddenly.

**Organizational Commitment (Y1):** Organizational commitment in this study is aimed at the strength of employee loyalty of PT KIE Bontang including the attitude of employees to stay in the company. Samsudin (2019) mentioning the dimensions of organizational commitment into 3 (three) dimensions as follows:

1. Determination / strong will: the willingness of employees to always achieve goals with indicators:
  - a. Willingness to work hard
  - b. Focus on company goals
2. Active participation: the level of activity of employees in every activity of the organization with indicators:
  - a. Actively working
  - b. Work attendance rate
3. Loyalty to the organization: loyal to be a member of the organization with the following indicators:
  - a. Loyalty to be a member of the organization
  - b. Protect the organization

**Employee Performance (Y2):** The performance in this study is aimed at the results of the duties and responsibilities that have been carried out by the employees of PT KIE Bontang. Bono and Judge (2004) mentioning 7 (seven) individual performance measurement criteria as follows:

1. Quality  
The results of the work done are close to perfect or meet the expected goals.
2. Productivity  
The amount generated or the number of activities that can be completed.
3. Punctuality of time  
Work can be completed on time and maximize the time available for other activities.
4. Effectiveness  
Maximum utilization of existing resources in the organization to increase profits and reduce losses.
5. Independence  
Can carry out work without assistance in order to avoid adverse results.
6. Work commitment  
Work commitment between employees and their organizations.
7. Responsibility  
The responsibility of employees to their organization.

In this study, the authors used an analysis tool in the form of a Structural Equation Model with a Partial Least Square (SEM-PLS) approach using the SmartPLS software.

A research concept and model cannot be tested in a predictive model of relational and causal relationships if it has not passed the purification stage in the measurement model. This measurement model is used to test construct validity and instrument reliability. Validity and reliability need to be tested so as not to lead to biased or inappropriate conclusions and of course the information obtained can be wrong.

The validity test is carried out with the aim of testing whether the indicators that present latent constructs are valid or not in the sense that they can explain the latent constructs to be measured (Ghozali and Latan 2014).

Abdillah and Hartono (2015) mentioning construct validity is used to show how well the results of using a measurement are in conformity with the theories used to define a construct. Construct validity consists of convergent validity and discriminant validity.

In addition to the validity test, PLS also performs reliability tests. Reliability refers to the consistency and stabilization of the value of a particular measurement scale. Reliability concentrates on the problem of accuracy and accuracy of a measuring instrument in making measurements. Two reliability test methods in PLS are as follows:

1) Cronbach's Alpha

Used to measure the lower limit of the reliability value of a construct where the consistency of each answer is tested. Cronbach's alpha is said to be good if the value is  $> 0.7$  although the value of 0.6 is still acceptable, but actually the internal consistency test is not absolutely necessary if the construct validity has been fulfilled, because a valid construct is a realistic construct, on the other hand a realistic construct is not necessarily valid (Abdillah and Hartono 2015).

2) Composite Reliability

Used to measure the real value of the reliability of a construct. Composite reliability is considered better than Cronbach's alpha in estimating the internal consistency of a construct which will be said to be good if the value is  $> 0.7$  although the value of 0.6 is still acceptable.

**1.3.1 Analisis Data dan Pembahasan**

Following are the results of the validity and reliability test of the trial instrument using SPSS with 77 samples:

**Table 2: Results of the Analysis of Validity and Reliability Tests**

Variable	Item	r count	r table	Information	Cronbach Alpha	Cut Value	Information
Leadership	X <sub>1.1</sub>	0.792	0.361	Valid	0.810	0.70	Reliable
	X <sub>1.2</sub>	0.885		Valid	0.746		Reliable
	X <sub>1.3</sub>	0.773		Valid	0.830		Reliable
	X <sub>1.4</sub>	0.832		Valid	0.788		Reliable
Organizational culture	X <sub>2.1</sub>	0.800	0.361	Valid	0.900	0.70	Reliable
	X <sub>2.2</sub>	0.901		Valid	0.871		Reliable
	X <sub>2.3</sub>	0.865		Valid	0.894		Reliable
	X <sub>2.4</sub>	0.834		Valid	0.891		Reliable
	X <sub>2.5</sub>	0.885		Valid	0.876		Reliable
Job satisfaction	X <sub>3.1</sub>	0.833	0.361	Valid	0.884	0.70	Reliable
	X <sub>3.2</sub>	0.858		Valid	0.878		Reliable
	X <sub>3.3</sub>	0.703		Valid	0.904		Reliable
	X <sub>3.4</sub>	0.719		Valid	0.896		Reliable
	X <sub>3.5</sub>	0.884		Valid	0.874		Reliable
	X <sub>3.6</sub>	0.741		Valid	0.896		Reliable
	X <sub>3.7</sub>	0.848		Valid	0.879		Reliable
Organizational Commitment	Y <sub>1.1</sub>	0.880	0.361	Valid	0.784	0.70	Reliable
	Y <sub>1.2</sub>	0.882		Valid	0.870		Reliable
	Y <sub>1.3</sub>	0.903		Valid	0.748		Reliable
Employee performance	Y <sub>2.1</sub>	0.843	0.361	Valid	0.898	0.70	Reliable
	Y <sub>2.2</sub>	0.780		Valid	0.908		Reliable
	Y <sub>2.3</sub>	0.819		Valid	0.902		Reliable
	Y <sub>2.4</sub>	0.819		Valid	0.902		Reliable
	Y <sub>2.5</sub>	0.713		Valid	0.916		Reliable
	Y <sub>2.6</sub>	0.874		Valid	0.894		Reliable
	Y <sub>2.7</sub>	0.854		Valid	0.897		Reliable

Source: Processed data, SPSS (2020)

The results of the validity test show that all items measuring the leadership variable have a calculated r value greater than r table 0.361. This means have validly measured the leadership variable. From the reliability measure, it shows that all items have a Cronbach alpha value greater than 0.70 meaning that all items are reliable.

All items that measure organizational culture variables have a calculated r value greater than r table 0.361. This means are valid measures of organizational culture variables. The reliability measure shows that all items have a Cronbach alpha value greater than 0.70 which means that all items is reliable.

All items that measure job satisfaction variables have a calculated r value greater than r table 0.361. This means are valid measures of job satisfaction variables. From the reliability measure, it shows that all items have a Cronbach alpha value greater than 0.70 which means that all items are reliable.

All items that measure the organizational commitment variable have a calculated r value greater than r table 0.361. This means have validly measured the organizational commitment variable. From the reliability measure, it shows that all items have a Cronbach alpha value greater than 0.70 which means that all items are reliable.

**Hypothesis test**

In testing using the SmartPLS program, to be able to find out whether a hypothesis is accepted or rejected, it can be done by paying attention to the significance value between constructs, namely through the t-statistic and p-value.

In the bootstrapping method used in this study, the hypothesis can be accepted if the t-statistical significance value is >1.96 and or the p-value <0.05, then H<sub>0</sub> is rejected and H<sub>1</sub> is accepted or the hypothesis is



proven, and vice versa if the t-statistical significance value is  $<1.96$  and or  $p\text{-value}>0.05$ , then  $H_0$  is accepted and  $H_1$  is rejected or the hypothesis is not proven.

**Table 3:Path Coefficient**

Construct	Original Sample (O)	T-Statistic(O/STERR)	P-Value	Information
$X_1 \rightarrow Y_1$	0.185	2.586	0.010	Significant (Hypothesis is accepted)
$X_1 \rightarrow Y_2$	0.265	2.218	0.027	Significant (Hypothesis is accepted)
$X_2 \rightarrow Y_1$	0.280	3.612	0.000	Significant (Hypothesis is accepted)
$X_2 \rightarrow Y_2$	0.580	5.620	0.000	Significant (Hypothesis is accepted)
$X_3 \rightarrow Y_1$	0.499	5.757	0.000	Significant (Hypothesis is accepted)
$X_3 \rightarrow Y_2$	-0.174	1.270	0.205	Not Significant (Hypothesis is rejected)
$Y_1 \rightarrow Y_2$	0.187	1.496	0.135	Not Significant (Hypothesis is rejected)

Data Source: Data processed, SmartPLS (2020)

Based on table 3, it can be seen that leadership has an influence on organizational commitment with a coefficient value of 0.185 and the t-statistic value in this construct relationship is 2.586. These results indicate that the t-statistic value  $>1.96$  then  $H_0$  is rejected and  $H_1$  is accepted. Therefore, the first hypothesis which states that leadership has a significant effect on employee organizational commitment at PT KIE is proven.

The results of the second hypothesis test, namely the influence of leadership on employee performance with a coefficient value of 0.265 and the t-statistic value in this construct relationship is 2.218. These results indicate that the t-statistic value  $>1.96$  then  $H_0$  is rejected and  $H_1$  is accepted. Therefore, the second hypothesis which states that leadership has a significant effect on employee performance at PT KIE is proven.

The result of the third hypothesis test is the influence of organizational culture on organizational commitment with a coefficient value of 0.280 and the t-statistic value of this construct relationship is 3.612. These results indicate that the t-statistic value  $>1.96$  then  $H_0$  is rejected and  $H_1$  is accepted. Therefore, the third hypothesis which states that organizational culture has a significant effect on employee organizational commitment at PT KIE is proven.

The results of the fourth hypothesis test, namely the influence of organizational culture on employee performance with a coefficient value of 0.580 and the t-statistic value in this construct relationship is 5.620. These results indicate that the t-statistic value  $>1.96$  then  $H_0$  is rejected and  $H_1$  is accepted. Therefore, the fourth hypothesis which states that organizational culture has a significant effect on employee performance at PT KIE is proven.

The result of the fifth hypothesis test is the effect of job satisfaction on organizational commitment with a coefficient value of 0.499 and the t-statistic value for this construct relationship is 5.757. These results indicate that the t-statistic value  $>1.96$  then  $H_0$  is rejected and  $H_1$  is accepted. Therefore, the fifth hypothesis which states that job satisfaction has a significant effect on employee organizational commitment at PT KIE is proven.

The results of the sixth hypothesis test, namely the effect of job satisfaction on employee performance with the value of the t-statistic value in this construct relationship is 1,270. These results indicate that the t-statistic value  $<1.96$  then  $H_0$  is accepted and  $H_1$  is rejected. Therefore, the fifth hypothesis which states that job satisfaction has a significant effect on employee performance at PT KIE is not proven.

The results of the seventh hypothesis test, namely the effect of organizational commitment on employee performance with the value of the t-statistic value in this construct relationship is 1.496. These results indicate that the t-statistic value  $<1.96$  then  $H_0$  is accepted and  $H_1$  is rejected. Therefore, the seventh hypothesis which states that organizational commitment has a significant effect on employee performance at PT KIE is not proven.

#### **1.4 Findings and Interpretation**

This study aims to determine the variables that affect organizational commitment and employee performance at PT KIE. Based on the results of analysis and testing, it was found that:

1. Leadership has a significant effect on organizational commitment of PT KIE. This shows the positive impact of leadership on organizational commitment due to the right leadership applied by the leader which makes PT KIE employees' commitment to the company increase.
2. Leadership has a significant effect on the performance of PT KIE employees. This shows the positive impact of leadership on employee performance due to the right leadership applied by the leader which makes the performance of PT KIE employees to the company increase.
3. Organizational culture has a significant effect on the organizational commitment of PT KIE. This shows the positive impact of organizational culture on organizational commitment because the organizational culture that is implemented by PT KIE is good and right for its employees makes the commitment of PT KIE employees increase.

4. Organizational culture has a significant effect on the performance of PT KIE employees. This shows the positive impact of organizational culture on employee performance due to the proper organizational culture applied by PT KIE so that the performance of PT KIE employees increases.
5. Job satisfaction has a significant effect on organizational commitment of PT KIE. This shows the positive impact of job satisfaction on organizational commitment because the job satisfaction felt by employees of PT KIE is high, making the organizational commitment of employees at PT KIE even higher.
6. Job satisfaction has an insignificant effect on the performance of PT KIE employees.
7. Organizational commitment has an insignificant effect on the performance of PT KIE employees.

Based on the research results and conclusions above, the suggestions that can be given regarding the variables that affect organizational commitment and employee performance are as follows:

1. PT KIE is expected to pay attention to and improve things that can increase employee job satisfaction which will have an impact on employee commitment to the organization. Organizational commitment should be adjusted to the organizational culture of the company so that job satisfaction is easily interpreted by all employees to adjust quickly to the company. This needs to be done so that employees can feel job satisfaction at the company and will have an impact on increasing the performance of PT KIE employees.
2. PT KIE should conduct an evaluation through a survey and open a discussion room to receive aspirations or input from all employees at various levels of position so that all employees feel cared for by the company and can provide their opinions regarding the work carried out for the achievement of company goals.
3. For further researchers, it is advisable to add other variables that affect organizational commitment and employee performance. And it is also suggested that further researchers can add moderating variables that can strengthen the effect of job satisfaction and organizational commitment on employee performance.

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