

Optimizing Performance

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Abstract

This research aims to examine the influence of leadership style and organizational culture on employee performance in the moderated work climate at the Bank Indonesia Representative Office, North Sumatra Province. Humans need special attention because basically they are able to develop, have reasons, ideas, feelings, desires and hopes. These variables also influence achievement, dedication, loyalty and love of work as well as organizational success. Therefore, human resource management is very necessary to improve employee performance, so that it is beneficial for the company and able to survive in a competitive and dynamic business climate. The results of this research are as follows: Organizational culture has a positive and significant effect on employee performance with an original sample value of 0.446 and ap value of 0.000. Work Climate cannot moderate Leadership Style on Employee Performance with an original sample value of -0.033 and ap value of 0.420. Work Climate is unable to moderate Organizational Culture on Employee Performance with an original sample value of 0.031 and ap value of 0.419. Leadership style has a positive and insignificant effect on employee performance with an original sample of 0.115 and ap value of 0.128. Work Climate has a positive and significant effect on Employee Performance with an original sample value of 0.392 and ap value of 0.000.

Keywords: Leadership Style, Organizational Culture, Work Climate, Employee Performance.

INTRODUCTION

An important component of an organization's success is human resources (HR). Therefore, in order for a company to function well and achieve its goals, each employee needs to have the following qualities: knowledge, skills, and abilities; in addition, they need to have experience; motivation; discipline; and uphold their work. Therefore, human resource management is very much needed to improve employee performance, so that it is beneficial to the company and able to survive in a competitive and dynamic business climate. The style of a leader is very important in any business operation. Because every human being has limitations and needs help in achieving tasks, leadership and leadership are very important in an organization. Leadership style has a significant influence on the goals, objectives, and outputs of an organization because each leader in the company has unique methods and traits that they use in leading. Each leader has his/her own leadership style. To better understand the responsibilities and main activities of a leader, managers must have competencies that are in line with development expectations and provide outstanding service both now and in the future. This is the strategic role played by a leader. The organizational culture of a company, which is developed through the process of creating ideas set by leading companies and then embedded in members of the organization, has a significant impact on the growth of the company. Cultural evolution follows, taking into account the needs of the organization and changes in the environment. Without preserving its culture, the organizational culture of an organization will not grow and prosper. has a significant cultural impact on the tactics used to achieve predetermined goals. One important element that can influence how an organization reacts to its external environment is its organizational culture. a set of ideals and common views about what is important and how to do things in the workplace. To improve employee performance, organizational culture offers a framework

for organizing and directing important and positive behaviors towards organizational commitment variables. Extreme environments are important because human adaptability varies greatly and depends on various factors. A good work climate is expected to spur high employee performance. The work climate is also one of the physical factors that have the potential to cause health problems for workers when in extreme conditions. Employee performance is defined as work achievement, namely the comparison of actual work results with work criteria that have been set by the company. If an organization can select potential personnel who are well-motivated, suitable for the job, and have the characteristics that allow it to be done optimally, then quality performance will be achieved. Performance is basically what workers can or cannot do. When workers and employees perform well, they can complete the tasks given to them faster and in a shorter time. The extent to which an employee meets their goals or completes tasks according to the responsibilities given to them within a specified time period is known as employee performance.

Formulation of the problem

1. Does Leadership Style Have a Positive and Significant Influence on Employee Performance at the Bank Indonesia Representative Office in North Sumatra Province?
2. Does Organizational Culture have a positive and significant influence on Employee Performance at the Bank Indonesia Representative Office in North Sumatra Province?
3. Is Work Climate Able to Moderate Leadership Style on Employee Performance at the Bank Indonesia Representative Office, North Sumatra Province?
4. Is Work Climate Able to Moderate Organizational Culture on Employee Performance at the Bank Indonesia Representative Office, North Sumatra Province?
5. Does the Work Climate have a positive and significant effect on Employee Performance at the Bank Indonesia Representative Office in North Sumatra Province?

Research purposes

1. To determine and analyze the influence of Leadership Style on Employee Performance at the Representative Office of Bank Indonesia, North Sumatra Province.
2. To determine and analyze the influence of Organizational Culture on Employee Performance at the Representative Office of Bank Indonesia, North Sumatra Province.
3. To find out and analyze the Work Climate that can moderate Leadership Style on Employee Performance at the Representative Office of Bank Indonesia, North Sumatra Province.
4. To find out and analyze the Work Climate that can moderate Organizational Culture on Employee Performance at the Bank Indonesia Representative Office, North Sumatra Province.
5. To determine the influence of work climate on employee performance at the Bank Indonesia Representative Office, North Sumatra Province.

LITERATURE REVIEW

Employee Performance

Understanding Employee Performance

According to Aziz and Fauzah (2018) Performance is a description of the level of achievement of the implementation of a program of activities or policies in realizing the goals, objectives, vision and mission of an organization which is outlined through the strategic planning of an organization. According to Nurjaya (2021) performance is the level

of achievement of results from the implementation of certain tasks. Company performance is the level of achievement of results in order to realize company goals.

Employee Performance Indicators

According to Nurjaya (2021), employee performance indicators are as follows:

1. Quantity of work results, namely all forms of the amount of labor carried out can be seen from the results of employee performance within a certain time in completing their tasks and responsibilities within the specified time.
2. Quality of work results, namely all forms of units of measurement related to the quality or standard of work results which can be expressed in numerical measurements or other numerical equivalents.
3. Efficiency, namely in carrying out tasks using various resources wisely and in a cost-effective manner.
4. Work discipline, namely obeying applicable laws and regulations.
5. Initiative, namely the ability to decide and do something right without having to be told, being able to find out what should be done about something that is around, trying to keep moving to do several things even though the situation feels increasingly difficult.
6. Accuracy, namely the level of conformity of the work measurement results to whether the work has achieved its objectives or not.
7. Leadership, namely the process of influencing or giving examples by leaders to their followers in an effort to achieve organizational goals.
8. Honesty, which is a human trait that is quite difficult to implement.
9. Creativity, namely a mental process that involves the emergence of ideas or that involves the emergence of ideas.

Leadership Style

Understanding Leadership Styles

According to Fahmi, et al. (2014), leadership style is a norm driven by a person when the person tries to influence the behavior of others as seen. According to Paramita (2017), Leadership is an activity of influencing people so that they are willing to work together to achieve the desired goals.

Leadership Style Indicators

According to Paramita (2017) the leadership style indicators are as follows:

1. Decision-Making Ability Decision-making is a systematic approach to the nature of the alternatives faced and taking action which according to calculations is the most appropriate action.
2. Ability to Motivate Ability to motivate is the driving force that causes a member of an organization to be willing and ready to mobilize his abilities (in the form of expertise or skills), energy and time to carry out various activities that are his responsibility and fulfill his obligations, in order to achieve the goals and various targets of the organization that have been previously determined.
3. Communication Skills Communication skills are the skills or ability to convey messages, ideas or thoughts to other people with the aim that other people understand what is meant well, directly orally or indirectly.
4. Ability to Control Subordinates A leader must have the desire to make others follow his wishes by using personal power or position effectively and appropriately.

5. Responsibility A leader must have responsibility to his subordinates. Responsibility can be interpreted as an obligation that must be borne, shouldered, responsible for everything or given responsibility and bear the consequences.
6. Ability to Control Emotions The ability to control emotions is very important for the success of our lives. The better our ability to control emotions, the easier it is for us to achieve happiness.

Organizational culture

Understanding Organizational Culture

According to Emron, et al. (2018), organizational culture is the result of the process of merging the cultural style and/or behavior of each individual that was previously brought into new norms and philosophies, which have energy and group pride in facing something and certain goals. According to Sedarmayanti (2016), organizational culture is a belief, attitude, and value that is generally held, which arises in an organization, expressed more simply, and culture is the way we do things here.

Organizational Culture Indicators

According to Emron, et al. (2018), the indicators of organizational culture are:

- a. Self-awareness Members of the organization consciously work to gain satisfaction from their work, develop themselves, obey the rules, and offer quality products and high services.
- b. Aggressiveness Organization members set challenging but realistic goals. They establish work plans and strategies to achieve these goals and pursue them enthusiastically.
- c. Personality. Members are respectful, friendly, open, and sensitive to group satisfaction and pay close attention to aspects of customer satisfaction, both internal and external customers (in the perspective of Ishikawa, a Japanese quality expert, every internal part must serve, not be served).
- d. Performance. Members of the organization have a level of creativity, meet quantity, quality, and efficiency.
- e. Team orientation Organization members cooperate well and carry out effective communication and coordination with the active involvement of members, which in turn results in high satisfaction and shared commitment.

Working Climate

Understanding Work Climate

According to Daryanto, (2015), work climate is a relationship between personnel, social and cultural factors that influence individuals and groups in the environment. According to Siswanto (2015) work climate is defined as a perception of organizational policies, practices and procedures.

Work Climate Indicators

Work climate indicators according to Siswanto (2015) include:

1. Put trust and be open
2. Be sympathetic and provide support
3. Be honest and respectful
4. Clarity of Purpose
5. Risky work
6. Personality growth

7. Autonomy and flexibility

Conceptual Framework

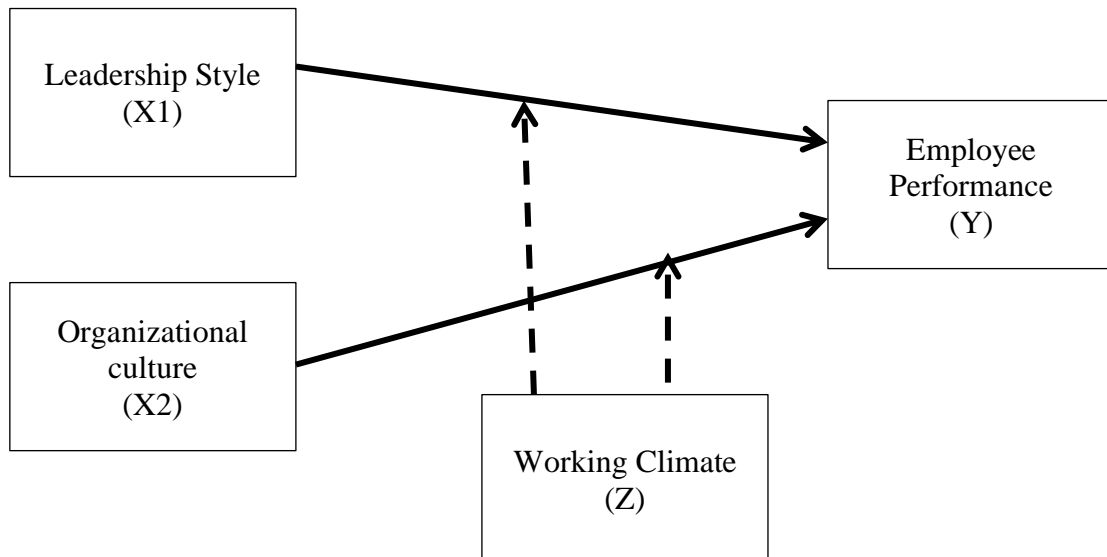


Figure 1. Conceptual Framework

Hypothesis

- H1 Leadership style has a positive and significant influence on employee performance at the Bank Indonesia Representative Office, North Sumatra Province.
- H2 Organizational Culture has a positive and significant influence on Employee Performance at the Bank Indonesia Representative Office, North Sumatra Province.
- H3 Organizational Climate has a positive and significant influence on Employee Performance at the Bank Indonesia Representative Office, North Sumatra Province.
- H4 Work Climate can moderate Leadership Style on Employee Performance at the Bank Indonesia Representative Office, North Sumatra Province.
- H5 Work Climate can moderate Organizational Culture on Employee Performance at the Bank Indonesia Representative Office, North Sumatra Province.

METHOD

Types of research

This study uses quantitative research type. According to Sugiyono (2019) quantitative research is defined as a research method based on the philosophy of positivism, used to research a certain population or sample, data collection using research instruments, data analysis is quantitative / statistical, with the aim of testing the established hypothesis.

Time and Location of Research

This research was conducted from September to October 2024. The location of this research was at the Representative Office of Bank Indonesia, North Sumatra Province on Jalan Balai Kota No. 4, Medan City.

Population

The population of this study was 70 employees of the Bank Indonesia Representative Office of North Sumatra Province. According to Sugiyono (2019) population is a

generalization area consisting of: objects / subjects that have certain quantities and characteristics determined by researchers to be studied and then conclusions drawn.

Sample

The researcher took samples in this study from all populations in the Bank Indonesia Representative Office of North Sumatra Province as many as 70 employees and used the saturated sampling technique as the sampling technique. According to Sugiyono (2019) a sample is part of the number and characteristics possessed by the population.

Research Data Sources

The data source used is a primary data source where researchers take data directly from the research location. According to Sugiyono (2019) primary data is a data source that directly provides data to data collectors.

Data collection technique

Researchers use questionnaires as a data collection technique and will distribute the questionnaires directly and have them filled out by respondents. According to Sugiyono, (2019) in terms of method or data collection, data collection techniques can be carried out by distributing questionnaires.

RESULTS AND DISCUSSION

Outer Model Analysis

In this study, the acceptable loading factor value is 0.7 and the acceptable AVE value is 0.5; higher values are considered valid. When explaining the construct variables, indicators with values greater than 0.7 are considered valid. The following graph illustrates the structural model of this investigation:

Table 1. Outer Loadings/Cross Loading Stage 1

	Organizational Culture (X2)	Leadership Style (X1)	Work Climate (Z)	Employee Performance (Y)
X1.1		0.802		
X1.2		0.818		
X1.3		0.760		
X1.4		0.713		
X1.5		0.830		
X1.6		0.852		
X2.1	0.826			
X2.2	0.818			
X2.3	0.769			
X2.4	0.841			
X2.5	0.908			
Y.1				0.818
Y.2				0.801
Y.3				0.859
Y.4				0.844
Y.5				0.794

Y.6				0.854
Y.7				0.831
Y.8				0.691
Y.9				0.799
Z.1			0.825	
Z.2			0.836	
Z.3			0.828	
Z.4			0.875	
Z.5			0.821	
Z.6			0.826	
Z.7			0.646	

Source: Smart PLS 3.3.3

It can be seen in table 1 one there is a cross loading value in each variable and its indicator because there is still a cross loading on the invalid indicator, then another action will be taken, namely deleting the invalid cross loading and then recalculating it, we can see that the invalid indicators are in indicator Z.7 and indicator Y.8, then the calculation stage 2 will be made as follows:

Table 2. Outer Loadings/Cross Loading Stage 2

	Organizational Culture (X2)	Leadership Style (X1)	Work Climate (Z)	Employee Performance (Y)
X1.1		0.802		
X1.2		0.818		
X1.3		0.760		
X1.4		0.712		
X1.5		0.830		
X1.6		0.853		
X2.1	0.826			
X2.2	0.819			
X2.3	0.768			
X2.4	0.841			
X2.5	0.909			
Y.1				0.796
Y.2				0.826
Y.3				0.869
Y.4				0.839
Y.5				0.827
Y.6				0.867
Y.7				0.831
Y.9				0.781
Z.1			0.842	
Z.2			0.847	
Z.3			0.832	

Z.4			0.888	
Z.5			0.825	
Z.6			0.809	

Source: Smart PLS 3.3.3

In table 2, this cross loading becomes stage 2 here the calculation of cross loading without the indicators of Z.7 and Y.8 indicators and the results obtained for each indicator have a cross loading value greater than 0.700 or 0.7, meaning that this research is valid and will conduct further research.

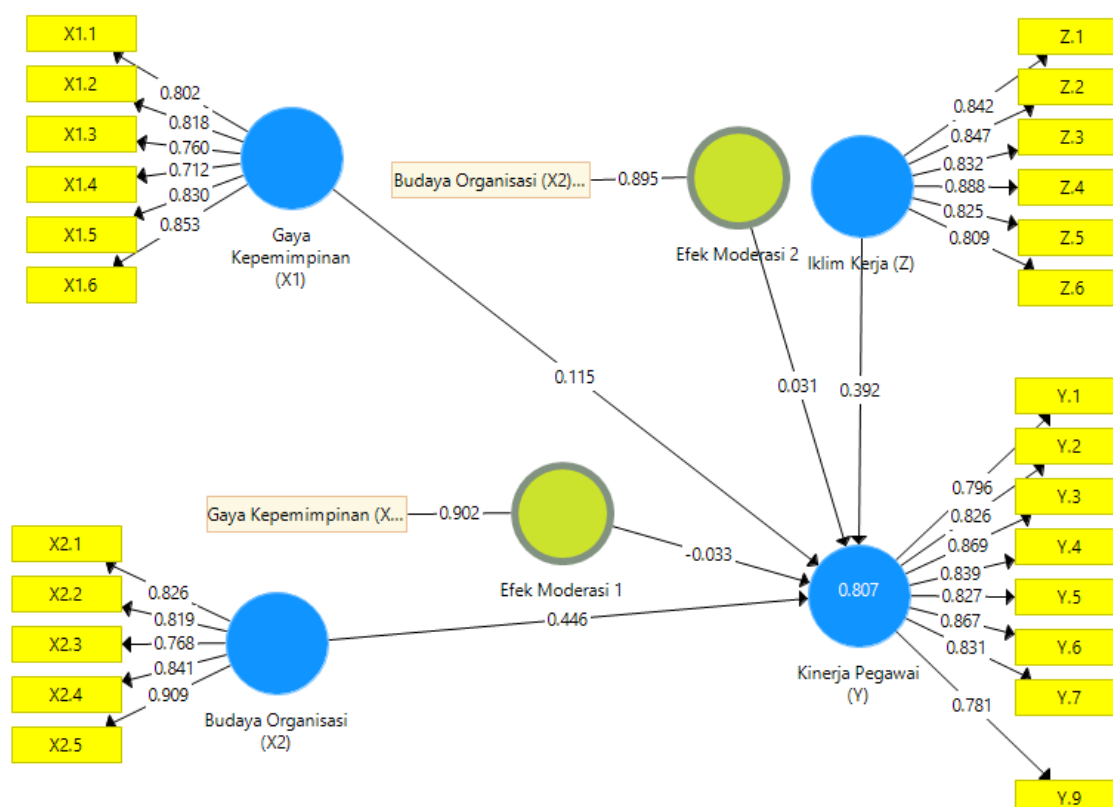


Figure 2: Research Model

Source: Smart PLS 3.3.3

Smart PLS output for loading factor gives the results in the following table: Outer Loadings In this study there is an equation and the equation consists of two equations.

$$Y = b_1X_1 + b_2Z + b_3X_1Z + e_1$$

$$Y = 0.115 X_1 + 0.392Z + 0.031X_1Z + e_1$$

$$Y = b_2X_2 + b_3Z + b_4X_2Z + e_1$$

$$Y = 0.446 X_2 + 0.392 Z - 0.033X_2Z + e_2$$

Discriminant Validity

The next test is to test the discriminant validity, this test aims to determine whether a reflective indicator is a good measurement for its construct based on the principle that the indicator is highly correlated to its construct. The table shows the cross loading results of the discriminant validity test as follows:

Table 3. Discriminant Validity

	Organizational Culture (X2)	Leadership Style (X1)	Work Climate (Z)	Employee Performance (Y)
X1.1	0.601	0.802	0.610	0.585
X1.2	0.605	0.818	0.664	0.666
X1.3	0.667	0.760	0.634	0.639
X1.4	0.657	0.712	0.603	0.602
X1.5	0.735	0.830	0.670	0.657
X1.6	0.736	0.853	0.675	0.669
X2.1	0.826	0.781	0.835	0.802
X2.2	0.819	0.591	0.641	0.674
X2.3	0.768	0.616	0.614	0.606
X2.4	0.841	0.729	0.628	0.726
X2.5	0.909	0.751	0.787	0.775
Y.1	0.696	0.718	0.681	0.796
Y.2	0.695	0.586	0.684	0.826
Y.3	0.802	0.714	0.783	0.869
Y.4	0.691	0.608	0.643	0.839
Y.5	0.652	0.494	0.624	0.827
Y.6	0.766	0.678	0.743	0.867
Y.7	0.676	0.680	0.741	0.831
Y.9	0.746	0.794	0.757	0.781
Z.1	0.741	0.630	0.842	0.651
Z.2	0.744	0.725	0.847	0.778
Z.3	0.705	0.708	0.832	0.730
Z.4	0.816	0.746	0.888	0.796
Z.5	0.610	0.610	0.825	0.705
Z.6	0.649	0.641	0.809	0.635

Source: Smart PLS 3.3.3

In table 3 above, there is a discriminant validity value in each variable, there are indicators that have cross loading values in each and these values have a value that is greater than the cross loading on other latent variables, for example, the cross loading of the organizational culture variable has a value greater than the cross loading on other latent variables, for the leadership style variable it has a value that is greater than the cross loading on other latent variables, for the organizational climate variable it has a value greater than the cross loading value on other latent variables, the employee performance variable has a value greater than the cross loading on other latent variables, so it can be concluded that this study is discriminantly valid.

Composite reliability

The following test calculates the reliability value using the composite reliability of each build. The build value is considered reliable if the composite reliability value is greater than or equal to 0.6. If the Cronbach alpha value is greater than 0.7 then the value of each

construct in the block is considered reliable, and if the AVE value is greater than 0.7 then each variable construct is considered valid. The table below shows the loading values of the research variable constructs generated by the Smart PLS software.

Table 4. Construct Reliability and Validity

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Organizational Culture (X2)	0.890	0.919	0.695
Moderation Effect 1	1,000	1,000	1,000
Moderation Effect 2	1,000	1,000	1,000
Leadership Style (X1)	0.884	0.912	0.635
Work Climate (Z)	0.917	0.935	0.707
Employee Performance (Y)	0.935	0.947	0.689

Source: Smart PLS 3.3.3

Based on table 4 above, there is a value from the Cronbach alpha column, each variable has a value greater than 0.7, which means that this study has Cronbach alpha reliability, and seen from the Composite Reliability column, the value of each variable has a value greater than 0.6 so that the reliability of each variable is stated, and in the AVE column it appears greater than 0.7 so that this study is considered valid with the SVE column in each variable and also the moderation effect.

Inner Model Analysis

The structural model (inner model) is evaluated to ensure that the model is robust and correct. Some indicators that can be used to assess the stages of structural model evaluation analysis include:

Coefficient of Determination (R²)

Based on data processing carried out using the SmartPLS 3.0 application, the R Square value was obtained as follows:

Table 5. R Square Results

	R Square	Adjusted R Square
Employee Performance (Y)	0.807	0.792

Source: Smart PLS 3.3.3

In table 5, there is an R square value for the employee performance variable of 0.807 or 80.7%, meaning that the influence of the leadership style and organizational culture variables on employee performance is 0.807 or 80.7% and the rest is in other variables.

Hypothesis Testing

After assessing the inner model, the next step is to evaluate the relationship between latent constructs as hypothesized in this study. Hypothesis testing in this study was conducted by looking at the T-Statistics and P-Values. The hypothesis is accepted if the T-Statistics value is > 1.96 and P-Values < 0.05. The following are the results of the Path Coefficients of direct influence:

Table 6. Direct and Moderation Effects

	Original Sample (O)	T Statistics (O/STDEV)	P Values	Results
Organizational Culture (X2) -> Employee Performance (Y)	0.446	3,594	0,000	Accepted
Moderation Effect 1 -> Employee Performance (Y)	-0.033	0.201	0.420	Rejected
Moderation Effect 2 -> Employee Performance (Y)	0.031	0.205	0.419	Rejected
Leadership Style (X1) -> Employee Performance (Y)	0.115	1,138	0.128	Rejected
Work Climate (Z) -> Employee Performance (Y)	0.392	3,595	0,000	Accepted

Source: Smart PLS 3.3.3

In the hypothesis results in table 6, these results will be explained by the researcher, so the results of this study are as follows:

1. Organizational culture has a positive and significant effect on employee performance with an original sample value of 0.446 and p values of 0.000, meaning that if a good organizational culture increases, employee performance will increase, conversely, if it decreases, employee performance will decrease significantly.
2. Work climate cannot moderate leadership style on employee performance with an original sample value of -0.033 and p values of 0.420, meaning that work climate is not yet able to moderate because it does not have a significant effect and in this study it is stated that work climate is not a moderating variable.
3. Work Climate is not able to moderate Organizational Culture on Employee Performance with an original sample value of 0.031 and p values of 0.419, meaning that work climate is not a moderating variable because it is not able to influence significantly and perhaps work climate can be placed in another variable model or work climate will become a moderating variable in other studies.
4. Leadership style has a positive and insignificant effect on employee performance with an original sample of 0.115 and p values of 0.128, meaning that in this study the leadership style used did not make employees feel better so that some employees had poor performance because there was pressure from the method or from the leadership style used.
5. Work climate has a positive and significant effect on employee performance with an original sample value of 0.392 and p values of 0.000, meaning that if the work climate improves well, employee performance will improve, conversely, if it decreases, employee performance will decrease.

CLOSING

Conclusion

1. Organizational Culture has a positive and significant effect on Employee Performance with an original sample value of 0.446 and p values of 0.000.
2. Work Climate cannot moderate Leadership Style on Employee Performance with an original sample value of -0.033 and p values of 0.420.
3. Work Climate is unable to moderate Organizational Culture on Employee Performance with an original sample value of 0.031 and p values of 0.419.

4. Leadership style has a positive and insignificant effect on employee performance with an original sample of 0.115 and p values of 0.128.
5. Work climate has a positive and significant effect on employee performance with an original sample value of 0.392 and p values of 0.000.

Suggestion

1. The organization must provide a good and comfortable working climate for employees and the progress of the organization.
2. The organization adapts its leadership style to its employees, meaning it must first know the condition of its employees before determining what kind of leadership style is needed.
3. Organizations must create a positive organizational culture to create positive employee conditions.
4. Use this research as a suggestion for the organization to improve the organization's mistakes and weaknesses.
5. This research is expected to be used as reference material for new researchers using new research titles and new models.

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