The Effect of Organizational Culture and Leadership Style on Employee Performance of Telkom Aceh Region: Generation Z as Moderator

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Abstract

This study intends to examine the effect of organizational culture and leadership style on employee performance with Generation Z as moderator. The population was all permanent and contract employees of PT. Telekomunikasi Indonesia Aceh Region (Telkom Aceh Region) totaling 1,130 people. Sampling used a simple random sampling technique using the Slovin formula so that a total sample of 295 employees was obtained. Data were collected using a questionnaire and analyzed using the Structural Equation Modeling (SEM) method. The measurement scale used was the Likert Summated Ratings Scale. The results of the research prove that at Telkom Aceh Region Organizational culture significantly affects the performance of employees, Leadership style significantly affects the performance of employees, there is a moderation of Generation Z on the influence of organizational culture on employee performance, and there is moderation of Generation Z on the influence of leadership style on employee performance. Moderation formed for the models of hypotheses 3 and 4 is a potential moderator (homologiser moderation). So these findings reveal that the model for improving employee performance at Telkom Aceh Region is a function of improving organizational culture and leadership style, as well as strengthening the characteristics of Generation Z.

Keywords: Organizational Culture, Leadership Style, Generation Z, Employee Performance.

1. Introduction

To transform into a digital telecommunication company, PT. Telekomunikasi Indonesia must synergize with all regions throughout Indonesia, one of which is the Aceh region. This synergy includes the achievement of employee performance which is expected by the company to be achieved optimally in all regions in Indonesia. Performance appraisal in PT. Telekomunikasi Indonesia Aceh Region (Telkom Aceh Region) uses work behavior assessment and work planning assessments or also known as Employee Work Targets (SKK) for permanent employees. In the last 3 years, only 2 employees of Telkom Aceh Region were able to achieve excellent predicate, the rest only with a good predicate. This is a big task that must be completed by Telkom Aceh Region in managing its employees to be better, especially the challenges in the future regarding the quality of employee performance so that the company can continue to be at the forefront increasingly stringent.
Telkom Aceh Region is faced not only with improving the quality of its employees' performance but also with the presence of new employees who will become the company's regeneration in the future. Currently, Telkom Aceh Region is faced with the presence of Generation Z who will present both positive and negative sides. The positive side that can be presented by employees from generation Z is self-confidence, ambition to succeed, critical in solving problems and being open-minded. However, there are negative sides of these Generation Z employees such as lack of experience in the world of work, difficulty in obeying the rules, liking everything instant, and being disloyal.

Generation Z, also known as iGeneration or internet generation. Generation Z has similarities with Generation Y, but Generation Z can apply all activities at one time (multi-tasking). They have different expectations in the workplace, are career-oriented, are a generation of ambitious professionals, have technical skills and knowledge of the language at a high level. The presence of employees from generation Z also gave color to PT. Telekomunikasi Indonesia Tbk Aceh Region to achieve the goals of the organization.

In this research, the author places the Z generation variable as a moderator of the relationship between culture and leadership style on the performance of Telkom Aceh Region employees. Today's culture has become something that every company must pay close attention to. Companies that have a good culture have a good competitive advantage. PT. Telekomunikasi Indonesia has a culture that has been very well prepared and touches various aspects to encourage its employees to be more focused on its realization. While an effective leadership style is important where the style clarifies the path that followers will follow.

2. Literature Study

Employee performance

In this research, the employee performance variable will often be referred to as performance. To achieve the goals or targets that have been set by the organization through planning, employees in an organization have duties and responsibilities according to the main tasks and functions to realize what the organization has planned. The fundamental problem in improving performance is the limited number of reliable and operational employees so that efforts to improve the quality of human resources can be met if employees have managerial and operational skills. (Walumbwa & Hartnell, 2011) said employee performance is the result achieved by a person according to the size applicable to the job in question.

Employee performance in terms of good and bad is the extent to which employees can complete the tasks, authorities, and responsibilities delegated to them to achieve the goals of the organization. (Kasmir, 2016) mentioned many factors that affect employee performance such as skills, knowledge, work plans, personality, work motivation, leadership, work culture, job satisfaction, work environment, loyalty, commitment, and work discipline. Whereas (Prawirosentono, 2010) mentioned, the factors that affect performance are effectiveness and efficiency, participatory leadership, authority, initiative, organizational culture, and training.

Generation Z

Generation Z, also known as iGeneration, Net Generation, or Internet Generation, is a generation that lives in the digital age. This generation was born when the internet began to
enter and develop very quickly in human life. Generation Z is a digital generation that grows and develops with such a strong dependence on digital technology (Pratama & Yanuar, 2012). This statement further confirms the reason that many Generation Z is very proficient in mastering technological developments that develop even without age. Generation Z has distinctive characteristics where the internet began to develop and grow in line with the development of digital media.

According to (Asmara, 2018), it would be good if the previous generation could place themselves as friends in building communication links, especially in giving constructive criticism and suggestions for generation Z. (Gordon, 1996) stated that when a person feels able and able to understand and accept other people will form a relationship, other people can grow, develop, and make changes that are constructive, psychologically healthier, creative, and productive.

From various expert opinions, the author can conclude that Generation Z is a generation that has been more evenly distributed about technological developments but its impact is also felt on various lines of life. The ability to master technology is an extraordinary welcome for all people in this generation but must be balanced with cultural, religious, and social values to offset the influence of such a strong technology.

**Organizational culture**

Organizational/company culture, in this research, will often be referred to as Culture only for brevity. A strong organizational culture can increase organizational stability, but many small components make up an organizational culture that will become the main obstacle to change. High ethical standards possessed by an employee are strongly influenced by members who have a high tolerance for emerging risks, low and moderate levels of aggressiveness, and always focus on means and results. An organizational culture is a form of belief and ethical norms that exist in an organization that must be understood and applied by members of an organization to become moral rules (Endari, 2005). According to (Robbins & Judge, 2017) organizational culture is a culture that prioritizes cohesiveness in its work, always gives high bonuses rather than sanctions, is full of strength and individual development. Organizational culture is also like norms, beliefs, habits, and behaviors to influence how members of the organization carry out their work.

(Wibowo, 2016) said that culture is values or habits that must be understood to be guided together. So, organizational culture is a way of guiding the norms that exist in an organization to be better understood, felt by every member of the organization so that the method used has a special meaning for the organization so that it is used as a reference in good character in the organization. Organizational culture must function better because it can be obtained, formed, believed, guided, and shown to every employee to be able to socialize (Ikhsan, 2016). Next (Ariyawan & Rivai, 2018) mentioned organizational culture is something that employees feel and know to make a good and correct opinion from a norm and dream more efficiently for the employee.

From the understanding of organizational culture above, it is concluded that the method used by an organization is to always use the same habits both for the organization and other public
organizational environments to compete to create a positive organizational culture to improve better performance.

**Leadership Style**

Leadership style is one of the cornerstones of the success of a profit and non-profit organization. A leadership style that is following the implementation of policies expected by employees but does not forget the rules that have been set, becomes a very important factor in achieving the performance of employees of a company or government agency. (Rivai & Sagala, 2014) Explaining leadership style implies that a set of characteristics used by leaders to influence subordinates so that organizational goals are achieved. Leadership style also means strategy and behavior as a combined result of the philosophy, skills, traits, attitudes that are often applied by a leader when he tries to influence the performance of his subordinates (Rorimpandey, 2013). As (Robbins, Coulter, & Cenzo, 2019) translated the style of the leader has managerial authority, while leadership is what leaders do, namely the process of leading and influencing groups in achieving a goal. (Lensufiie, Hananti, & Purba, 2010) added, leadership style has elements of long-term vision and character in leadership. From the opinions of the experts above, the authors can conclude that the leadership style is one way that a leader can use in influencing, directing, and controlling the behavior of others to achieve a goal.

**Conceptual framework**

The conceptual framework of this research and its hypotheses are presented as follows:

![Conceptual Framework](image)

**Figure 1. Conceptual Framework**

H1 = Organizational culture significantly affects the performance of Telkom Aceh Region employees.

H2 = Leadership style significantly affects the performance of Telkom Aceh Region employees.

H3 = There is moderation effect of Generation Z on the influence of organizational culture on the performance of Telkom Aceh Region employees.

H4 = There is moderation effect of Generation Z on the influence of leadership style on the performance of Telkom Aceh Region employees.

3. Method
This research was conducted at the Telkom Aceh Regional Office located in Banda Aceh City, Indonesia. The variables studied included culture and leadership style (exogenous variables), the performance of Telkom Aceh Region employees (endogenous variables), and generation Z as moderating variables. The population that became the object was all permanent and contract employees of the Aceh Region Telkom, which amounted to 1,130 people. Due to a large number of populations, the sampling method used was the census method with a simple random sampling technique. Samples are taken randomly, regardless of the level in the population. In taking samples from the entire population, researchers used the Slovin formula to determine the number so that a sample of 295 people was obtained.

Measurement of the answers to the questionnaire used the Likert Summated Ratings Scale. In this research, 4 variables were measured, namely Culture (X1) and Leadership Style (X2), Generation Z (M), and the Performance of Telkom Employees in Aceh Region (Z). To measure each variable used the following indicators:

1) Performance used indicators as disclosed by (Robbins & Coulter, 2016) namely quality, quantity, punctuality, effectiveness, independence, work commitment, and productivity.
2) Generation Z used indicators as expressed by (Santosa, 2015) i.e. have big ambitions for success, tend to be practical and act instantaneously, love freedom and have high self-confidence, tend to like details, have a great desire to get recognition, digital and information technology.
3) Organizational culture used indicators as expressed by (Robbins & Coulter, 2016) namely being able to innovate and dare to take every risk that exists, need to pay attention to every detail, always oriented towards the results to be achieved, always human-oriented, always group-oriented, courage/aggressiveness and stability.
4) Leadership style used indicators as expressed by (Kartono, 2019) namely the ability to make decisions, the ability to motivate, the ability to control subordinates, responsibility, and the ability to control emotions.
5) This research also used moderating linear regression analysis, to answer the hypotheses that were required to test the moderating effects.

4. Result

Hypothesis test

Multiple linear analysis was used in this research to test the hypothesis, which is presented as follows.

Table 1. Test Results

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Coefficient Value</th>
<th>Value to t</th>
<th>Value to Sig.</th>
<th>R/R²/Adj.R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Organizational Culture (OC)</td>
<td>0.309</td>
<td>8.824</td>
<td>0.000</td>
<td>0.735/0.540/0.537</td>
</tr>
<tr>
<td>2.</td>
<td>Leadership Style (LS)</td>
<td>0.376</td>
<td>8.046</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Constant</td>
<td>1.680</td>
<td>0.545</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>
Based on the table above, the resulting formula is as follows:

$$\text{KK} = 1,680 + 0.309 \text{OC} + 0.376 \text{LS} + e$$

### Coefficient of Determination

The results of the regression equation show that the resulting $R$ is 0.735 which reveals that there is a relationship between Culture and Leadership Style with a Performance of 0.735 or 73.5%. While the $R^2$ value is 0.540 which indicates that the large variation of the Culture and Leadership Style variable in explaining the Performance variable is 0.540 or 54.0%, while the remaining 46.0% is explained by other variables outside the research.

### Testing Hypothesis 1: Culture Affects Performance

Testing the first hypothesis is carried out to determine the extent to which culture can affect performance. The results show the regression coefficient of the Culture variable ($X_1$) is worth 1 = 0.309 with a significance of 0.000. Sig < 0.05 explains that $H_a$ is accepted, that is, culture significantly affects performance. The coefficient value is 0.309, meaning that culture has a direct effect on performance. The bigger the culture, the better the performance. (AGU, 2020) shows that a culture that supports leadership style, training, work processes, and commitment significantly and positively impacts performance. In general, there is a strong view in the literature that culture fosters performance improvement.

Against this background, there is no doubt that the type of culture that exists in an organization has a huge impact on its performance. Therefore, organizations need to build and maintain a strong culture within the organization that supports high performance.

### Testing Hypothesis 2: Leadership Style Affects Performance

The second hypothesis testing was conducted to determine the extent to which leadership style affected performance. The results show that the regression coefficient of the Leadership Style variable ($X_2$) is worth 2 = 0.376 with a significance of 0.000. Sig. < 0.05 makes it clear that $H_a$ is accepted, that is, leadership style significantly affects performance. The coefficient value is 0.376, meaning that the leadership style has a direct effect on performance. The greater the leadership style, the higher the performance. Leaders who implement the appropriate style will be able to influence and motivate their subordinates and direct them to task clarity, goal achievement, job satisfaction, and effective work execution (Thoha, 2010). Next (Robbins & Coulter, 2016) also added with the statement, leadership style is an ability to influence a group towards the achievement of goals that have been set together. The ability of employees to achieve organizational goals is a reflection of performance so that it explains leadership style has a role in improving performance.

### Moderating Influence

Data processing using multiple linear regression to test the moderating effect can be seen in the results as follows.

### Table 3 Moderation Test Results
These results form a formula that is:

$$KK = 1.282 + 0.352OC + 0.041LS + 0.435GZ - 0.051OC.GZ + 0.041OC.GZ$$

Then it can be explained that:

1) The interaction regression coefficient between Culture and Generation Z is -0.051. This shows that there is a unidirectional (negative) interaction between Culture and Generation Z on Performance.

2) The interaction regression coefficient between Leadership Style and Generation Z is 0.041. This shows that there is a unidirectional (positive) interaction between Leadership Style and Generation Z on Performance.

3) The R-value of 0.890 indicates there is a relationship between Culture, Leadership Style, and Generation Z with a Performance of 0.809 or 89.0%. While the value of R-Square is 0.654 which reveals that the large variation of the variable Culture, Leadership Style, and Generation Z in explaining the Performance variable is 0.654 or 65.4%, while the remaining 34.6% is explained by other variables outside the research.

### Testing Hypothesis 3: Culture Affects Performance with Generation Z as Moderator

Regression testing for the third hypothesis was conducted to determine the extent to which Generation Z moderates the influence of Culture on Performance. The test results show that the regression coefficient values 3 and 4 are not significant because the sig value is > 0.05. This shows that there is a potential moderator (homogiser moderation), meaning that Generation Z moderates the influence of Culture on Performance. (Pratama & Yanuar, 2012) gives his view on generation Z, which is a digital generation that grows and develops with such a strong dependence on digital technology. This statement further confirms the reason that many Generation Z is very proficient in mastering technological developments that develop even without age.

Culture is a way of guiding the norms that exist in an organization to be better understood, felt by every member of the organization so that the method used has a special meaning for the organization so that it is used as a reference in good character in the organization (Endari, 2005). In an organization, culture greatly determines whether or not an organization can run according to the expectations, goals, and objectives that have been set in the form of achieving qualified performance. Performance is one of the goals that the organization wants to achieve so that the goals that have been set can be realized.
Generation Z is present in a quite decisive way in the relationship between culture and performance, where the ability of Generation Z is currently very much needed in the formation of a dynamic culture of development with the progress of science and technology that is growing rapidly at this time which of course will lead to improved performance that can be achieved. Achieved by each employee. So, it is very appropriate if Generation Z positioned itself as moderating the relationship between culture and performance.

**Testing Hypothesis 4: Leadership Style Affects Performance with Generation Z as Moderator**

Regression testing for the fourth hypothesis was conducted to determine the extent to which Generation Z moderated the influence of regional leadership styles on performance. The test results show that the regression coefficient values 3 and 5 are not significant because of the value of sig. > 0.05. This indicates that there is a potential moderating (homologiser moderation), meaning that Generation Z moderates the influence of Leadership Style on Performance. According to (Ariyawan & Rivai, 2018), Leadership style implies that a set of characteristics used by leaders to influence subordinates so that organizational goals are achieved. The application of a leadership style that is following the needs of the organization also influences the achievement and improvement of the performance of the employees of an organization. A dynamic leadership style that is accompanied by the leadership's ability to master developing technology will boost employees to realize the leadership's expectations are so high that it leads to increased performance. Generation Z is present in the midst of previous generations who have already existed in an organization. However, Generation Z proves its existence against the relationship created between the leadership styles applied in an organization to its performance.

5. Conclusion

The results of the research prove that at Telkom Aceh Region Culture significantly affects the performance of employees, leadership style significantly affects the performance of employees, there is a moderation of generation Z on the influence of culture on the performance of employees, and there is a moderation of generation Z on the influence of leadership style on employee performance. Moderation formed for the models of hypotheses 3 and 4 is a potential moderator (homologiser moderation). So these findings reveal that the performance improvement model at Telkom Aceh Region is a function of improving its culture and leadership style, as well as strengthening the traits possessed by Generation Z. This tested model can contribute to academics, especially future researchers to develop it by combining it with other variables such as workload and human capital management. For practitioners, especially leaders on research subjects can use this performance improvement model as the basis for implementing company management.

References