

Building Employees' Organizational Commitment through Leadership Styles and Organizational Culture at Automotive Industry

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Abstract--- Organizational commitment is one of the main outputs of organizational behavior. The existence of an institution strongly depends also on the committed employees. This study already explored how the leadership styles and organizational culture has built the foundation of organizational commitment. A number of samples for this research were 155 respondents in the industry producing automotive components. The Instruments of leadership styles (Ls), organizational culture (OCu) and organizational commitment (OCo) are already proven to be valid and reliable. This study has revealed the role of leadership and culture to build the commitment of employees in the industry of automotive component in Indonesia. This study has found that the simultaneous coefficient regression for the leadership styles and organizational commitment is .064; Organizational culture and organizational commitment is .226. The partial coefficient regression between leadership style and organizational commitment is .217; the partial coefficient between Organizational Culture and Organizational commitments is .298; and the partial regression between leadership styles and organizational culture is .235. The study hopefully will be used for the industry to formulate policies for building commitment, finally for the productivity.

Keywords--- Leadership Styles, Organizational Commitment, Organizational Culture.

I. Introduction

The competitive advantage of automotive of Indonesia has decreased because not only the macroeconomic condition has not supported the competitiveness, like foreign exchange rates, inflation, productivity but a microeconomic setting has also problems of organizational behavior that cause low productivity of employees, low organizational commitment, high intension to leave. Colquitt, LePine and Wassen[1] have placed the organizational commitment at the end of the structure of integrative model in organizational behavior. There are many variables that are able to improve the commitment of employees, such as leadership, culture, ability, motivation, stress, justice, job satisfaction. The automotive industries have also many problems not just in finance, production, marketing but also in the human resources. The findings of this research are based on the study conducted at PT. NKP that has 175 employees. For the purpose of validity and reliability instrument, 20 of the them were taken for the test.

II. Theoretical Framework

Colquitt, LePine and Wesson [1] define organizational commitment as the desire of a member of an organization not to leave. A member of organization that has not committed to an organization will perform avoiding anything in the workplace and it will disturb other member of the organization. The organizational commitment has three types of emotion based, cost based and obligation based. This study focused on the definition by Colquitt, LePine and Wassen. There are many definitions about the organizational commitment such as Schemerhorn, Hunt and Osborn[2]; Luthans[3]. Schemerhorn, Hunt and Osborn said about commitment of employees as the faithfulness of the member of organization. Luthans stated the commitment of an organization member as the strong desire to settle in the organization, admitting beliefs and values in the organization. To summarize the organizational commitment is the high request for staying in the organization due to emotional, cost and obligation motives.

Leadership as stated by Colquitt, LePine and Wasson, is basically how a leader directs organizational employees to achieve the goals and objectives of an organization [1].

The definitions of a leadership can be traced to other authors: Slocum [4], Ivancevich and Matteson [5], Robin S.P [6]. Slocum explains that leadership styles is a process of developing vision and mission, urging people, taking tough decision for realizing the goals of an organization. Ivancevich and Matteson, Robin say the same thing about a leadership styles, how a leader taking actions for achieving goals. The understanding of leadership can be drawn that a leadership is how a leader does to motivate, to guide and to direct member of organization to attain the goals of an organization.

Organizational culture is about knowledge about values, beliefs and rules that influencing behavior of the organizational employees [1]. Organizational culture is the assumption of employees in an organization that influences both internal and external conditions [7]. In Short, organizational culture is beliefs, norms, values and how the member thinks about, feels and to act for attaining the goals of the organization.

The relationship between those three variables can be depicted as the following diagram.

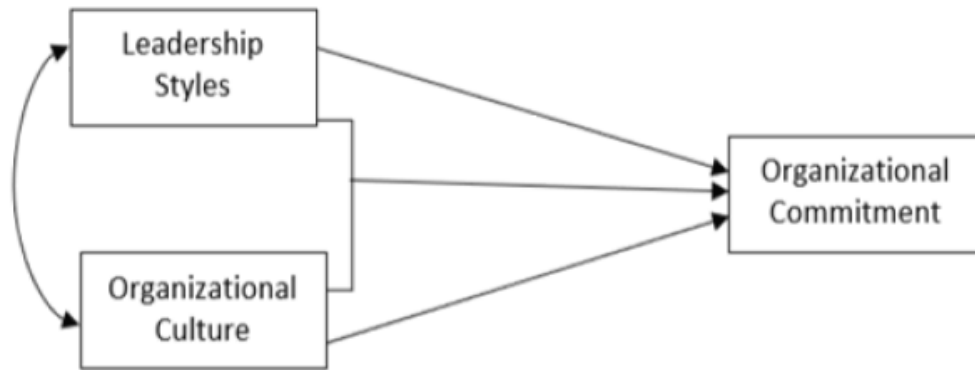


Fig. 1: Theoretical Model

Based on the theoretical model from Colquitt, LePine and Wassen, organizational commitment depends directly or indirectly on leadership styles and organizational culture.

III. Hypothetical Model

The relationship between independent and dependent variables are hypothesized as (1) There is a significant effect of leadership styles (X1) on organizational commitment (Y), (2) There is a significant effect of organizational culture (X2) on organizational commitment (Y). (3) There is a simultaneous effect leadership styles (X1) and organizational culture (X2) on organizational commitment (Y)

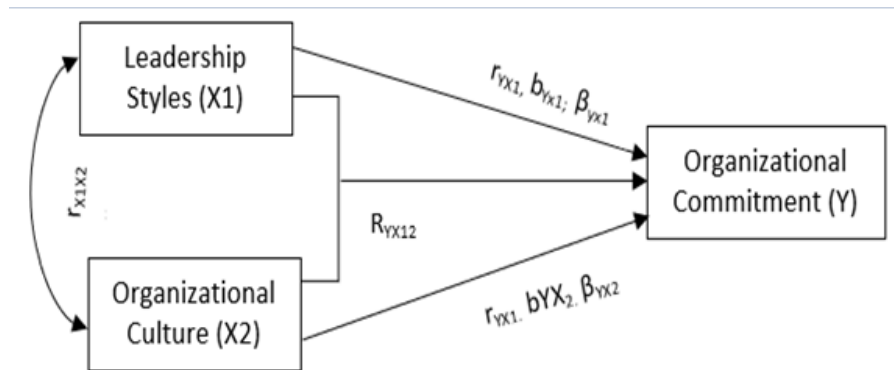


Fig.2: Hypothetical Model

IV. Research Methodology

The sample was taken out from population of employees working permanently in the spare-parts automotive industry. The instruments for measuring research variables were successfully tested for its validity and reliability. The survey was conducted using the instrument for two months.

The respondents were asked to fill a questionnaire out based on the guidance already written in the instruments. Every single item or several items represent a variable in the study. The definition of the variables has been operated based on the theoretical framework and the purpose of the study. Leadership styles is operationally defined as how employees evaluate the leader behavior and attitude in order to direct, to guide, to inspire, to motivate and to influence the employees of the industry. The dimensions for the leadership styles include influences, motivation, simulation, consideration, rewards, active and passive management, and laissez faire. Organizational culture is operationally defined as the beliefs, values, ethics and norms assessed and how employees to think, to feel and to act for achieving goals. Employees’ organizational commitment is in the study defines as the strong desire of employees to stay forever in the industry for the reasons of economic, emotion and obligation. To know the interaction among the variables, correlation and regression analyses were used.

Regression model is used to build the relationship between those variables. The assumptions for the regression are: (1) Normality. Using SPSS calculation, the variables are approximately to normal having significant of .068 for leadership styles, .08 for organizational culture and .06 for organizational commitment; (2) Linearity. Significance for linearity are also lower than .05 that means the relationship between leadership styles and organizational commitment is linier, and also their linearity between organizational culture and organizational commitment; (3) Homoscedasticity. The variables also have no heteroscedasticity that is indicated by the t-calculated of .328 for leadership styles and .300 for the organizational culture. Other two additional assumptions are: (4) No autocorrelation, the correlation between leadership styles and organizational culture was .513 indicating that there is no autocorrelation between the independent variables and (5) No multicollinearity. That is Variance Inflation Factor (VIF) for leadership styles and organizational culture were 1.358 that is lower than 10, indicating no multicollinearity between the independent variables.

V. Results and Discussions

The correlations between leadership styles (X_1) and organizational commitment (Y) are .350; between organizational culture (X_2) and organizational commitment (Y) is .408. The correlation between leadership styles (X_1), organizational culture (X_2) and organizational commitment is .439. The all correlations among the variables are significant at $\alpha .05$. The coefficient determinant for organizational commitment is .193, it means that the role of both leadership styles and organizational culture is 19.3 percent to the organizational commitment, the rest of 80.7 percent determined by other variables not in the model. The correlation among variables are shown in the following matrix.

Correlations Matrix

		Organizational Commitment (Y)	Leadership Style (X1)	Organizational Culture (X2)
Pearson Correlation	Organizational Commitment (Y)	1.000	.350**)	.408**)
	Leadership Style (X1)	.350	1.000	.513
	Organizational Culture (X2)	.408	.513	1.000
Sig. (1-tailed)	Organizational Commitment (Y)	.	.000	.000
	Leadership Style (X1)	.000	.	.000
	Organizational Culture (X2)	.000	.000	.
N	Organizational Commitment (Y)	155	155	155
	Leadership Style (X1)	155	155	155
	Organizational Culture (X2)	155	155	155

**) $p < .05$

The simple regression between leadership styles (X_1) and organizational commitment (Y) is $\hat{Y} = 81.425 + 0.117X_1$. It means that every additional leadership for one will increase organizational commitment by .117 unit. The simple regression between organizational culture (X_2) and organizational commitment (Y) is $\hat{Y} = 62.524 + 0.299 X_2$. It means that every marginal increase for one unit in organizational culture will cause the increase of organizational commitment by .299 unit. The multiple regression between leadership styles (X_1), organizational commitment (X_2) and organizational commitment (Y) is $\hat{Y} = 60.886 + 0.064X_1 + 0.226X_2$. It means that holding the organizational culture does not change, the increase of leadership styles by one unit will increase organizational commitment by 0.064 unit. On the other hand, when leadership styles have not changed the organizational commitment will increase 0.226 unit if the organizational culture increases by one unit.

The standardized-simultaneous regression is $\hat{Y} = 0.191X_1 + 0.310 X_2$. This means the organizational culture has bigger effect to organizational commitment than leadership styles. It can be seen in the following ANOVA table.

ANOVAa

Model		Sum of Squares	Df	Mean Square	F-calculated	F-criteria
1	Regression	2955.297	2	1477.648	18.181**	3.06
	Residual	12353.890	152	81.276		
	Total	15309.187	154			

**) p<.05
a. Dependent Variable: Organizational Commitment
b. Predictors: (Constant), Organizational Culture, Leadership Style

The first hypothesis for the regression is that there is a significant effect of leadership styles (X_1) on organizational commitment (Y). Based on the $t_{calculated}$ of 2.244 compared to t_{table} which is 1.98, the hypothesis was rejected and the conclusion is that there is significant effect of leadership styles on organizational commitment. The second hypothesis is that there is a significant effect of leadership styles on organizational commitment. Since $t_{calculated}$ (3.651) > $t_{(0.05;153)}$ of 1.975, the null hypothesis is rejected. There is linier regression between organizational culture and leadership styles significantly. The last hypothesized is that there is a significant effect of leadership styles and organizational culture on organizational commitment simultaneously. This can be proved from the comparison values of F_{table} and $F_{calculated}$ as in the table of ANOVA.

Coefficients of Regression

Model		Unstandardized Coefficients		Standardized Coefficients	$t_{calculated}$	$t_{criteria}$
		B	Std. Error	β		
1	(Constant)	60.886	7.066		8.616	1.98
	Leadership Style	.064	.028	.191	2.244**	1.98
	Organizational Culture	.226	.062	.310	3.651**	1.98

Dependent variable: organizational commitment
**) p<.05

The above findings are relevant to the other former research. According to Lotfy there was a positive statistical correlation between leadership that is ethical and organizational commitment. The correlation (r) was .21 (p<.001) [8]. Furthermore, Ethical leadership in the case of nursing has to be increased to strengthen the organizational commitment and finally for the purpose of increasing care quality and safety. Neguse [9], leadership styles have a positive relation with organizational commitment. The coefficient regression was .089. Transformational leadership has also a positive direct impact on organizational commitment with coefficient regression of .019. Whereas transactional leadership has not supported a positive direct effect on organizational commitment. Bushra[10] claimed that transformational leadership has a positive effect on organizational commitment of employees. The relation between transformational leadership and employees' organizational commitment is predicted as a positive (r = .40). It can be interpreted as 16 percent of the change on organizational commitment of employees is due to the change of transformational leadership. Feizi et al [11] claimed the relationship between leadership and organizational commitment in their study about the teachers of high school. The correlations between: transformational leadership and organizational commitment is .33, inspirational leadership and commitment is .03, idealized leadership and commitment is .35, intellectual leadership and commitment is .19, individualized leadership and organizational commitment is .20, those are statistically significant at p<.01. In addition, the β -coefficients for idealized leadership, individualized leadership and intellectual leadership are .37, .35 and -.30 respectively. This means that the biggest effect is individualized leadership among the three dimensions. Graft et al. [12]got the relationship between affective organizational commitment and leaderships in nursing. The β coefficient for the two variables is .89, a statistically significant at p <.001. Anderson [13] found that leadership style can predict intention to stay significantly and affective commitment was the only a significant contributor to the model of the study with $\beta = .64$ at p <.001.

Luo [14] got the finding that transformational leadership is a good predictor for three organizational commitment, which has a 0.117-path coefficient. Wiwiek [15] found that path coefficient between servant leadership and organizational commitment is .789 that is significant at t-value of 8.00.

Ipek[16] found that organization culture which has dimension of power, role, achievement and support has interdependent with organizational commitment which has dimensions of compliance, identification and internationalization. Dimensions of organizational culture explained 25 percent of compliance level ($R=.503$ and $R^2 = .253$). The dimensions of power and role have a positive effect on all dimensions of organizational commitment, whereas the other two dimensions of organizational culture has not supported effect on dimensions of organizational commitment. The coefficients regression for power and role are .097 and .223 respectively to compliance-organizational commitment. Dwivendi et al [17] concluded that commitment of employees is strongly sensitive to organizational commitment that has dimensions of trust, collaboration, authenticity, confrontation, proaction, experimentation. It implied that to develop strategy should be directed to impacting employees' commitment. Zhang [18] got conclusion that organizational culture had direct positive effect on organizational commitment. The path coefficient between the two variables is .31.

Yaseen [19] invented the leadership styles have a significant positive relationship with normative commitment of employees. Organizational culture which dimensions of involvement, consistency, adaptability and mission has also significantly positive relationship with commitment of employees towards change. Involvement and consistency positively related to affective commitment which the coefficients of $\beta = .124$ and $.680$ respectively. Whereas adaptability and mission have no significant effect which the coefficients of $\beta = .015$ and $.029$. Awan and Mahmood [20] found that there is no relationship between leadership styles and organizational culture. The value of chi-square is 4.55 and $p = .208$ that is higher than .05. This means that there is no relationship between the variable of leadership styles and organizational culture. Surprising conclusion is that a leadership style has no effect on employee's commitment in university libraries. Final conclusion of the study is that leadership styles have no effect on the employee's commitment. Kim [21] claimed that clan culture and transformation leadership have positively related to affective commitment. The path coefficient between clan culture and affective commitment is .256, the path coefficient between transformational leadership and affective commitment is .232. Both are significant at $p < .01$. Acar [22] said based his research that there are positive effects of organizational culture and leadership on organizational commitment in the area of logistic industry. He claimed that two-dimensions of inspirational motivation and individualized consideration from transactional leadership have positive effect on affective commitment. The path coefficients for both are .166 and .257 respectively and significant at $p < .05$ and $p < .01$. Clan and adhocracy dimensions of organizational culture have effects on affective organizational commitment. The path coefficients are .352 and .259 each at $p < .001$. As said by Einolander[23] that the component of affective commitment is the most important component in the organizational commitment. One of studies found that leadership will influence culture, Alia [24]. It is contrary with this classical assumption that is no autocorrelation among the independent variables. Abioden [25] also stated that leadership behaviour is significantly correlated with organization culture ($r=.496$).



Fig.3: Empirical Model

VI. Conclusions and Implications

The conclusions for this research are: 1) the leadership styles has a significant effect on employees' organizational commitment, 2) organizational culture has also a significant effect on employees' organizational commitment, 3) Both leadership styles and organizational culture together have significant effects on employees' organizational commitment.

Based on the integrative model of organizational behavior the organizational commitment is the output of organization. So, to build the employees' organizational commitment can be built on the basis of leadership styles and organizational culture. The industries that produce automotive component should build commitment through the leadership styles in the term the styles that characterized by transformational leadership. The industries have also to create organizational culture that support the strengthening commitment of employees in the organization. By this study the manager of the industries as well as the government should make policy based on the leadership styles and the organizational culture.

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