The Influence of Authentic Leadership and Organizational Culture on Performance through Satoria Pharma's Employee Satisfaction

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Abstract

The quality of human resources (HR) determines the success of an organization, both large and small. HR plays a role in planning, implementing and controlling the organization. The purpose of this study is to analyze whether there is an influence: 1) authentic leadership on satisfaction; 2) organizational culture on satisfaction; 3) authentic leadership on employee performance; 4) organizational culture on employee performance; 5) satisfaction not on employee performance; 6) authentic leadership on performance through employee satisfaction; and 7) organizational culture on performance through employee satisfaction. The study was conducted using probability sampling, with data collected from respondents consisting of employees at various levels and departments at Satoria Pharma. Using Slovin’s calculation, the sample was found to be 75 respondents taken from a total of 300 employees. The research used a quantitative approach with the following results: 1) authentic leadership affects satisfaction; 2) organizational culture affects satisfaction; 3) authentic leadership affects employee performance; 4) organizational culture affects employee performance; 5) satisfaction has no effect on employee performance; 6) authentic leadership has no effect on performance through employee satisfaction; and 7) organizational culture has no effect on performance through employee satisfaction. The results of this research shed light on the factors that impact employee satisfaction and organizational performance in the pharmaceutical industry. The practical implication of this study highlights the significance of cultivating genuine leadership and fostering a positive company culture. Managers and professionals within pharmaceutical companies should prioritize the qualities associated with authentic leadership, such as providing a clear vision and guidance, practising integrity, actively listening to and empathizing with employees, and fostering a sense of unity in the workplace. Furthermore, companies should strive to establish an organizational culture that places value on positive corporate ethics, encourages and supports employee growth and development, and promotes social norms that align with these values. By implementing authentic leadership and creating a good organizational culture, pharmaceutical companies like Satoria Pharma can improve employee satisfaction and overall organizational performance.

Keywords: Authentic Leadership; Organizational Culture; Employee Satisfaction; Performance

INTRODUCTION

Performance is the quantity or quality of something produced or services provided by someone who does work. Performance can be influenced by one's leadership. In an organization or company, it takes the role of a leader who is responsible for the running of the organization or company. Authentic leadership is important in change by encouraging leaders and other members to make changes to interact openly and have broad insights. In addition, performance is also influenced by the organizational culture formed in a corporate organization. A strong and healthy organizational culture is an issue that has been described by many companies at the global level. Culture is the root of tradition, so culture reflects what is done in a corporate organization. In addition, employee job satisfaction factors also affect performance. Employees will feel more satisfied if the pay is proportional to the work done.

Organizations today are faced with increasing and dynamic competition in various industrial sectors. To survive and succeed in this competitive environment, an organization needs to have quality leaders and a strong organizational culture. One type of leadership that is increasingly developing and in the spotlight of researchers is authentic leadership. Authentic leadership is
characterized by leaders who have integrity, honesty, confidence, and care for their employees. Previous research shows that authentic leadership has a significant influence on employee satisfaction, organizational commitment, and overall individual and organizational performance. Organizational culture also has an important role in improving organizational performance. A strong organizational culture can create a positive, collaborative work environment and support the growth and development of individuals within it. A strong organizational culture can also increase employee satisfaction and contribute to improved overall performance.

However, despite the importance of Authentic leadership and strong organizational culture, there are still not many studies that examine the influence of both on organizational performance through employee satisfaction. Therefore, this study aims to examine the effect of authentic leadership and organizational culture on organizational performance through employee satisfaction at Satoria Pharma. It is expected that the results of this study can provide a deeper understanding of the effect of authentic leadership and organizational culture on organizational performance through employee satisfaction. The results of this study are expected to contribute to the theory and practice of leadership and better organizational management in the future.

Satoria Pharma is a leading pharmaceutical company in Indonesia. The researcher found a phenomenon where the culture in the organization often has gaps between departments at Satoria Pharma. Therefore, the leader is considered to be one of the important factors that can drive this culture, which can affect employee job satisfaction as well as the performance of employees at Satoria Pharma. Supported by several previous studies with one of the studies raised by Nugroho et al (2022) which states that there is an influence of organizational culture on performance. This is not in line with the results of previous research conducted by Girsang (2019), which found that organizational culture has no effect on performance. The results of the two researchers indicate a research gap, so researchers are interested in raising it as one of the variables to be proven in their research at Satoria Pharma.

Researchers used quantitative research methods by distributing questionnaires to Satoria Pharma employees. This questionnaire will explore employee perceptions related to authentic leadership, organizational culture, employee satisfaction, and organizational performance. The collected data will be analyzed using statistical analysis to test the relationship between variables. It is expected that the results of this study can provide a deeper understanding of the influence of authentic leadership and organizational culture on organizational performance through employee satisfaction. The results of this study are expected to contribute to the theory and practice of leadership and better organizational management in the future.

Based on the above background, the objectives of this study are as follows:
1. Is there an effect between authentic leadership and satisfaction?
2. Is there an influence between organizational culture and satisfaction?
3. Is there an influence between authentic leadership on employee performance?
4. Is there an influence between organizational culture on employee performance?
5. Is there an influence between satisfaction has no effect on employee performance?
6. Whether there is an influence between authentic leadership has no effect on performance through employee satisfaction? And;
7. Is there an influence between organizational culture has no effect on performance through employee satisfaction?

The findings from this study provide a better understanding of the factors that influence employee satisfaction and organizational performance in the pharmaceutical industry. The practical implication of this study is the importance of developing authentic leadership and creating a positive organizational culture. Managers and practitioners of pharmaceutical
companies should pay attention to the characteristics of authentic leadership, such as providing clear vision and direction, practising integrity, listening to and empathizing with employees, and creating a climate of work unity. In addition, companies should also build an organizational culture that values and encourages positive corporate values and promotes social norms that support employee growth and development.

LITERATURE REVIEW

The literature review represents the theoretical core of an article. The purpose of a literature review is to "look again" what other researchers have done regarding a specific topic. A literature review is a means to an end, namely to provide background to and serve as motivation for the objectives and hypotheses that guide one's own research. A good literature review should not merely provide a summary of previous relevant research; the researcher is also expected to critically evaluate, re-organize and synthesize the work of others.

Authentic Leadership

Authentic Leadership by Walumbwa et al in Cho & Park (2020) means leadership with behaviours that encourage and demonstrate good and principled behaviour that fosters self-awareness, internalized moral perspectives, balancing information before decisions are made and relational transparency. According to Pastor Álvarez et al. (2019) authentic leadership is an action that motivates teams and builds positive mental abilities and moral situations, where each individual has a goal to exceed expectations. A leader who applies this authentic leadership style has self-awareness fair information processing skills, and maintains transparency in relationships with their followers. Andamari (2019) describes authentic leadership as a leader who is able to create a healthy and secure work environment by using psychology as a mediator variable for each individual in the organization. Meanwhile, Yulk (2015) states that the core values of authentic leadership are motivating themselves to do what is right and fair for followers, creating a type of relationship with followers that includes high mutual trust, open and honest communication, and having a common goal that has positive value. Indicators of authentic leadership, according to Mazutis (2011) include vigilance, leader values, leader emotions, and leader goals. John C. Maxwell (2007) argues that leadership is the ability of a leader to influence and motivate others effectively and efficiently to achieve common goals. An effective leader must have an understanding of the needs of employees, be able to analyze situations quickly and efficiently and be able to choose the right approach in making decisions. Authentic leadership style is a type of leadership that highly values honesty, confidence, empathy, and integrity. Authentic leaders are more likely to motivate their subordinates by using a more humane approach, strive to maintain high moral integrity, set an example in their behaviour, and respect the values of the organization they lead. One figure who is often considered an authentic leader is Bill George, former CEO of Medtronic and author of the famous book "Authentic Leadership". George (2003) explains that authentic leaders have four important characteristics: impactful, determined, compassionate, and authentic. Besides Bill George, other figures such as Nelson Mandela, Ma Jun, Apple CEO Tim Cook, and Oprah Winfrey are also considered authentic leaders who demonstrate honesty, integrity, and empathy in their inspiring leadership.

Organizational Culture

Organizational culture according to Nurdin Ismail in Sarif, et al (2020) is a set of assumptions of norms and values as a belief system that grows and develops in the organization as a guide for organizational members, so that the organization is able to carry out external adaptation and internal integration to maintain the existence of the organization. Chaerudi (2019: 193) argues that
organizational culture is a value or norm of behaviour that is understood and accepted together by organizational members as a rule of behaviour contained in the organization. According to Edison et al. (2018), the definition of organizational culture is the result of combining previously existing cultural and/or individual behavioral styles into new norms and philosophies, which are embraced by the group with enthusiasm and pride in facing challenges and achieving certain goals. Indicators of organizational culture Hari (2015: 14) include innovative taking into account risks, results-oriented, oriented to all employee interests, and task-oriented. Organizational culture consists of a series of activities that are carried out repeatedly by members of the organization. Although there is no concrete punishment for violating this culture, morally, members of the organization have agreed on the importance of complying with the culture in order to achieve work goals (Nawawi, 2003: 65).

Employee Performance

Performance, according to Tika in Sarif, et al (2020) is the result of work that can be achieved by a person or group of people in an organization in accordance with their respective authorities and responsibilities in order to achieve the objectives of the organization concerned legally, not against the law and in accordance with morals and ethics. According to Fahmi in Ginting, et al (2019) performance is the result obtained by an organization that is profit-oriented and no profit generated during one period of time. Meanwhile, according to Mangkunegara in Sarif, et al (2020) defines employee performance as the quality and quantity of work achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Performance indicators from Sedarmiyanti (2013: p.260): work performance, responsibility, obedience, honesty, and cooperation. Performance refers to the results of individual or group work in an activity, which can be measured both qualitatively and quantitatively. This performance is influenced by natural abilities or obtained through the learning process and motivation to achieve achievement (Umam, 2010: 189). Employee performance is a concrete action shown by each individual in their work role, which results in achievement in accordance with their duties in the company (Rivai, 2004).

Job Satisfaction

In simple terms, satisfaction is a feeling of pleasure because one’s wants or needs are met. Each individual has their own expectations and measures of what makes them satisfied. Therefore, satisfaction is difficult to define in general and only individuals can determine their own form and level of satisfaction (Okolocha, et al., 2021). Otache and Inekwe (2021) explain that satisfaction is a positive emotion that arises when a person’s desire is fulfilled due to certain factors, and satisfaction is achieved in relation to the cause and effect of the event. As a result, if satisfaction is not met, consequences such as decreased performance, target non-achievement, unhealthy work environment, and so on, can arise, which in turn can have a negative impact on organizational performance (Feldhammer-Kahr, et al., 2021).

Job satisfaction according to Abdurrahmat in Pendong (2021) is a form of emotional attitude that is pleasant and loves the work he does. According to Steve M. Jex (2002) job satisfaction is the level of positive affection of a worker towards work and work situations, job satisfaction is related to the worker’s attitude towards his job. The indicators used, according to Luthans (2012), namely: salary, work itself, coworkers, opportunities, promotions, and supervision. Job satisfaction is the result of employees’ views on the extent to which their jobs provide needs that are considered important (Luthans, 2012: 243).

Job satisfaction, according to Hani Handoko (2001), refers to the emotional level that a person feels towards his job, whether pleasant or unpleasant. This is closely related to the individual’s attitude towards various factors in the job, such as working conditions, social
influences at work, rewards, leadership, and other factors. Thus, job satisfaction reflects a person’s general attitude towards their job.

RESEARCH METHOD
This research was conducted at Satoria Pharma, which is located on Jl. Raya Kejayan Purwosari Km 16 Sambisirah Village, Wonorejo District, 67173 zip code, Pasuruan Regency, East Java. The population used in this study were 300 employees of Satoria Pharma. The sampling technique used is probability sampling. The sample used using Slovin was 75 respondents. The probability sampling technique allows members of the population to have the same opportunity to be selected as a sample. Using a Likert scale of 1-4 with primary data derived from the results of distributing questionnaires. This research was conducted in the last week of July to early August 2023. About one week to collect complete questionnaire data and ready for testing.

Figure 1. Research Framework of the Study

FINDINGS AND DISCUSSION
Based on the figure above, it can be seen that both independent variables are significant at the real level of 5% or \( \alpha = 0.05 \). This can be seen in the significance level column.
1. There is a significant influence between the Authentic Leadership variable on the Satisfaction variable of 0.524 or 52.4%, which means that Authentic Leadership has a significant effect on Satisfaction by 52.4%. This can be seen in the significance value which is 0.000 or less than 0.05.
2. There is a significant influence between the Organizational Culture variable and the Satisfaction variable of 0.215 or 21.5%, which means that Organizational Culture has a significant effect on Satisfaction by 21.5%. This can be seen in the significance value which is 0.029 or less than 0.05.

Table 1. Coefficients Employee Satisfaction

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>5.692</td>
<td>1.681</td>
<td>3.385</td>
</tr>
<tr>
<td></td>
<td>Authentic Leadership</td>
<td>.545</td>
<td>.100</td>
<td>.524</td>
</tr>
<tr>
<td></td>
<td>Organizational Culture</td>
<td>.186</td>
<td>.084</td>
<td>.215</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Satisfaction
Based on the figure above, it can be seen that there are two significant independent variables with a real level of 5% or $\alpha = 0.05$. This can be seen in the significance level column:

1. There is a significant influence between the Authentic Leadership variable on the Employee Performance variable of 0.530 or 53%, which means that Authentic Leadership has a significant effect on Employee Performance by 53%. This can be seen in the significance value which is 0.000 or less than 0.05.
2. There is a significant influence between the Organizational Culture variable on the Employee Performance variable of 0.405 or 40.5%, which means that Organizational Culture has a significant effect on Employee Performance by 40.5%. This can be seen in the significance value which is 0.000 or less than 0.05.
3. There is an insignificant influence between the Satisfaction variable and the Employee Performance variable, which can be seen from the significance value of 0.556 or more than 0.05.

### Table 2. Coefficients Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.547</td>
<td>2.022</td>
<td>1.754</td>
<td>.084</td>
</tr>
<tr>
<td></td>
<td>Authentic Leadership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.689</td>
<td>.133</td>
<td>.530</td>
<td>5.169</td>
</tr>
<tr>
<td></td>
<td>Organizational Culture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.440</td>
<td>.097</td>
<td>.405</td>
<td>4.541</td>
</tr>
<tr>
<td></td>
<td>Employee Satisfaction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-.078</td>
<td>.132</td>
<td>-.062</td>
<td>-.592</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

Based on the table above, it can be seen that there is a significant indirect effect between:

1. Based on the table above, it can be seen that there is an indirect effect between Authentic Leadership (X1) on Employee Performance (Y) through Satisfaction (Z), which has an insignificant value of -0.032.
2. Based on the table above, it can be seen that there is an indirect effect between Organizational Culture (X2) on Employee Performance (Y) through Satisfaction (Z), which has an insignificant value of -0.013.

Based on it can be seen that the Authentic Leadership variable has the greatest total influence on Satisfaction directly by 52.4% and Satisfaction on Employee Performance has the smallest and insignificant effect of -6.2%.

### Table 3. Path Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Direct Influence</th>
<th>Indirect Influence</th>
<th>Total Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authentic Leadership (X1) on the Employee Satisfaction (Z)</td>
<td>0.524 (sig)</td>
<td>-</td>
<td>0.524</td>
</tr>
<tr>
<td>Organizational Culture (X2) on Employee Satisfaction (Z)</td>
<td>0.215 (sig)</td>
<td>-</td>
<td>0.215</td>
</tr>
<tr>
<td>Authentic Leadership (X1) on Performance (Y)</td>
<td>0.530 (not sig)</td>
<td>0.524x-0.062= -0.032 (through Z) (not significant)</td>
<td>0.498</td>
</tr>
<tr>
<td>Organizational Culture (X2)</td>
<td>0.405</td>
<td>0.215x-0.062= -0.013</td>
<td>0.392</td>
</tr>
<tr>
<td>Variable</td>
<td>Direct Influence</td>
<td>Indirect Influence</td>
<td>Total Impact</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>------------------</td>
<td>--------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>to Performance (Y)</td>
<td>(sig)</td>
<td>(through Z)</td>
<td>-0.062</td>
</tr>
<tr>
<td>Employee Satisfaction (Z) on</td>
<td></td>
<td>not significant</td>
<td></td>
</tr>
<tr>
<td>Performance (Y)</td>
<td>-0.062 (sig)</td>
<td></td>
<td>-0.062</td>
</tr>
</tbody>
</table>

**CONCLUSIONS**

The conclusions in this study are, among others:
1. Authentic Leadership has an effect on Satisfaction;
2. Organizational Culture affects Satisfaction;
3. Authentic Leadership has an effect on Employee Performance;
4. Organizational Culture affects Employee Performance;
5. Satisfaction has no effect on Employee Performance;
6. Authentic Leadership has no effect on Performance through Employee Satisfaction;
7. Organizational Culture has no effect on Performance through Employee Satisfaction.

**LIMITATION & FURTHER RESEARCH**

Suggestions for further research regarding several ideas that can be explored to deepen understanding of the influence of authentic leadership and organizational culture on performance through employee satisfaction. The results of this study can be used as input for Satoria Pharma to improve employee performance and increase job satisfaction. The limitation of this study are the research time so that at the time of distributing the questionnaire, it has not reached all employees. The lack of socialization regarding the contents of the questionnaire provides an ambiguous understanding when filling out the questionnaire.

**REFERENCES**


