

## Testing the Structural Equation of Organizational Culture Modeling as a Moderator of Public Services

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**Abstract:** This study aims to examine the influence of Leadership Style, Strategic Orientation and Organizational Resources on Organizational Performance through Organizational Culture. This research was the first study to examine the influence of Leadership Style, Strategic Orientation and Organizational Resources on Organizational Performance through Organizational Culture conducted at Community Health Center. The model proposed in this study was carried out through structural equation modeling. Data were collected from a sample of 250 Community Health Center in DKI Jakarta Province. Data analysis was performed using SPSS 25 and SEM AMOS 24. The findings of this study provide several practical implications. First, Directors of Community Health Center are advised to take leadership training programs, such as public speaking & effective communication skill training program and coaching skill training program. Second, it requires entrepreneurship skill training program and risk management training program. Third, Directors of Community Health Center are advised to create programs to improve employee competence and increase the role of health leaders, as well as investment and adaptability to current technological developments in order to create resource efficiency and optimize the achievement of Community Health Center's performance.

**Keywords:** Organizational Performance, Leadership Style, Strategic Orientation, Organizational Resources, Organizational Culture

### INTRODUCTION

Health development is a very important part of national development in order to increase the quality of Indonesian resources and have high competitiveness, by building awareness to have the will and ability to live a healthier life, so as to achieve the highest public health status. In achieving this goal, the government will carry out comprehensive, integrated and sustainable health efforts by involving all elements of health, one of which is

by involving the participation of the Community Health Center or Puskesmas (Hiswanti, 2017). The Community Health Center or Puskesmas is a first-level health facility (FKTP) as one of the Technical Implementing Units of the City / District Health Office which functions to carry out optimal health service efforts, both Public Health Efforts (UKM) and the first level Individual Health Efforts (UKP) , by prioritizing promotive and preventive efforts in achieving optimal health degrees in the working area of the Puskesmas (PMK No. 75/2014). This includes, for example, efforts to disseminate health prevention and counseling due to poor air conditions in the surrounding environment, such as due to air pollution from vehicles, forest fires and others which will have an impact on respiratory tract disorders even to the occurrence of acute respiratory infections (ISPA). This is done by the Puskesmas as a form of its responsibility in supporting the realization of the vision of health development by achieving healthy sub-districts for the realization of a healthy Indonesia. The description of a healthy sub-district is a community that already has an environment and has a healthy lifestyle, and has a fair and equitable quality of service with an optimal level of health (PMK No.46 of 2015).

This study was expected to be able to become a reference in policy making by Puskesmas management, especially in relation to the role of organizational culture in mediating the influence of leadership style, strategic orientation and organizational resources on organizational performance. In this case, Puskesmas can give special attention to the dimensions and indicators of each variable that have been derived in the questionnaire items distributed to respondents so as to produce answers to evaluate materials, especially in an effort to improve the performance of the Puskesmas.

## **LITERATURE REVIEW**

The development of strategic management science is so fast and quite significant, reaching to the research area not only in the area of business policy in practice. Because of the dynamic development of the study, it leads to a real condition for various organizational performance. Some organizations have succeeded in building their organizations that have a competitive advantage quickly, others have succeeded too in a long period of time. Unfortunately, some organizations are failed to build a sustainable competitive advantage. This condition can be seen clearly from the strategic management framework obtained from the modern era thinking with the contingency approach.

There are two perspectives that can explain this reality. First, the market-based view perspective, which is a perspective that provides an overview of the structure conduct performance paradigm at the industrial organization level (IO) concerned (Barney Jay 2006). In this regard, Barney (2007) also emphasizes that the most fundamental thing from this paradigm is the result of the market power possessed by an organization in raising prices above the level of competition that is taking place. When an organization enters the industry, the organization faces market forces which are full of obstacles. Then the difference in performance that it has, will make the organization able to survive in the face of obstacles. An organization is required to always change according to the dynamics of its environment. Therefore, dynamic view capabilities exist to meet the demands of an organization to create dynamic resources in accordance with the changing demands that are always evolving all the time. Resource-based theory is basically a theoretical framework that studies the resources that an organization has in order to create competitive advantage and how to get profit sustainably (Barney and Clark, 2007).

Success in achieving organizational goals as expected. This can be done through choosing the right strategy and through a careful planning process. The right strategy will have an impact on the success of the organization as a whole in achieving its goals in accordance with the vision and mission that have been previously set, one of which can be

seen from the increasing of organizational performance. By improving organizational performance, it greatly affects the understanding of the factors that can affect organizational survival. These factors include the leadership style (Asrar-ul- Haq and Kuchincke, 2016), strategic orientation (Jassmy and Bhaya, 2016;), organizational resources and organizational culture. In this study, organizational culture was used as a mediating variable.

## RESEARCH METHODS

This study used a quantitative approach with causal method, because it has the aim of testing the relationship between one variable and another. The hypothesis itself is a tentative statement by predicting the results expected by the researcher based on empirical data (Nazarian, et al 2017). This type of research used hypothesis testing that has the main objective, such as to prove (support or reject) the relationship or influence between the variables. Researcher wanted to find out or see how the relationship or influence between two, three, or more variables, as well as the direction, and also the strength of each relationship or the influence of the variables.

## FINDINGS AND DISCUSSION

Based on the reliability test results, it can be seen that all latent variables (constructs) have a Cronbach's Alpha value  $> 0.60$ , so it can be said that all latent variables (constructs) used in this study were reliable or consistent. The discussion starts from comparing the findings in this study with the findings in previous studies, technical explanations and the contribution of the influence of direct variables that affect organizational performance. Then proceed with technical explanations and the contribution of the influence of indirect variables to organizational performance.

Based on the results, it is known that the leadership style, strategic orientation and organizational resources have a positive influence on organizational culture. In addition, the results of data analysis also show that leadership style, strategic orientation and organizational culture have a positive influence on organizational performance, whereas organizational resources do not affect organizational performance. Other results show that organizational culture was proven to mediate the influence of leadership style, strategic orientation and organizational resources on organizational performance, but is not proven to interfere with the influence of leadership style on organizational performance.

The average standard deviation value was 0.43. It can be interpreted that the responses of respondents to these statements vary considerably. The statement with the largest answer variation was BO06, namely "The employees at the Puskesmas where I work have priority to improve competence" with a standard deviation value of 0.55. Meanwhile, the statement with the smallest answer variation is BO01, namely "The employees at the Puskesmas where I work have the ability to adapt to environmental changes" with a standard deviation value of 0.44. The findings of this study provide several practical implications. First, Puskesmas leaders are advised to take leadership training programs, one of which is the public speaking & effective communication skills training program and coaching skills training. Second, it requires regular entrepreneurship education and training and risk management. Third, Puskesmas leaders are advised to create programs to improve employee competence and increase the role of health cadres, as well as investment and adaptability to current technological developments in order to create resource efficiency and optimize the achievement of Puskesmas performance.

**Table 1. Hypothesis Testing Results**

	<b>Hypothesis</b>	<b>Koefisien</b>	<b><i>p-value</i></b>	<b>C.R.</b>	<b>Conclusion</b>
H <sub>1</sub>	There was a positive influence of leadership style on organizational culture	0,30	0,00	6,03	H <sub>1</sub> Support
H <sub>2</sub>	There is a positive influence of leadership style on organizational performance	0,25	0,00	3,99	H <sub>2</sub> Support
H <sub>3</sub>	There is a positive influence of strategic orientation on organizational culture	0,47	0,00	7,40	H <sub>3</sub> Support
H <sub>4</sub>	There is positive effect of strategic orientation on organizational performance	0,25	0,01	2,86	H <sub>4</sub> Support
H <sub>5</sub>	There is positive influence of organizational resources on organizational culture	0,24	0,00	4,34	H <sub>5</sub> Support
H <sub>6</sub>	There is a positive influence of organizational resources on organizational performance	0,16	0,79	0,27	H <sub>6</sub> Support
H <sub>8</sub>	Organizational culture mediates the influence of leadership style on organizational performance	0,20		3,51	H <sub>8</sub> Support
H <sub>9</sub>	Organizational culture mediates the influence of strategic orientation on organizational performance	0,31		3,73	H <sub>9</sub> Support
H <sub>10</sub>	Organizational culture mediates the influence of organizational resources on organizational performance	0,16		3,07	H <sub>10</sub> Support

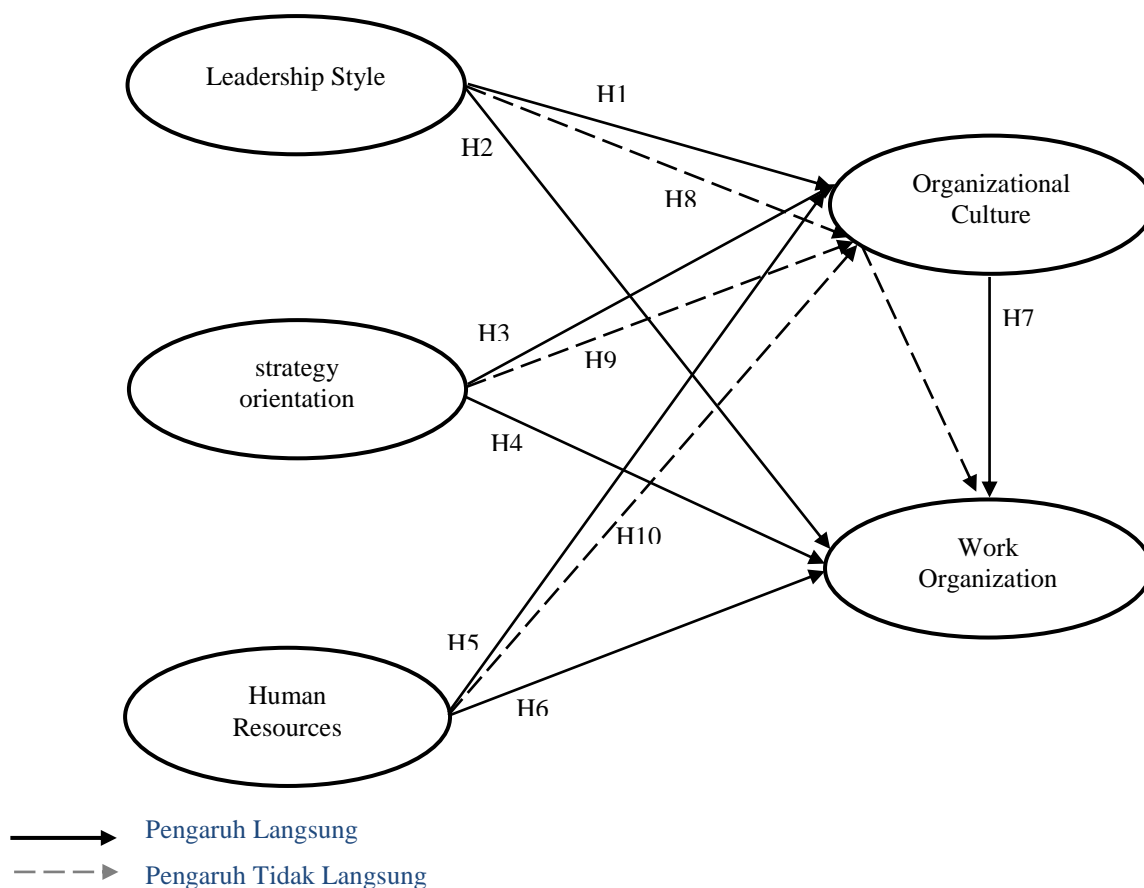
Source: Results of Questionnaire analysed by AMOS24

### Picture

Based on the results, it can be concluded that of the ten research hypotheses, eight of them are supported, while two hypotheses are not supported, namely hypothesis 6 which has a significance value greater than 0.05 ( $P > 0.05$ ), and hypothesis 8 because it has more coefficient values. smaller than the coefficient of direct effect.

The results show that organizational culture was positively and significantly influenced by leadership style. This means that the better a person's leadership style, the better the organizational culture. Transformational leadership style has a positive effect on organizational culture, transactional leadership style has no positive effect on organizational culture.

Berdasarkan uraian tersebut, maka dapat digambarkan rerangka konseptual penelitian ini, yaitu sebagai berikut:



### CONCLUSION

Based on the results of research conducted on 250 sub-district health centers in the DKI Jakarta area, it can be concluded that leadership style and strategic orientation have a positive effect on organizational culture and organizational performance, while organizational resources only have a positive effect on organizational culture but have no effect. positive on organizational performance. Other results show that organizational culture is proven to mediate the influence of leadership style, strategic orientation and organizational resources on organizational performance, but is not proven to interfere with the influence of leadership style on organizational performance. The biggest total effect of the three independent (exogenous) variables that affect organizational performance is the strategic orientation variable

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