



The Influence of Leadership Style and Organizational Culture on Employee Engagement at PT. Dayamitra Telekomunikasi, Tbk. (Study of Mitratel Employees)

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ABSTRACT: PT. Dayamitra Telekomunikasi, Tbk. (Mitratel) aims to foster strong collaboration within the organization. High employee engagement is essential for achieving this goal. However, recent internal surveys indicate a decline in employee engagement, potentially linked to leadership style and organizational culture. These factors, as supported by prior research, significantly impact employee engagement and should be addressed to improve overall organizational performance.

This research aims to examine the correlation and relationship between leadership style, organizational culture, and employee engagement as outcomes at Mitratel. The correlations will be linked to determine whether there is a relationship with the overall organizational performance level.

This quantitative study uses surveys to gather data and PLS analysis to examine the relationships between variables, even with moderate sample sizes and non-normal data.

This study found that both leadership style and organizational culture positively impact employee engagement, with organizational culture having a more significant influence. Higher levels of both factors lead to higher employee engagement.

In summary, the study confirms that a leadership style and the organizational culture have a significant impact on employees' engagement in an organizational such as a telecommunication company like Mitratel.

KEYWORDS: Employee Engagement, Leadership Style, Organizational Culture.

1. INTRODUCTION

Human resources play a critical role in achieving organizational goals. Effective human resource management, as outlined by Yuliani (2023), involves planning, development, and optimal utilization of individual potential while aligning personal objectives with organizational vision [1]. This strategic integration fosters the growth and productivity required to drive success.

The quality of human resources is a key determinant of success for Mitratel. Schaufeli et al. (2002) define employee engagement as a positive psychological state that motivates employees to dedicate themselves and contribute meaningfully to organizational goals[2]. Efforts to enhance engagement are vital, as engaged employees are more active, productive, creative, and loyal.[3].

A decline in perceived fairness by 19.12% at Mitratel indicates challenges in employee engagement [4]. Research by Wang et al. (2020) highlights fairness as a fundamental element for fostering employee engagement [5]. As Saks (2019) notes, employee willingness to contribute voluntarily diminishes when fairness is lacking [6]. To address this issue, an in-depth analysis of factors such as leadership style and organizational culture is essential.

Resilient leadership, as described by Luthans (2021), enables leaders to transform challenges into opportunities for growth [7]. Leadership style, which reflects how a leader interacts and influences others, is critical in navigating organizational dynamics[8]. Transformational leadership has shown significant positive impacts on digital motivation and organizational culture in a related IT and telecom context based on research by Prakasa in 2020 [9], and boosts creative employee engagement [10].

Sitohang, in his research, underscores the importance of leadership in fostering emotional connections between employees and the organization [11]. The ability of leaders to inspire and empower employees is crucial for enhancing retention and morale [12]. However, Mitratel's preliminary survey results—such as scores for Intellectual Stimulation (52%) and Individual Consideration (55%)—suggest that its leadership style needs refinement to be more effective.

Organisational culture plays a crucial role and requires careful consideration, as it represents the organisation's identity and image [13]. An organisation can be described as having a strong culture when its core cultural values are embraced and shared by all its



members. This culture which will be remarked as “organizational culture” is seen as a unified way of thinking and a comprehensive understanding among everyone within the organisation [13].

A strong organizational culture is pivotal for leadership effectiveness [14]. Culture shapes employees’ perceptions and behaviors within the workplace [15], serving as a critical determinant of success. Building a positive culture within the organization strengthens employee trust and supports leadership to thrive [16]. Based on research by Azis et al. (2019), it was concluded that leadership style positively impacts employee engagement in several telecommunications companies in Indonesia [17]. Another research submitted by Febriani and Ramli (2023) found that organizational culture and leadership style positively influence employee engagement [18]. Considering these interdependencies, further research is strongly needed into the influence of leadership style and organizational culture on employee engagement at PT. Dayamitra Telekomunikasi, Tbk.

The objectives of this study are derived from the background information and problem formulation and can be summarized as follows:

1. To determine the extent of the influence of leadership style on employee engagement at PT. Dayamitra Telekomunikasi, Tbk.
2. To determine the extent of the influence of organizational culture on employee engagement at PT. Dayamitra Telekomunikasi, Tbk.
3. To analyze the combined influence of leadership style and organizational culture on employee engagement among employees at PT. Dayamitra Telekomunikasi, Tbk.

2. LITERATURE REVIEW

2.1 Organizational theory

Effective human resource management requires an understanding of organizational behavior (or as known as organizational theory), which Jones (2013) defines as the study of how organizations function and interact with their environments [19]. Organizational behavior establishes principles that guide the design, operation, and adaptation of structures to maintain effectiveness. Organizational behavior can be categorized into three perspectives—human relations, Carnegie point-of-view, and contingency theory—all emphasizing efficient and effective performance through adaptable strategies and leadership awareness [20]. Luthans et al. (2021) describe modern organizational behavior as a cooperative system relying on communication and a collective commitment to shared goals, moving away from traditional top-down bureaucracy. Together, these theories highlight the pivotal role of human resources in shaping formal organizations through a cooperative, goal-oriented approach [7].

In conclusion, organizational behavior serves as the foundation for organizations to influence and functionally engage their members, both leaders and subordinates, in alignment with the organization's environment through a cooperative approach aimed at achieving shared goals and mutual benefits.

2.2 Leadership Style

Leadership, along with its style and approach, is defined by Robbins on his numerous publications, as the ability to influence a group toward achieving a vision or set of goals, with this influence stemming from either formal authority or personal qualities [3], [21]. According to Luthans, leadership style refers to the appropriateness of a leader's behavior and approach based on the current and future organizational context [7]. Armstrong and Taylor (2020) further describe leadership style, or "management style," as the method leaders use to interact with their teams, emphasizing adaptability to organizational needs, situations, and objectives [22].

In conclusion, leadership style is summarized as a leader's approach to organizing and aligning employees to achieve targeted goals effectively.

2.3 Organizational Culture

Organizational culture, as described by Wilton (2019), refers to a shared set of values, attitudes, and behavioral norms that organically develop within a social group in an organization, provided the group has sufficient shared experiences [23]. Armstrong and Taylor (2020) define it as a pattern of implicit values, norms, beliefs, attitudes, and assumptions that shape behavior and decision-making within the organization—an unwritten set of rules agreed upon by all members [22]. Luthans et al. (2021), drawing on Edgar Schein, describe organizational culture as a pattern of fundamental assumptions created or developed through



the organization's experiences in addressing internal and external challenges, which are then established as standards and taught to new members [7].

In conclusion, organizational culture can be understood as an agreement that will be mutually agreed upon set of values, norms, and standards that guide how problems are addressed within and beyond the organization.

The object of this case study is PT. Dayamitra Telekomunikasi, Tbk., as known as Mitratel, a subsidiary of a state-owned enterprise (*badan usaha milik negara -- BUMN*), which will adhere to the Ministry of State Owned Enterprises' Recommendation/Citation Circular Letter (*Surat Edaran Menteri BUMN*) No. SE7/MBUU/Q7/2020 concerning the Core Values of Human Resources in State-Owned Enterprises as a standard of the organizational culture.

Mitratel implements the organisational culture of "AKHLAK" which encompasses the values of **Integrity (Amanah)**, **Competence (Kompeten)**, **Harmony (Harmonis)**, **Loyalty (Loyal)**, **Adaptability (Adaptif)**, and **Collaboration (Kolaboratif)**[24].

2.4 Employee Engagement

Employee engagement, as defined by Robbins et al. (2018), refers to an employee's sense of connection, enthusiasm, and satisfaction with their work [3]. Luthans et al. (2021) describe it as a meaningful relationship between two entities: the company as a business organization and the employee as a business asset, fostered through appropriate benefits and mutual value, resulting in strong emotional ties to their work and the organization [7]. Wilton (2019), citing CIPD, views employee engagement as a combination of employee commitment to the organization and its values, where employees willingly strive to perform optimally and support their colleagues [23].

In conclusion, employee engagement represents a mutual agreement where employees voluntarily commit to delivering their best efforts for the organization.

3. METHODS

This study employs a descriptive and verificative research approach. The descriptive method is used to explore the relationships among independent variables—leadership style, organizational culture, and employee engagement—based on their established characteristics [24]. The verificative approach aims to confirm the validity of the findings and align them with the initial hypotheses [26]. The study utilizes a survey method, sampling the population and collecting primary data through questionnaires, which are effective for gathering factual information and shaping specific opinions [22]. The survey is complemented by interviews and focus groups to enhance data accuracy and provide deeper insights within a defined scope and population [22].

4. DATA COLLECTION

This study employs surveys targeting a representative sample of 231 Mitratel employees, using questionnaires as the primary tool to gather data on leadership style, organizational culture, and employee engagement.

5. RESULTS AND DISCUSSION

5.1 Validity Test

This study utilizes instruments to measure natural or social phenomena as observed [26]. To ensure accuracy, the instrument's validity is tested to confirm its reliability as a data collection tool. The analysis is conducted using PLS Software version 3.2.8 for Microsoft Windows, with discriminant validity evaluated through the Average Variance Extracted (AVE). An AVE value exceeding 0.5 is considered optimal [27].

Table 1. Validity Test

Variables	Indicators	AVE	Description
Leadership style	X1.1	0.922	Valid
	X1.2	0.909	Valid
	X1.3	0.871	Valid



	X1.4	0.891	Valid
	X1.5	0.886	Valid
	X1.6	0.887	Valid
	X1.7	0.906	Valid
	X1.8	0.896	Valid
Organizational culture	X2.1	0.868	Valid
	X2.2	0.861	Valid
	X2.3	0.828	Valid
	X2.4	0.778	Valid
	X2.5	0.878	Valid
	X2.6	0.837	Valid
	X2.7	0.775	Valid
	X2.8	0.870	Valid
	X2.9	0.835	Valid
	X2.10	0.833	Valid
	X2.11	0.902	Valid
	X2.12	0.829	Valid
Employee engagement	Y1	0.869	Valid
	Y2	0.874	Valid
	Y3	0.929	Valid
	Y4	0.892	Valid
	Y5	0.924	Valid
	Y6	0.921	Valid

5.2 Reliability Test

Reliability is a tool used to assess a questionnaire, which serves as an indicator for variables or constructs [27]. A questionnaire is considered reliable if an individual's responses to the statements remain consistent or stable over time. SmartPLS provides a feature for measuring reliability through Cronbach's Alpha statistical test. A construct or variable is deemed reliable if it achieves a Cronbach's Alpha value greater than 0.60 [27].

Table 2. Reliability Test

Variables	Cronbach's alpha	Composite reliability
Organizational Culture	0.826	0.866
Employee Engagement	0.878	0.879
Leadership Style	0.915	0.970

5.3 Outer Model

The indicators for each construct, including leadership style, organizational culture, and employee engagement are reflected in the external model. As a result, the arrows in the measurement model point from the construct to the indicators. The design of the outer model, created using SmartPLS software, is shown in Figure 1 below.

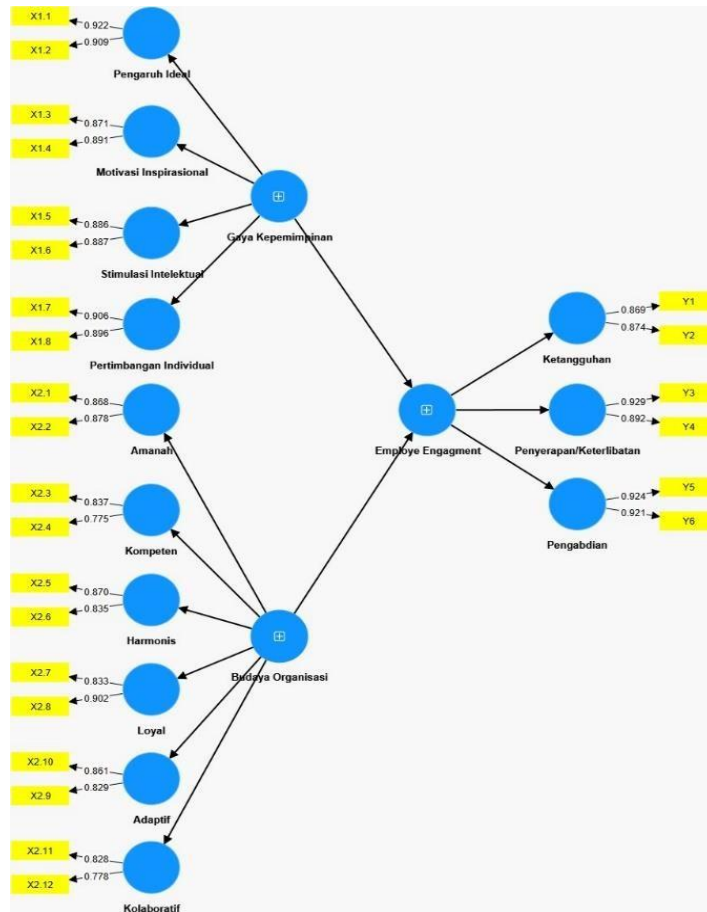


Figure 1. Outer Model

5.4 Coefficient of Determination (R²)

Bootstrapping refers to the coefficient of determination, typically represented by R². The R² value, expressed as a percentage, shows the extent to which the variation in the dependent variable can be explained by the regression model [27].

Table 3. Coefficient of Determination

Variable	R ²	R ² adjusted
Employee Engagement	0.554	0.550

In this study, the bootstrapping test results show an R² value of 0.554. This means that turnover intention is explained by job satisfaction and employee engagement at a rate of 55.4%, while the remaining 44.6% is affected by other variables not included in the study.

5.5 Influence of Job Satisfaction (X₁) on Employee Engagement (Y)

This table displays the statistical results from SmartPLS 3.2.8 software, highlighting the impact of leadership style on employee engagement:



Table 4. Influence of Leadership Style on Employee Engagement

Variable relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	P Values
Leadership Style → Employee Engagement	0.093	0.101	0.045	0.038

The hypothesis of this study is:

H0: →Leadership style does not partially affect Mitratel employees’ engagement to the company.

H1: →Leadership style significantly affects Mitratel employees’ engagement to the company.

The first hypothesis test confirms that H1 is accepted. The influence of leadership style on employee engagement is found to be significant, as the α value is less than 5% (0.05). The latent variable coefficient for leadership style (X1) in the path coefficient output is 0.093, meaning that leadership style has a positive effect of 9.3% on the employee engagement construct (Y).

The findings show that the more effective and well-developed the leadership style at Mitratel, the higher the employee engagement will be. Conversely, a poor leadership style at Mitratel leads to a decrease in employee engagement. This is consistent with previous studies [28] [29] [8], which found that leadership style has a significantly positive influence on employee engagement.

5.6 Influence of Organizational Culture (X₂) on Employee Engagement (Y)

This table displays the statistical results from SmartPLS 3.2.8 software, highlighting the impact of organizational culture on employee engagement:

Table 5. Influence of Organizational Culture Employee Engagement

Variable relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	P Values
Organizational Culture → Employee Engagement	0.705	0.703	0.039	0

The hypothesis of this study is:

H0: Organizational culture does not partially affect Mitratel employees’ engagement to the company.

H1: Organizational culture significantly affects Mitratel employees’ engagement to the company.

The second hypothesis test confirms that H1 is accepted. Organizational culture has a significant influence on employee engagement, with an α value of less than 5% (0.05). The latent variable coefficient for organizational culture (X2) in the path coefficient output is 0.705, indicating a 70.5% influence of organizational culture on the employee engagement construct (Y). The findings suggest that organizational culture plays a considerable role in influencing employee engagement.

The results show that a stronger and well-established organizational culture at Mitratel leads to higher employee engagement, while a weaker culture results in lower engagement. These findings align with previous studies by [28] [30], [31], which also found a significant positive impact of organizational culture on employee engagement. The consistency with prior research implies that theoretical implications from earlier studies can be effectively applied to similar issues.

6. CONCLUSION

The analytical results lead to following conclusions:

1. The leadership style at PT Dayamitra Telekomunikasi is categorized as "effective", with an average score of 79.58.
2. The organizational culture at PT Dayamitra Telekomunikasi is categorized as "strong," with an average score of 83.23.



3. Employee engagement at PT Dayamitra Telekomunikasi is categorized as "high," with an average score of 83.16.
4. Leadership style has a significant positive impact on employee engagement at PT Dayamitra Telekomunikasi, Tbk.
5. Organizational culture has a significant positive impact on employee engagement at PT Dayamitra Telekomunikasi, Tbk.
6. Leadership style and organizational culture have a moderate influence on employee engagement at PT Dayamitra Telekomunikasi.

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