

The Effects of Organizational Culture and Leadership Style on Organizational Performance in Times of COVID-19 Pandemic

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ABSTRACT

This study seeks to determine the effect of organizational culture and leadership style on organizational performance during the COVID-19 pandemic. Two perspectives were considered in organizational performance: company and personal perspectives. A survey questionnaire was administered among 161 telecommunication industry employees who have worked in the company for at least five years. Descriptive statistics presented the employees' perception of the company's culture, leadership style, and organizational performance. Structural equation modeling determined the effect of culture and leadership style on organizational performance. Findings identified that organizational culture affects performance from both the company and personal perspectives. Leadership style affects the personal perspective of performance. Thus, management must consider that the culture and the leadership style can be the source of the organization's sustainable competitive advantage. The study will help business leaders to understand the importance of developing the right organizational culture that encourages the members of the organization to be resilient in times of crisis and the kind of leadership style that will make the organization not only survive but also thrive.

Keywords: leadership, organizational culture, organizational performance.

1. INTRODUCTION

In time of crisis, like the COVID-19 pandemic that we are experiencing, the performance of an organization may be affected since this is not only a health crisis but a crisis that affects all sectors. It is a kind of battle that each organization and individual must fight together to survive. In the Philippines, most areas were under enhanced community quarantine (ECQ) for some time, normal business operations were suspended, and employees were advised to work from home (WFH). The question is, "Are the companies ready with their resources to manage their operations?" "Are the leaders capable of managing the company's operations using the WFH arrangement?"

As the pandemic spreads exponentially, companies must develop their business plan for continuity. Establishing a pandemic-proof business continuity model anchors on technology and organizational culture. Organizations with the right culture will be able to survive and adapt, turning the challenging situation to their advantage by innovating. Organizational culture is the source of competitive advantage because of its effect on

performance (Uddin et al., 2013) and profitability (Stewart, 2010). Another factor that may affect organizational performance is the skill of its leader. Having superior and strong leadership skills is considered an essential characteristic of a leader (Kihara et al., 2016) that can lead to outstanding performance.

Company's culture and its leaders' management style are essential in leading the company during this time. Thus, the study aimed to find out the factors that affect the performance of an organization to be able to sustain its existence in the competition, given that changes are happening in the business environment, and sought to determine the effect of organizational culture and leadership style on organizational performance during the COVID-19 pandemic.

This study will be beneficial for the company in a way that the management can create the kind of culture that can influence their employees and stakeholders to have an operation that is sustainable amid a pandemic. It will help business leaders to understand the importance of developing the right organizational culture that encourages its members to be resilient in times of crisis, as well as the kind of leadership style that will bring out the best in every employee to allow the organization to survive and thrive. The organizational culture and leadership style can create a sustainable and value-driven business model for a pandemic-proof business model.

2. THEORETICAL BACKGROUND

2.1 Theoretical framework

This study was anchored on the Denison Model of Organizational Culture (Denison, 1990) and the Balanced Scorecard (Kaplan & Norton, 1992). According to Wahyuningsih et al. (2019), the Denison Model evaluates organizational culture in terms of the external and internal dimensions of the organization. The internal dimensions are involvement and consistency, while the external dimensions are adaptability and mission. Involvement includes the development of the skills and attitudes of the employees. Consistency describes how the values are coordinated and are consistent with the goals and objectives of the organization. Adaptability includes the organization's ability to adapt to whatever is happening in the environment that significantly impacts it. The mission consists of the organization's ability to set direction and formulate the strategies needed.

Balanced Scorecard is a performance metric to identify and improve the company's internal operations through past performance data. It provides feedback on making better decisions in the future. It uses a combination of financial and non-financial measures that guide potential performance. It is a strategic planning and management system used extensively by organizations worldwide to monitor performance against strategic goals (Anuforo et al., 2019).

The study used the Denison model to identify the organizational culture in the companies employed by the respondents to determine how it affects their performance. In contrast, the Balanced scorecard measured the organizational performance by looking into the company perspective, focusing on the financial and non-financial aspects, and the personal perspective on employees' performance and willingness to stay in the organization.

2.2 Related Literature

2.2.1 Organizational Performance

Organizational performance is the actual output of an organization measured against its intended goals or objectives. It is a combined system of an organization's output given its interaction with the external and internal environment (Ahmed, 2018). It deals with what the organization does and can accomplish. It measures how the organization achieves its goals and objectives by looking into the company's status and the employees' well-being. Before, the challenge for any industry was to be competitive and sustain the company's advantages to reach its goals and be successful given the environmental changes. During a pandemic, the companies must determine whether they are ready with their resources and capabilities to manage the operations amid unexpected environmental forces. The ability to react, act, and transform the company lies in its operations and management (Aguinis, 2019), leading it in these challenging times.

Basically, organizational performance can be measured from a company's perspective using the financial measure, which is financial performance, and non-financial measures, which are customer satisfaction, internal process, and innovation and learning. Financial performance is calculated by looking at the company's return on investment. It can be profit, sales, and market share. The non-financial are market performance and shareholder value. Market performance refers to how well the product performs in the marketplace, while shareholder value performance measures how much the company enriches its shareholders. The non-financial performance measures can include productivity, the quality and efficiency of output, and attitudinal and behavioral measures such as commitment, intention to quit, and satisfaction.

Finally, organizational performance measures how the organization achieves its goals and objectives by looking into the company's status and the employees' well-being (Albuhisi & Abdallah, 2018). Abdallah and Alnamri (2015) reiterated considering non-financial performance measures in evaluating organizational performance.

From a personal perspective, organizational performance can be measured by employee retention and job performance. The performance of employees directly affects the organization's performance (Dajani & Zaki, 2015). Additionally, increased employee retention can lead to better organizational performance (Al Kurdi et al., 2020).

2.2.2 Organizational Culture

Organizational culture is the beliefs, values, and ways employees behave as their leader establishes, contributing to their work performance. It is one of the most relevant components of an organization (Cera & Kusaku, 2020). If employees in the organization share values and respond to shared norms, they will maximize their work efforts to generate higher organizational performance (Suknunan & Bhana, 2022). Organizational culture positively and significantly affects job satisfaction and employee performance (Fidyah & Setiawati, 2020); that culture decreases employee retention and increases job performance (Iqbal et al., 2017). There were findings that the improvement in organizational performance is because of organizational culture (Christiansen & Chandan, 2017). Contrariwise, Mousavi et al. (2015) posited that an organization may have the highest level of culture but still experience problems in the organization's performance.

All dimensions of organizational culture influence different perspectives of organizational performance (Ahmed & Shafiq, 2014 as cited in Carbajosa & Cuevase, 2021). Among its four dimensions, involvement and adaptability negatively affect consistency, and mission indirectly affect organizational performance (Mousavi et al., 2015). However, Nguyen et al. (2021) found no significant relationship between involvement and adaptability and the organization's performance. It was hypothesized that:

H1: The better the organizational culture, the higher the organizational performance will be.

2.2.3 Leadership Style

Leadership style refers to the characteristic behaviors when managing a group of people. It pertains to how someone motivates others to perform, create, and innovate. Studies recognized relevant factors affecting organizational performance, such as leadership, management practices, training, and development (Cera & Kusaku, 2020). Leadership style affects employees' and organizational performance (Drewniak et al., 2020; Han et al., 2016). A leader needs to know what to prioritize or balance between considering achieving the targets and making the people feel a sense of fulfillment in what they do. On the contrary, it was also proven that leadership does not affect organizational performance (Haque et al., 2020).

Transformational leadership significantly influences business performance (Khan et al., 2020). It improves the organization's performance, while the transactional leadership style negatively affects it (Adha et al., 2020). The transactional leadership style does not directly affect organizational culture (Surucu & Yesilada, 2017). Conversely, Srimulyani and Hermanto (2022) found that while Laissez-fair leadership negatively affects organizational culture, transformational and transactional leadership styles positively influence it.

Leadership style affects employee performance in different ways. An inverse relationship exists between leadership style and retention. If the leadership style is effective, the intention to leave decreases (Wakabi, 2016; Nwokocha & Iheriohanma, 2015). Thus,

H2: The better the leadership style, the higher will be the organizational performance.

An organization with a good culture is rooted in having a leader who instills values among employees to bring the organization to a better position (Aguinis, 2019). The two essential pillars of the organization's foundation are organizational culture and leadership. There is a significant positive relationship between leadership style and organizational culture so if the leadership style changes, the culture will change too (Alimudin & Sukoco, 2017; Harwiki, 2016; Syafii et al., 2015). However, it was verified that the consistency dimension of culture and learning and innovation aspect of leadership style has no significant relationship, just as the mission dimension and learning and innovation are not significantly related (Nguyen et al., 2021). Due to the contrasting results, the following is put forward:

H3: There is a significant positive relationship between organizational culture and leadership style.

The conceptual framework shows the relationship between organizational culture and leadership style and their effect on organizational performance. Organizational culture has four dimensions: involvement, consistency, adaptability, and mission, while organizational performance is measured through the company and the personal perspective. Also, the seven leadership style characteristics in the framework represent three types of leadership: transformational, transactional, and Laissez-Faire.

2.3 Conceptual framework

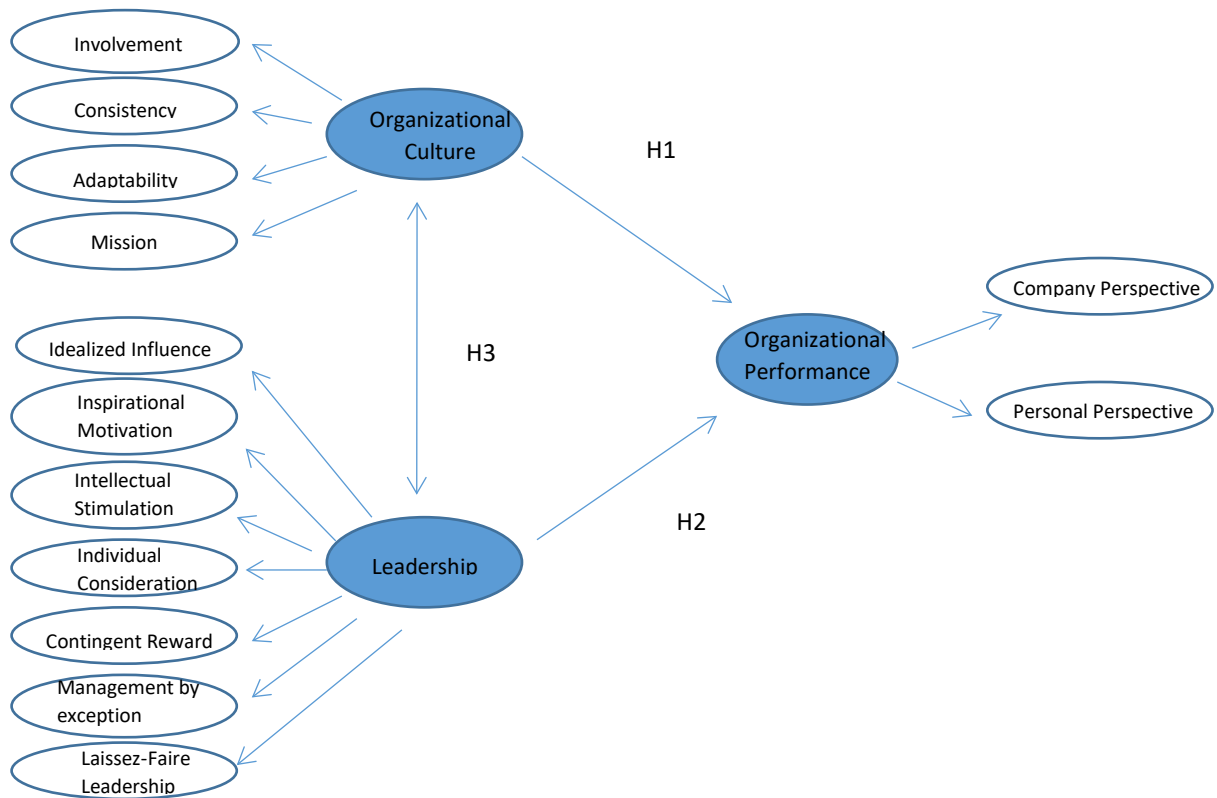


Figure 1. *Conceptual framework*

3. METHODS

3.1 *Research design*

Descriptive-correlational design was used in the study. This design described the respondents' perception of their organization's culture, leadership style, and organizational performance. The correlational design was used to determine the relationship between culture and leadership style and how they affect performance.

3.2 *Subjects and study site*

All respondents were employees in the services category of telecommunication companies in the Philippines who have been with the company for at least 5 years. According to the Annual Survey of Philippine Business and Industry (ASPBI) released in 2016, approximately 162,627 employees from the Information and Communication are under the said category. Using Raosoft sample size software, considering a 5% margin of error and a 95% confidence level, the sample size should be 384. Using the purposive sampling technique, the samples were employees from Globe, Smart, and other smaller telecommunication companies. However, due to the community quarantine restrictions imposed in 2020, only 161 were considered as valid respondents.

Profile of Respondents

Table 1: Profile of respondents (n = 161)

	F	%		f	%
Gender			No. of years in the company		
Female	57	35.40%	5	40	24.84%
Male	102	63.36%	6	34	21.12%
no answer	2	1.24%	7	26	16.15%
	161	100.00%	8	14	8.70%
Civil Status			9	14	8.70%
Single	117	72.67%	10 or more	33	20.49%
Married/Living with a partner	42	26.09%		161	100.00%
Separated/widow/widower	1	0.62%	Age		
no answer	1	0.62%	less than 25	1	0.62%
	161	100.00%	25 to less than 30	45	27.95%
Services provided			30 to less than 35	71	44.10%
Fixed-network services	88	54.66%	35 to less than 40	19	11.80%
Wireless/Mobile services	49	30.43%	40 to less than 45	12	7.45%
Both	24	14.91%	45 to less than 50	8	4.97%
	161	100.00%	50 to less than 55	4	2.49%
			55 or more	1	0.62%
				161	100.00%

From Table 1, 63.36% of the respondents are male, 72.67% are single, and more than half (54.66%) provide fixed-network services. Of these, 24.84% have been in the company for 5 years, 21.12% for 6 years, and 20.49% for 10 or more years. Most respondents were millennials, ranging from 30 to less than 35 (44.10%) and 25 to less than 30 (27.95%).

3.3 Instrumentation

Questionnaire that was made had four parts: respondents' demographic profile, organizational culture, leadership style, and organizational performance. The demographic profile includes gender, age, civil status, type of services provided, and the number of years employed.

Denison Leadership Development Survey by Dennison (1995) was adopted to measure organizational culture. The questionnaire has four dimensions, with 3 attributes per dimension. McKinsey's Balanced Scorecard by Kaplan and Norton (1992) was adopted to measure organizational performance. It is divided into two groups; performance based on the company perspective with 4 attributes and performance based on the personal view with 2 attributes.

The instrument for leadership styles was adopted from Avolio and Bass (2002), where 3 leadership styles were identified; transformational, transactional, and Laissez-Faire. MLQ-6S is another version of the questionnaire comprising 21 items. It measures 7 leadership dimensions which can be grouped into the 3 leadership styles. The first 4 dimensions (idealized influence, inspirational motivation, intellectual stimulation, and individual consideration) characterize transformational leadership; the next 2 (contingent reward and management by exception), transactional leadership; and the last, Laissez-Faire leadership.

3.4 Data collection procedure

Due to the Covid-19 pandemic, where people's movement was restricted, the survey instrument was coursed through Google Forms. Letters were sent to telecommunication companies inviting their employees to answer the survey through the link provided. An invitation was also posted on social media asking employees of telecommunication companies who have worked

in the company for at least 5 years to answer the survey. Consent of the respondents was given by submitting the answered document.

3.5 Data analysis

Descriptive statistics were utilized to provide characteristics of respondents, while hypotheses were tested using structural equation modeling.

3.6 Ethical consideration

On the first page of the survey instrument, there was a brief discussion of the study's rationale. Consent was given by clicking the NEXT button. Respondents may opt-out if they do not want to continue. Names of respondents and the company where they are employed were not asked for anonymity.

4. RESULTS

4.1 Descriptive Statistics of the Different Variables

Table 2: Descriptive statistics of the dimensions of the different variables

	Mean	SD
Organizational Culture		
Involvement	4.765	0.847
Consistency	4.651	0.802
Adaptability	4.655	0.774
Mission	4.666	0.920
Leadership		
Idealized influence	2.882	0.677
Inspirational motivation	3.077	0.584
Intellectual stimulation	2.932	0.675
Individual consideration	3.050	0.607
Contingent reward	2.828	0.789
Management by exception	3.075	0.604
Laissez-faire	2.557	0.777
Organizational performance based on Company Perspective		
Customer satisfaction	5.052	0.796
Financial performance	4.547	1.019
Internal process	4.522	0.990
Innovation/Learning	4.694	0.979
Organizational performance based on Personal Perspective		
Retention	4.431	1.025
Job performance	5.137	0.678

*scale of 1 to 6 for organizational culture and organizational performance

*scale of 1 to 4 for leadership style

Table 2 shows that for organizational culture, the mean of the different dimensions ranged from 4.651 to 4.765, which means the respondents have a high level of agreement with the statements in the indicators. They agreed that the people are involved in accomplishing the goals and objectives of the organization since they are considered part of the team. They are encouraged to cooperate and collaborate. They also agreed that learning is crucial since it has a long-term purpose and objective. They highly agreed that the organization has a strong culture.

Focusing on organizational performance, the means of the different dimensions ranged from 4.522 to 5.052 based on company and 4.431 to 5.137 based on personal perspective. It shows that the respondents agree to a high level with the different indicators used. They highly agree that customers are satisfied with their performance since service delivery is acceptable, customer feedback is taken seriously, their demands are met, and service quality is good. Also, they agree that the company met its financial goals, corruption is low and effective strategies are implemented, and there is good teamwork in the department.

In contrast, they have a high level of agreement on the indicators for their job performance but agree to a moderate level only on retention. The employees agree to a high level that they accept mistakes and practice honesty in doing their job. Also, they agree that they are considerate to their colleagues, respect their rights, and establish a sense of cooperation with them. They agree to a moderate level that the organization has a great deal of personal meaning to them, so it may be difficult to leave the company right now.

Regarding the leadership dimension, the mean of the different indicators ranged from 2.557 to 3.077, indicating that the indicators used were fairly often observed in the company. Among those characteristics rated higher were inspirational motivation, management by exception, and individual consideration. Rated higher are characteristics of transformational leadership style, except for management by exception, which characterizes transactional leadership style. Rated lowest was the Laissez-faire leadership style.

4.2 Convergent Validity and Construct Reliability of Instruments

4.2.1 Factor Loadings, Reliability, and Validity Measures of Organizational Culture

Organizational culture has four dimensions: involvement, consistency, adaptability, and mission. Each dimension has 3 attributes, for a total of 15 indicators. The following tables show the measures to establish the instrument's convergent validity and construct reliability.

From Table 3, the confirmatory factor analysis revealed that the factor loading of CD15 under the involvement dimension was less than 0.50. After removing the item, the three dimensions of involvement with 14 indicators have factor loading ranging from 0.800 to 0.912, all significant at $p < 0.001$, and average variance extracted of at least 0.669. These results indicated that there is an acceptable level of convergent validity. The composite reliability is at least 0.921, while Cronbach's alpha is at least 0.889. These measures indicated that the instrument for measuring involvement has good construct reliability.

The same table shows that CII5 and AI5 were removed under the consistency dimension, resulting in the factor loading, ranging from 0.701 to 0.893 for the other indicators, which are all significant at $p < 0.001$ and average variance extracted of at least 0.666. These results indicated that there is an acceptable level of convergent validity. The composite reliability is at least 0.897, while Cronbach's alpha is at least 0.847, indicating that the instrument measuring consistency has good construct reliability.

Three items (CCI4, CFI5, and OLI3) were removed for the adaptability dimension due to factor loading less than 0.50. The remaining 12 indicators have factor loading ranging from 0.681 to 0.865, significant at $p < 0.001$, and average variance extracted at least 0.601. These results indicated that there is an acceptable level of convergent validity. The composite reliability is at least 0.857, while Cronbach's alpha is at least 0.776. These measures indicated that the instrument for measuring adaptability has good construct reliability.

Table 3: Factor loadings, reliability, and validity measures of the dimensions of organizational culture

	Factor Loading	P-value	Composite reliability coefficients	Cronbach's alpha coefficients	Average variances extracted
INVOLVEMENT					
Empowerment			0.921	0.892	0.699
EI1	0.800	<0.001			
EI2	0.834	<0.001			
EI3	0.832	<0.001			
EI4	0.878	<0.001			
EI5	0.833	<0.001			
Team Orientation			0.937	0.916	0.75
TOI1	0.836	<0.001			
TOI2	0.886	<0.001			
TOI3	0.886	<0.001			
TOI4	0.867	<0.001			
TOI5	0.853	<0.001			
Capability Development			0.923	0.889	0.751
CDI1	0.818	<0.001			
CDI2	0.852	<0.001			
CDI3	0.881	<0.001			
CDI4	0.912	<0.001			
CONSISTENCY					
Coordination & Integration			0.897	0.847	0.687
CII1	0.763	<0.001			
CII2	0.883	<0.001			
CII3	0.845	<0.001			
CII4	0.819	<0.001			
Agreement			0.901	0.853	0.694
AI1	0.841	<0.001			
AI2	0.791	<0.001			
AI3	0.845	<0.001			
AI4	0.854	<0.001			
Core Values			0.908	0.873	0.666
CVI1	0.893	<0.001			
CVI2	0.811	<0.001			
CVI3	0.815	<0.001			
CVI4	0.849	<0.001			
CVI5	0.701	<0.001			
ADAPTABILITY					
Creating Change			0.903	0.856	0.699
CCI1	0.844	<0.001			
CCI2	0.865	<0.001			
CCI3	0.803	<0.001			
CCI5	0.830	<0.001			
Customer Focus			0.857	0.776	0.601
CFI1	0.806	<0.001			
CFI2	0.836	<0.001			
CFI3	0.769	<0.001			
CFI4	0.681	<0.001			
Organizational Learning			0.859	0.781	0.604
OLI1	0.770	<0.001			
OLI2	0.810	<0.001			
OLI4	0.716	<0.001			
OLI5	0.809	<0.001			
MISSION					
Strategic direction & Intent			0.936	0.909	0.787

SDI1	0.904	<0.001			
SDI2	0.911	<0.001			
SDI4	0.910	<0.001			
SDI5	0.821	<0.001			
Goals & Objectives			0.925	0.898	0.712
GOI1	0.882	<0.001			
GOI2	0.815	<0.001			
GOI3	0.745	<0.001			
GOI4	0.875	<0.001			
GOI5	0.894	<0.001			
Vision			0.937	0.91	0.789
VII1	0.914	<0.001			
VII2	0.901	<0.001			
VII4	0.853	<0.001			
VII5	0.883	<0.001			

Lastly, 2 items (SDI3 and VII3) were removed for the mission dimension, resulting in 13 indicators with factor loading ranging from 0.745 to 0.914, all significant at $p < 0.001$ and average variance extracted at least 0.712. These results indicated that there is an acceptable level of convergent validity. The composite reliability is at least 0.925, while Cronbach's alpha is at least 0.898, meaning that the instrument for measuring mission has good construct reliability. Thus, the convergent validity and construct reliability of the instrument for measuring organizational culture was established.

4.2.2 Second-Order Confirmatory Factor Analysis for Organizational Culture

Table 4: 2nd Order Confirmatory Factor Analysis

	Factor Loading	P-value	Composite reliability coefficients	Cronbach's alpha coefficients	Average variances extracted
Involvement			0.950	0.921	0.864
<i>Empowerment</i>	0.928	<0.001			
<i>Team Orientation</i>	0.939	<0.001			
<i>Capability Development</i>	0.921	<0.001			
Consistency			0.947	0.917	0.857
<i>Coordination & Integration</i>	0.905	<0.001			
<i>Agreement</i>	0.947	<0.001			
<i>Core Values</i>	0.925	<0.001			
Adaptability			0.913	0.856	0.777
<i>Creating Change</i>	0.896	<0.001			
<i>Customer Focus</i>	0.843	<0.001			
<i>Organizational Learning</i>	0.905	<0.001			
Mission			0.974	0.959	0.925
<i>Strategic direction & Intent</i>	0.962	<0.001			
<i>Goals & Objectives</i>	0.964	<0.001			
<i>Vision</i>	0.958	<0.001			

Table 4 shows that for organizational culture, all indicators have factor loading ranging from 0.843 to 0.964, which is significant at $p < 0.001$, and the average variance extracted is at least 0.777. These results indicated that there is an acceptable level of convergent validity. The composite reliability is at least 0.913, while Cronbach's alpha is at least 0.856. Thus, the instrument for measuring organizational culture was also established to have acceptable convergent validity and good construct reliability.

4.2.3 Factor Loadings, Reliability, and Validity Measures of Leadership Style

Leadership styles can be grouped as transformational, transactional, and Laissez-Faire leadership. There were seven dimensions: idealized influence, inspirational motivation, intellectual stimulation, individual consideration, contingent reward, management by exception, and Laissez-Faire. Each dimension has 3 attributes for a total of 21 indicators. The first 4 dimensions describe transformational leadership style, while the next 2 are transactional. The following tables show the measures to establish the instrument's convergent validity and construct reliability.

Table 5: Factor loadings, reliability, and validity measures of the dimensions of leadership style

	Loading	P-value	Composite reliability coefficients	Cronbach's alpha coefficients	Average variances extracted
Transformational Leadership					
<i>Idealized Influence</i>			0.869	0.772	0.688
LQ1	0.784	<0.001			
LQ8	0.817	<0.001			
LQ15	0.885	<0.001			
<i>Inspirational Motivation</i>			0.843	0.72	0.644
LQ2	0.714	<0.001			
LQ9	0.826	<0.001			
LQ16	0.860	<0.001			
<i>Intellectual Stimulation</i>			0.885	0.804	0.719
LQ3	0.817	<0.001			
LQ10	0.833	<0.001			
LQ17	0.893	<0.001			
<i>Individual Consideration</i>			0.817	0.663	0.599
LQ4	0.780	<0.001			
LQ11	0.823	<0.001			
LQ18	0.715	<0.001			
Transactional Leadership					
<i>Contingent Reward</i>			0.871	0.778	0.693
LQ5	0.812	<0.001			
LQ12	0.818	<0.001			
LQ19	0.867	<0.001			
<i>Management by Exception</i>			0.795	0.611	0.566
LQ6	0.760	<0.001			
LQ13	0.654	<0.001			
LQ20	0.832	<0.001			
Laissez-Faire Leadership					
<i>Laissez-Faire</i>			0.814	0.657	0.594
LQ7	0.796	<0.001			
LQ14	0.797	<0.001			
LQ21	0.717	<0.001			

Table 5 shows that the confirmatory factor analysis for leadership revealed that all indicators have factor loadings greater than 0.50. The seven dimensions of leadership with 21 indicators have factor loading ranging from 0.654 to 0.893, all significant at $p < 0.001$, and average variance extracted at least 0.566. These results indicated that there is an acceptable level of convergent validity. The composite reliability is at least 0.795, while Cronbach's alpha is at least 0.611. These measures indicated that the instrument for measuring leadership has an acceptable level of construct reliability. Thus, the instrument used for measuring leadership has acceptable convergent validity and construct reliability levels.

4.2.4 Factor Loadings, Reliability, and Validity Measures of Organizational Performance

Organizational performance has two dimensions: the perspective of the company and the personal perspective. The company's perspective has 4 attributes, while the personal perspective has 2 attributes. Table 6 shows the measures used to establish convergent validity and construct reliability of the instrument used.

Table 6: Factor loadings, reliability, and validity measures of the dimensions of organizational performance

	Factor Loading	P-value	Composite reliability coefficients	Cronbach's alpha coefficients	Average variances extracted
COMPANY PERSPECTIVE					
Customer Satisfaction			0.948	0.937	0.697
CS1	0.852	<0.001			
CS2	0.837	<0.001			
CS3	0.837	<0.001			
CS4	0.785	<0.001			
CS5	0.898	<0.001			
CS6	0.884	<0.001			
CS7	0.723	<0.001			
CS8	0.848	<0.001			
Financial Performance			0.951	0.935	0.795
FP1	0.850	<0.001			
FP2	0.942	<0.001			
FP3	0.894	<0.001			
FP4	0.936	<0.001			
FP5	0.829	<0.001			
Internal Process			0.961	0.956	0.642
IP1	0.778	<0.001			
IP2	0.716	<0.001			
IP3	0.753	<0.001			
IP4	0.843	<0.001			
IP5	0.814	<0.001			
IP6	0.681	<0.001			
IP7	0.687	<0.001			
IP8	0.709	<0.001			
IP9	0.851	<0.001			
IP10	0.858	<0.001			
IP11	0.880	<0.001			
IP12	0.860	<0.001			
IP13	0.867	<0.001			
IP14	0.871	<0.001			
Innovation/Learning			0.913	0.880	0.678
IL1	0.787	<0.001			
IL2	0.887	<0.001			
IL3	0.873	<0.001			
IL4	0.756	<0.001			
IL5	0.806	<0.001			
PERSONAL PERSPECTIVE					
Retention			0.939	0.927	0.611
RI1	0.828	<0.001			
RI2	0.508	<0.001			
RI3	0.829	<0.001			
RI4	0.814	<0.001			
RI5	0.723	<0.001			
RI7	0.743	<0.001			
RI8	0.823	<0.001			
RI9	0.837	<0.001			
RI10	0.859	<0.001			

RI11	0.790	<0.001			
Job Performance			0.954	0.948	0.536
JPI1	0.716	<0.001			
JPI2	0.710	<0.001			
JPI3	0.658	<0.001			
JPI4	0.765	<0.001			
JPI5	0.666	<0.001			
JPI6	0.760	<0.001			
JPI8	0.676	<0.001			
JPI9	0.787	<0.001			
JPI10	0.778	<0.001			
JPI11	0.814	<0.001			
JPI12	0.768	<0.001			
JPI13	0.792	<0.001			
JPI14	0.746	<0.001			
JPI15	0.806	<0.001			
JPI16	0.681	<0.001			
JPI18	0.629	<0.001			
JPI20	0.672	<0.001			
JPI21	0.713	<0.001			

From the table shown above, the confirmatory factor analysis for organizational performance based on the company perspective revealed that all indicators have factor loadings greater than 0.50. Based on the company perspective, the four dimensions with 32 indicators have factor loading ranging from 0.681 to 0.942, which are all significant at $p < 0.001$ and average variance extracted of at least 0.642. These results indicated that there is an acceptable level of convergent validity. The composite reliability is at least 0.913, while Cronbach's alpha is at least 0.88. These measures indicated that the instrument for measuring organizational performance based on the company perspective has an acceptable level of construct reliability.

Similarly, based on the personal perspective, the confirmatory factor analysis for organizational performance revealed that 4 out of 32 indicators have factor loadings less than 0.50. After removing these items (RI6, JPI7, JPI17, and JPI19), the two dimensions of organizational performance based on the personal perspective with 28 indicators have factor loading ranging from 0.508 to 0.859, all significant at $p < 0.001$ and average variance extracted of at least 0.536. These results indicated that there is an acceptable level of convergent validity. The composite reliability is at least 0.939, while Cronbach's alpha is at least 0.927. These measures indicated that the instrument for measuring organizational performance based on the company perspective has a good level of construct reliability.

Thus, it was established that the instrument used for measuring organizational performance has an acceptable level of convergent validity, an acceptable level of construct reliability from the company's perspective, and good construct reliability from a personal perspective.

4.3 Measurement Model

4.3.1 Construct and Convergent Validity

In assessing the measurement model, different validity measures were used. Table 7 shows Cronbach's alpha coefficients ranging from 0.717 to 0.955, indicating that all latent variables have good construct validity because the indicators measure what it is supposed to measure. Factor loadings and average variances extracted are greater than 0.50, while composite reliability coefficients are greater than 0.80, indicating that all latent variables have good convergent validity.

Table 7: Factor loadings, composite reliability coefficients, Cronbach's alpha coefficients, and average variance extracted of the variables

	Factor Loading	P-value	Composite reliability coefficients	Cronbach's alpha coefficients	Average variances extracted
Organizational Culture			0.967	0.955	0.880
Involvement	0.934	<0.001			
Consistency	0.959	<0.001			
Adaptability	0.920	<0.001			
Mission	0.940	<0.001			
Leadership			0.935	0.917	0.675
Idealized influence	0.796	<0.001			
Inspirational motivation	0.877	<0.001			
Intellectual stimulation	0.849	<0.001			
Individual consideration	0.895	<0.001			
Contingent reward	0.846	<0.001			
Management by exception	0.849	<0.001			
Laissez-faire	0.604	<0.001			
Org Performance (Company Perspective)			0.938	0.911	0.791
Customer satisfaction	0.850	<0.001			
Financial performance	0.894	<0.001			
Internal process	0.939	<0.001			
Innovation/Learning	0.871	<0.001			
Org Performance (Personal Perspective)			0.876	0.717	0.779
Retention	0.883	<0.001			
Job performance	0.883	<0.001			

According to the company perspective, the best reflection of the organizational culture is consistency, individual consideration followed by inspirational motivation for leadership, and the internal process for organizational performance. Both retention and job performance equally reflect organizational performance based on personal perspective.

4.3.2 Discriminant Validity

Table 8 reveals that organizational culture, leadership style, organizational performance (company perspective), and organizational performance (personal perspective) have a significant positive correlation ($p < .01$). The highest correlation exists between organizational performance based on the company and personal perspective ($r = .878$, $p < .01$). Additionally, the square roots of average variances extracted (AVEs) are all greater than the correlation coefficients, indicating that the instrument used to measure the different variables has good discriminant validity.

Table 8: Correlations among latent variables with square roots of Average Variances Extracted (AVE)

	Organizational Culture	Leadership Style	Organizational Performance (Company Perspective)	Organizational Performance (Personal Perspective)
Organizational Culture	(0.938)			
Leadership Style	0.487**	(0.821)		
Org Performance (Company Perspective)	0.859**	0.483**	(0.889)	
Org Performance (Personal Perspective)	0.769**	0.538**	0.878**	(0.883)

Note: Square roots of average variances extracted (AVEs) are shown on diagonal and enclosed in parentheses.

4.3.3 Model Fit and Quality Indices

Different model and quality fit indices were used to assess the structural model. Table 9 shows that Average path coefficient (APC = 0.442), Average R-squared (ARS = 0.689), Average adjusted R-squared (AARS = 0.685) are all significant at $p < 0.01$; Average block VIF (AVIF = 1.363) and Average full collinearity VIF (AFVIF = 4.237) are both acceptable; TenenhausGoF (GoF = 0.734) is considered large; Sympson's paradox ratio (SPR = 1), R-squared contribution ratio (RSCR = 1) are ideal, while Statistical suppression ratio (SSR = 1) and Nonlinear bivariate causality direction ratio (NLBCDR = 1) are acceptable.

Table 9: Model Fit and Quality Indices

Model fit and quality indices	Value	Criteria
Average path coefficient (APC)	0.442	$P < 0.01$
Average R-squared (ARS)	0.689	$P < 0.01$
Average adjusted R-squared (AARS)	0.685	$P < 0.001$
Average block VIF (AVIF)	1.363	acceptable if ≤ 5 , ideally ≤ 3.3
Average full collinearity VIF (AFVIF)	4.237	acceptable if ≤ 5 , ideally ≤ 3.3
TenenhausGoF (GoF)	0.734	small ≥ 0.1 , medium ≥ 0.25 , large ≥ 0.36
Sympson's paradox ratio (SPR)	1.000	acceptable if ≥ 0.7 , ideally = 1
R-squared contribution ratio (RSCR)	1.000	acceptable if ≥ 0.9 , ideally = 1
Statistical suppression ratio (SSR)	1.000	acceptable if ≥ 0.7
Nonlinear bivariate causality direction ratio (NLBCDR)	1.000	acceptable if ≥ 0.7

4.4 Effect of Organizational Culture and Leadership Style on Organizational Performance

Table 10: Path coefficients showing the effects of organizational culture and leadership style on organizational performance

Independent Variable	Dependent Variable	Path Coefficient	Standard Error	p-value	Effect size	Hypothesis
Organizational Culture	→ Org Performance (Company Perspective)	0.828	0.066	< 0.001	0.713	H1
Organizational Culture	→ Org Performance (Personal Perspective)	0.667	0.068	< 0.001	0.517	
Leadership	→ Org Performance (Company Perspective)	0.065	0.078	0.203	0.032	H2
Leadership	→ Org Performance (Personal Perspective)	0.209	0.075	0.003	0.116	

From Table 10, it was established that on the one hand, organizational culture has a significant effect on the company's perspective of organizational performance ($\beta = 0.828$, $p < 0.001$, $f^2 = 0.713$), as well as on the personal perspective of organizational performance ($\beta = 0.667$, $p < 0.001$, $f^2 = 0.517$), although to a lesser effect size. Thus, hypothesis 1 was accepted.

On the other hand, leadership has significant effect only on the personal perspective of organizational performance ($\beta = 0.209$, $p < 0.01$, $f^2 = 0.116$), but not the company's perspective of organizational performance ($\beta = 0.065$, $p > 0.05$, $f^2 = 0.032$).

4.5 The Emerging Model

Structural equation model in Figure 2 reveals that compared to leadership, organizational culture has a more significant effect on organizational performance based on the company and personal perspectives. The model also revealed a significant positive relationship between organizational culture and leadership ($r = 0.487$, $p < 0.01$). This indicated that those experiencing good organizational culture are under good leadership.

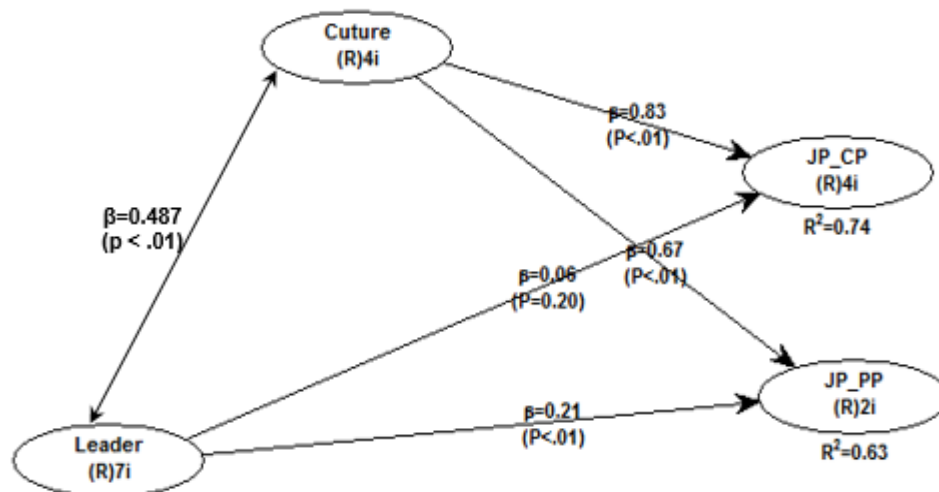


Figure 2. *The emerging model*

5. DISCUSSION

The study intended to determine the effect of organizational culture and leadership style on organizational performance during the pandemic. It was limited to employees of the Philippine telecommunication companies in the services category who have worked for at least five years in their respective companies. It also discussed the employees' perception of the culture, the leadership style of their superiors, and their company's performance.

Respondents agreed to a high level with the indicators used for organizational culture. They agreed that their respective organizations have a strong culture where employees are part of the team and collaborate and cooperate to achieve the organization's purpose and objective. They also agreed to a high level with the indicators for performance. They highly agreed that their performance as a company is good since they can deliver quality service to their intended customers and there is good teamwork. On a personal level, they moderately agreed that it might be challenging to leave the company at the moment.

In their respective companies, two characteristics of transformational leadership and one transactional leadership characteristic are often practiced. Their leader seldom practices the Laissez-faire characteristic.

This study established that organizational culture significantly affects the performance of the organization. This affirms the findings of Christiansen and Chandan (2017) that the improvement of organizational performance is the effect of the prevailing organizational culture and that a positive organizational culture increases job performance established by Fidyah and Setiawati (2020) and Iqbal et al. (2017). It also contradicts the findings of Mousavi et al. (2015) that an organization with the highest culture level may still have performance problems.

Organizations with a better culture can see challenges as opportunities to increase positive performance as seen in Suknunan and Bhana (2022), which can be the source of the company's competitive advantage. It will create an environment that will attract employees to always strive for productivity in what they do in the workplace. It will give them that sense of responsibility and accountability to investigate the best possible options to yield the

organization's success. However, the impact is more significant on performance based on the company's rather than a personal perspective, contrary to the findings of Dajani and Zaki (2015).

Of the four dimensions of culture, consistency, which has the highest factor loading, reflects the telecommunication industry's organizational culture that affects organizational performance, contrary to Mousavi et al. (2015).

The study also found that leadership significantly affects the organization's performance contradicting Haque et al. (2020) on the effect of leadership on organizational performance. The effect is based on personal and not company perspectives, which does not agree with Drewniak et al. (2020), and Han et al. (2016), who established that leadership style affects performance, regardless of perspective.

Among the different leadership characteristics, inspirational motivation, management by exception, and individual consideration characteristics were rated higher because these combinations of traits are the best fit for organizational success. Except for management by exception, which is a characteristic of transactional leadership, the other two characterize transformational leadership. Thus, Srimulyani and Hermanto's (2022) assumption that these two types of leadership affect the organization's culture was proven. On the contrary, it was unable to support Adha et al. (2020) that transactional leadership negatively impacts performance and does not directly affect culture, according to Surucu and Yesilada (2017).

There is a significant positive relationship between organizational culture and leadership, implying that those experiencing good organizational culture are under good leadership. As Aguinis (2019) mentioned, a good leader should instill the correct values in their employees. If the leadership style change, the culture follows, as established by Alimudin and Sukoco (2017), Harwiki (2016), and Syafii et al. (2015).

6. CONCLUSION

Organizational culture affects organizational performance. All the dimensions of organizational culture significantly affect the company and personal perspectives of organizational performance. Based on this study, the best reflection of organizational culture among telecommunication companies is consistency. The importance of having a clear direction set by the management and the core values that govern how they operate the business determines the positive performance of the organization. Coordination and agreement of the standards to be implemented are given priority. And lastly, the mindset of always finding a solution to any challenges determines the organization's competitive advantage. A strong culture will determine how an organization will achieve its goals and objectives. Combining the different dimensions of organizational culture will yield the organization's sustainable competitiveness. It is recommended that other researchers find out what combination of the dimensions of organizational culture will be the best fit for their company considering the resources of the organization, especially the people asset.

Leadership style has a significant effect on the personal perspective of performance. It can affect the employees' performance and motivate them to stay in the organization because they find meaning in what they do. The right blend of leadership styles will empower employees to go the extra mile to take responsibility for the organization's success. The leadership style will orchestrate the diversity of resources of the organization, especially in a challenging time when the style of the leaders will fit in the situation that will lead to not only the survival but the success of the organization. It was found that a particular leadership style

can complement the characteristics of another leadership style. Thus, it is recommended that future researchers investigate the right combination of the different leadership styles to achieve the organization's maximum potential, highlighting each leadership style's best characteristics.

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