

## THE INFLUENCE OF ORGANIZATIONAL STRUCTURE, LEADERSHIP STYLE, MANAGEMENT CONTROL SYSTEMS, AND ORGANIZATIONAL CULTURE TOWARD BEHAVIOUR DECISION MAKING

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### ABSTRACT

This research aims to know the influence of organizational structure, leadership style, management control systems, and organizational culture toward behaviour decision making. Data collection methods used in this research is a method of questionnaire. The results of this study suggest that the organizational structure of partially against the influential behavioral decision making, leadership styles partially against the influential behavioral decision making, not management control systems influential partially against the behavior of decision-making, and organizational culture has no effect partially against the decision making behavior. Research results also showed a simultaneous influence organizational structure, leadership style, management control systems, and organizational culture towards decision-making behavior and note that the value of the coefficient of determination 60.3%, while the remaining 39.7% is explained by other factors that are not described in this model.

**Keywords:** Organizational Structure, Leadership Style, Management Control Systems, Organizational Culture, Behavioral Decision Making

### INTRODUCTION

An organization is a coalition of individuals with different goals that often cause conflict. The company can be considered as a decision-making unit that is similar in many ways to an individual. The decision problems faced by a company are numerous and complex and often involve more than one department and activity. Routine or recurring decisions occur regularly, whereas other decisions are usually unique and non-recurring (Lubis,

2010:278). Decision making is needed at all stages of organizational and management activities, for example in the planning stage many decision-making activities are needed throughout the planning process. Decisions made in the planning process are aimed at the selection of alternative programs and their priorities (Afni,2016).

Size and structure, leadership style, type of control system, and environmental stability of an organization are several

factors that influence the work environment in which planning occurs (Lubis, 2010). The work environment or organizational culture influences behavior so that it affects the planning process. In connection with Alia Nur's previous opinion it can be concluded that the size of the organization, organizational structure, leadership style, management control systems, and organizational culture that affect the planning environment and planning process also requires decision making (Lubis, 2010).

According to Sholeh Wafi who is the Managing Director of BMT UGT Sidogiri on the cooperative's website recorded a significant growth in terms of assets. In addition, the sales turnover in the cooperative was positive, based on the fact that the total assets owned by BMT UGT Sidogiri in 2015 stood at Rp 1.8 trillion. In the following year, assets owned by Rp 2.2 trillion. Meanwhile, the turnover recorded was IDR 16.8 trillion during 2016.

In his research Hevi (2013) the results of his study showed that the organizational structure and management information systems significantly influence management decisions. Likewise the results of his research Lizawati (2014) the results of his research indicate that the influence of transformational leadership style has a positive and significant effect on organizational effectiveness, transformational leadership style has a positive and significant effect on decision making, decision making has a positive and significant effect on organizational effectiveness, transformational leadership style has a positive effect and significant to organizational effectiveness through decision making.

Podungge and Monoarfa (2014). The independent variable used in this study is the participative leadership style, while the dependent variable is decision making. The analytical method used is descriptive statistical analysis, simple regression analysis, correlation analysis, and correlation significance test. The results of his research indicate that the Participatory

Leadership Style has a positive effect on Decision Making. While Sutoyo and Mahardika (2015). The research shows that the management control system based on a belief system and interactive control system does not affect the performance of the organization, whereas the management control system based on the boundary system and the diagnostic control system have a positive effect on organizational performance. Knowledge management also has an influence on decision making and knowledge management has an influence on the relationship between knowledge management on effective decision making.

This study aims to determine the effect of partial and simultaneous Organizational Structure, Leadership Styles, Management Control Systems, and Organizational Culture on Decision Making Behavior at BMG UGT Sidogiri Jember Branch.

## **RESEARCH METHODS**

Object of research

The object of research used in this study is BMT UGT Sidogiri Eastern Branch Jember

### **Population and Sample**

The population in this study were all BMT UGT Sidogiri Jember Branch. The population in this study was 19 cooperatives consisting of 160 employees. While the samples of this study are employees in BMT UGT Sidogiri, East Jember Branch. From 160 population, 43 samples were taken. Sampling was done using a purposive sampling method.

### **Types of research**

The type of data used in this study is primary data. The data was collected by distributing questionnaires directly to respondents or employees at BMG UGT Sidogiri, East Jember Branch.

### **Definition of Variable Operations**

Organizational Structure (X1)

The organizational structure is the arrangement of various work units and the relationship between members of an

organization. This study uses indicators of work specialization, departmentalization, chain of command, and formalization proposed by Robbins and Judge (2015: 331-337).

#### Leadership Style (X2)

Leadership style is the process of a leader in directing, encouraging, and influencing subordinates in achieving organizational goals. This study uses indicators of leadership influence on problem solving, freedom of commenting, setting and communicating goals, and giving awards expressed by Likert (1961) in Handoko (2003: 56) and Cahyo Adi (2015: 25).

#### Management Control System (X3)

Management control system is a tool to implement organizational strategies and assist in planning and decision making. This study uses indicators of organizational mission statements, codes of ethics, organizational progress, and interactive top management proposed by Simons (1995) in Lekatompessy (2012:142-145).

#### Organizational Culture (X4)

Organizational culture is the organizational values that are understood and carried out by all members as the basis for rules of behavior in the organization. This study uses indicators of innovation and risk taking, outcome orientation, aggressiveness, and stability as stated by Robbins (1996) in Sopiah (2008: 129).

#### Decision Making Behavior (Y)

Decision Making Behavior is behavior that is chosen between two or more alternatives to solve problems faced by an organization. This study uses objective indicators, alternative identification, factors that could not be known in advance, and a means to measure the results achieved stated by Syamsi in Hevi (2013).

#### Method of collecting data

The method used to collect data in this study is a survey method through a

questionnaire. The survey method is a primary data collection method that uses written questions (Indriantoro and Supomo 2014: 152).

#### Analysis Method

##### Descriptive Statistical Analysis

Sugiyono (2014: 147-148), descriptive statistical analysis is usually used to find strong relationships between variables through correlation analysis, regression, and make comparisons by comparing the average sample data or population.

##### Data Quality Test

Using validity and reliability testing. Validity test is used to measure the validity of a questionnaire item, while the reliability test

used to measure the consistency of the measurement results of the questionnaire in repeated use.

##### Classic assumption test

The classic assumption test used is the normality test, the multicollinearity test and the heteroscedasticity test

#### Multiple Linear Regression Analysis

This analysis is to determine the direction of the relationship between the independent variable with the dependent variable whether each independent variable is positively or negatively related and to predict the value of the dependent variable if the value of the independent variable has increased or decreased.

##### Coefficient of Determination (R<sup>2</sup>)

The coefficient of determination (Test) aims to measure the extent to which the independent variable can explain the variation of the dependent variable, either partially or simultaneously.

#### Hypothesis testing

To test the hypothesis in this study used the hypothesis test t and hypothesis test F test. T test to determine the effect of partial independent variables on the dependent variable, while the F test was used to

determine the accuracy of the model independent variables influence on the dependent variable simultaneously.

## **RESULT ANALYSIS**

### **Test instrument**

#### **Validity test**

Validity test is used to measure the validity of a questionnaire. The validity test in this study uses Pearson's Product Moment Coefficient  $r$ . If  $r_{count} > r_{table}$  then the statement is declared valid, this means that the indicators used in this study are eligible to be used as data collection. Conversely, if  $r_{count} \leq r_{table}$ , the statement declared invalid. In this validity test each indicator in the variable has a Pearson's Product value with a significance value of  $0,000-0,039 < 0,05$ , so that the variable indicators of organizational structure, leadership style, management control systems, and organizational culture are declared valid or relevant and can be used as items in data collection.

#### **Reliability Test**

The reliability test is used to measure the consistency of the measurement results from the questionnaire in repeated use. The reliability test in this study uses Cronbach Alpha, ie if the Cronbach Alpha coefficient  $> 0.7$  then the statement is declared reliable. Conversely, if the Cronbach Alpha coefficient  $\leq 0.7$ , the statement declared unreliable. The analysis shows that the data obtained are reliable because the Cronbach's Alpha value is  $0.832; 0.805; 0.800; 0.840; 0.824$  is greater than the reliability standard that is  $0.043$ , so the data obtained can be stated to be reliable or feasible as an item in data collection.

Classic assumption test

#### **Normality test**

Normality test is used to find out whether the data in the resulting regression equation is normal or abnormal. If probability  $> 0.05$  then the distribution of the population is normal whereas if probability  $< 0.05$  then

the population is not normally distributed. Kolmogorov-Smirnov Test normality test results showed that Asymp. Sig is greater than the significant level of  $0.05$ , so that the data is normally distributed and feasible to proceed to parametric testing.

#### **Multicollinearity Test**

Multicollinearity test is used to find out whether in a regression model found a correlation between independent variables (Independent). A good regression model that does not occur correlation between independent variables. If the VIF value  $> 10$  can be said to be free from multicollinearity, whereas if the reverse is the case the regression model has multicollinearity problems. The results of multicollinearity test showed that the VIF value is  $< 10$ . The VIF value of the organizational structure (X1) was  $1.353$ ; leadership style (X2) of  $1,389$ ; management control system (X3) of  $1,490$ ; organizational culture (X4) of  $1,335$ . Based on the VIF value on all research variables namely  $< 10$ , the research data can be said to not occur multicollinearity disturbance in the regression model.

#### **Heteroscedasticity Test**

Heteroscedasticity test is used to test whether the regression model occurs the difference from the residuals of one observation to another. Heteroscedasticity is tested using a plot graph, if the points that form a certain pattern are regular (wavy, widened, then narrowed), then heteroscedasticity has been declared. Based on the scatter plot graph, it appears that the points spread and do not form a particular pattern, it can be concluded that there is no heteroscedasticity disorder in this regression model.

#### **Multiple Linear Regression Analysis**

The results of multiple linear regression analysis can be seen from the following Table 1 below:

Table 1. Multiple Linear Regression

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.319	2.536		1.309	.199
1 Struktural Organisasi	.470	.125	.456	3.753	.001
Gaya Kepemimpinan	.385	.103	.446	3.729	.001
Sistem Pengendalian Manajemen	-.018	.089	-.021	-.198	.844
Budaya Organisasi	-.039	.082	-.049	-.473	.639

a. Dependent Variable: Perilaku Pengambilan Keputusan

Based on the table above, the multiple regression equation can be written as follows:

$$Y = 3,319 + 0,470X_1 + 0,385X_2 - 0,018X_3 - 0,039X_4$$

The regression equation above can be explained as follows:

- Positive constant values indicate that if the Organizational Structure (X1), Leadership Style (X2), Management Control Systems (X3), and Organizational Culture (X4) the value is 0, then it means that Decision Making Behavior (Y) is positive even though it is not influenced by independent variable.
- The regression coefficient of the Organizational Structure variable (X1) is positive, meaning that if other independent variables have a fixed value and X1 has increased, then Y will have an increase.
- The regression coefficient of the Leadership Style variable (X2) is positive, meaning that if other independent variables have a fixed value and X2 has increased, then Y will have an increase.
- The regression coefficient of the Management Control System (X3) variable is negative meaning that if other independent variables have a fixed value and X3 has increased, then Y will decrease.
- The regression coefficient of the variable Organizational Culture (X4) is

negative, meaning that if other independent variables have a fixed value and X4 has increased, then Y will decrease.

It can be seen that the organizational structure and leadership style variables significantly influence the decision making behavior while the management control system variables and organizational culture do not significantly influence the decision making behavior.

**Hypothesis testing**

**Partial Test (t test)**

Based on Table 1 it can be explained that the results of partial testing of the independent variables are as follows:

- T-value of the organizational structure  $3.753 > 2.024$  and a significance value of  $0.001 < 0.05$  which means that organizational structure affects the behavior of decision making, then  $H_0$  is rejected.
- The t-value of the leadership style is  $3.729 > 2,024$  and the significance value is  $0.001 < 0.05$  which means that the leadership style influences the behavior of decision making, then  $H_0$  is rejected.
- T-value of the management control system  $- 0.198 < 2.024$  and a significance value of  $0.844 > 0.05$  which means that the management control system does not affect the decision-making behavior, then  $H_0$  is accepted.
- T-value of organizational culture  $- 0.473 < 2.024$  and a significance value of

0.639 > 0.05 which means that organizational culture has no effect on

decision-making behavior, then  $H_0$  is accepted.

### Simultaneous Test (F Test)

Table 2. Simultaneous Hypothesis Test Results (Test F)

ANOVA <sup>a</sup>						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	71.100	4	17.775	14.430	.000 <sup>b</sup>
	Residual	46.807	38	1.232		
	Total	117.907	42			

a. Dependent Variable: Perilaku Pengambilan Keputusan

b. Predictors: (Constant), Budaya Organisasi, Sistem Pengendalian Manajemen, Gaya Kepemimpinan, Struktu Organisasi

Based on the table above, the Fcount result obtained is 14.430 with a significant level of  $0.000 < \alpha < 0.05$  which means that there is a simultaneous influence of organizational structure, leadership style, management control system, and organizational culture on decision making behavior.

### INTERPRETATION

#### 1. Effect of Organizational Structure on Decision Making Behavior

Organizational structure has a positive relationship and has a significant effect on decision-making behavior, so the hypothesis states that organizational structure has an effect on decision-making behavior. Organizational structure refers to formal and informal relationships between members of the organization, this includes the number of layers of authority, the number of offices or positions at each layer, the responsibilities of each office, and the procedures for making work carried out (Lubis 2010: 233).

The results of this study are in line with previous research conducted by Hevi (2013) which states that organizational structure influences management decision making. Based on the responses of respondents, the first item shows that the division of labor is still not in accordance with the activities in the organization. The second item shows that the work that was divided was

appropriate and grouped into certain departments. The third item shows that a person only has one boss is still not in accordance with the existing organizational structure. The fourth item shows that employees are lacking the authority to make decisions.

#### 2. Effect of Leadership Style on Decision Making Behavior

Leadership style has a positive relationship and has a significant effect on decision-making behavior, so the hypothesis stating that leadership style influences decision-making behavior is accepted. According to Handoko (2001: 294) in Podungge and Monoarfa (2014: 5) leadership is the ability a person has to influence others to work towards their goals and objectives.

The results of this study are in line with previous research conducted by Podungge and Monoarfa (2014) which states that leadership style influences decision making. Based on respondents' responses, the first item shows that the leader has less influence on the perspective of his employees in solving problems. The second item shows that the leader has given the subordinates the freedom to comment on the commands given. The third item shows that the leadership has set and communicates the goals of the organization to its employees. The fourth item shows that the leadership

lacks in giving rewards to employees who excel.

### **3. The Influence of Management Control Systems on Decision Making Behavior**

Management control systems have a negative relationship and do not have a significant effect on decision-making behavior, so the hypothesis states that management control systems affect decision-making behavior is rejected. Management control is the process by which managers influence other members of the organization to implement organizational strategies (Anthony and Govindarajan (2002: 6).

The results of this study are supported by the results of a questionnaire in which many scores of indicator items are below the average number of scores, it proves that many elements of the management control system have not been supported to determine decision-making behavior.

Based on respondents' responses, the first item indicates that the organization's mission statement is very clear. The second item shows that a code of ethics can determine the right behavior for all members of an organization. The third item indicates that the organization has not progressed to the achievement of organizational goals. The fourth item shows that top management paid less attention to the organization's management control system.

### **4. Effect of Organizational Culture on Decision Making Behavior**

Organizational culture has a negative relationship and does not have a significant effect on decision-making behavior, so the hypothesis stating that organizational culture influences decision-making behavior is rejected. According to Mangkunegara (2005: 113) in Pratiwi (2012), organizational culture is a set of assumptions or systems of beliefs and organizational values that are understood, imbued and practiced by organizations so that the pattern gives its own meaning and

becomes the basis for rules of behavior in organizations.

The results of this study are supported by the results of a questionnaire in which many scores of indicator items are below the average number of scores, it proves that many elements of organizational culture have not been supported to determine decision-making behavior.

Based on respondents' responses, the first item shows that employees are not given enough encouragement to be innovative and dare to take risks. The second item shows that management is less focused on results but rather on techniques and processes. The third item shows that employees are less aggressive and competitive. The fourth item shows that the organization's activities give less emphasis to the present situation as opposed to growth or innovation.

### **CONCLUSION**

Based on the discussion, the conclusion of this research is the decision making behavior of customers choosing BMT Sidogiri is partially influenced by the organizational structure and leadership style. While the management control system and organizational culture do not play a significant role in decision-making behavior. However, the model shows that simultaneously organizational structure, leadership style, management control systems, and organizational culture influence decision making behavior.

### **IMPLICATIONS**

In this research, organizational structure and good leadership style are the most influencing factors in the decision making behavior that is fast and appropriate for the organization. The organization needs to maintain both of these and if necessary be improved so that the organization is able to face problems in the future. Management control systems need to be considered again, and superiors are expected to provide encouragement to subordinates so that subordinates can be aggressive and

competitive, especially in addressing any problems that occur in the organization.

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