

HOW LEADERSHIP AND INTEGRITY AFFECT EMPLOYEE PERFORMANCE WITH ORGANIZATIONAL COMMITMENT

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Abstract - *The company's growth is expected to be faster in order to survive in the competition, in the current digital era the number of competitors cannot be known for sure because many are moving digitally. so that in this study the researchers saw the importance of organizational commitment and the role of employees in advancing the company in the current digital era, therefore this study aims to determine the factors that influence this and how much influence leadership and integrity have on it. This study uses the analytical method used is descriptive analysis, and the test instrument using SEM PLS with the number of samples used as many as 140 permanent employees in one of the company's departments. The results of the study indicate that leadership and integrity partially and significantly affect organizational commitment and employee performance. While simultaneously leadership and integrity have a significant effect on employee performance by mediating Organizational Commitment.*

Keywords: *Leadership, Integrity, Employee Performance and Organizational Commitment*

1. INTRODUCTION

Changes in competition in business have undergone changes, the demands for innovation are much stricter than before, therefore the importance of a company having employees who have commitment and good performance is a must at this time. Because in carrying out its duties and functions, companies need human resources who are educated, skilled, disciplined, diligent and willing to work hard. Quality human resources are those who have high integrity and can carry out their duties well within the organization, including within the company. Leadership is an important factor in providing direction to employees, especially at this time where everything is open, the leadership needed is leadership that can



empower employees. Leadership understands how to influence others for good reasons. Leadership also means involving a group or organization to achieve its goals. Combining these two main characteristics, we can define leadership as an individual's ability to exert influence and control over other members to help a group or organization achieve its goals (George et al., 2012).

An integrity can be associated with frequent honesty because the basis of integrity is a conscience that cannot lie. Conscience is always related to goodness and truth that has been universally accepted so that morals, ethics and legality should not conflict with conscience. Integrity is adapting reality to our words - in other words, keeping promises and fulfilling expectations. (Covey, 2016). According to (Jennifer et al., 2012) Organizational commitment is a collection of feelings and beliefs that these people own the organization. Organizational commitment at company, which is reflected in the basic personal values, code of ethics, code of conduct and organizational culture, is important in creating the survival of an organization and is correlated with employee performance. This is indicated by the trend of economic liquidity which is influenced by increased growth in net foreign assets, expansion of government financial operations, and accelerated lending, which is the performance of company in the 2015-2019 period. The results of the pre-survey showed that the 3 highest dominant factors that influence employee performance are leadership (36%), organizational commitment (16%) and integrity (14%). Then the researchers conducted a follow-up pre-survey by distributing questionnaires to 50 employees of the company to obtain information on leadership, integrity and organizational commitment.

2. LITERATURE REVIEW

Leadership

From previous research and corroborated by the results of the leadership pre-survey conducted by the researchers showed that the respondents stated that the current leadership is still not optimal, the results of the pre-survey on integrity are known that the respondents stated that integrity is currently not being enforced, the results of the pre-survey on Organizational commitment objected that the respondents said that organizational commitment had not been fully achieved. Based on the background and the gap phenomenon as well as the gap research described above, in (Siswanti et al, 2018) research, leadership is a way that a person has in influencing a group of people or subordinates to work together and make efforts with passion and confidence to achieve predetermined goals. The results of research by (Fatokun,2010) prove that there is a positive relationship between leadership and employee performance. Research conducted by (Baihaqi,2010) found that organizational commitment positively and significantly mediates the relationship between leadership and employee performance. On this basis, if the leader's attention is directed to his subordinates, accompanied by an attitude of employee commitment to the organization, the employee's performance will be high and This my fist, two and seven hypotheses:

H1: Leadership affects Organizational Commitment.

H2: Leadership influences employee performance.

H7: Leadership affects employee performance when mediated by Organizational Commitment.

Integrity

In research (Harmaily, 2016) explains that integrity is a concept that points to consistency between actions with values and principles. In ethics, integrity is defined as the honesty and truth of one's actions and then (Yurianti's,2015) study, there is a positive and significant relationship between integrity and employee performance. On this basis, employees who have integrity in their work will affect their performance. In research (Fritz et, al,2013) also examined the integrity of behavior positively and significantly influencing

organizational commitment and, the integrity of supervisory behavior that is aligned with organizational behavior standards operates directly on the desire of employees to comply with organizational expectations. Research by (Brockner et, al,2014) also found that experiences of self-integrity have a positive relationship between corporate volunteerism and organizational commitment. and the third, four and six hypotheses in the study

H3: Integrity affects Organizational Commitment

H4: Integrity affects employee performance.

H6: Integrity affects employee performance if mediated by Organizational Commitment.

Organizational Commitment

Organizational Commitment is a strong desire to remain as a member of a certain organization, a desire to strive according to the wishes of the organization, as well as certain beliefs and acceptance of organizational values and goals (Nurandini,2014). According to (Ghorbanpour et al.,2014), organizational commitment has a significant positive effect on employee performance, normative commitment leaves the strongest effect on average performance, compared to affective commitment and ongoing commitment. Organizational commitment is one of the variables that can mediate the effect of integrity involvement on performance, this is in accordance with (Chandra,2012) and (Logahan & Aesaria ,2014) then (Wisaksono,2014) which states that organizational commitment mediates the effect of integrity involvement on performance, Organizational commitment refers to employees' belief in the goals and values of the organization, the desire to remain a member of the organization and loyalty to the organization in the research of (Yiing and Ahmad,2018). In (Clinebell's,2013) study, he examined the effect of three leadership styles, namely transformational, transactional, and passive or avoidant on the dimensions of employee organizational commitment: The five hypotheses in this study:

H5: Organizational Commitment affects employee performance.

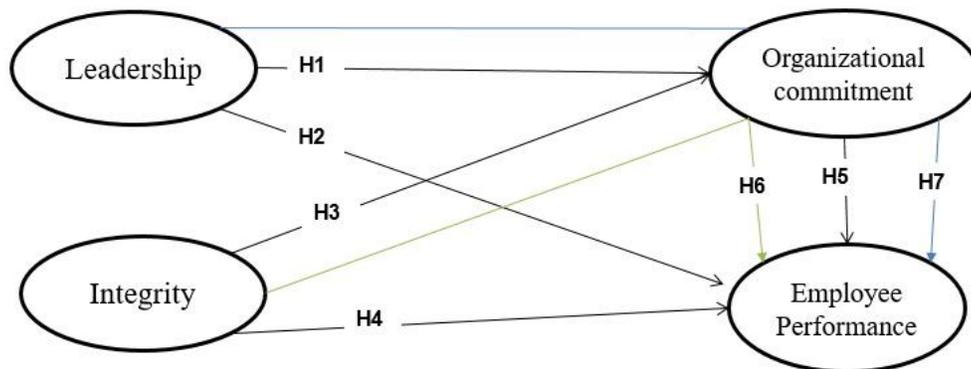


Figure 1. Frame Work

3. RESEARCH METHOD

The population in this study consisted of 250 permanent employees from the company Management Department, so that the samples taken with an error limit of 5% were taken as many as 140 research samples. Data collection methods in this study using literature study, interviews and questionnaires. Analysis of the data in this study using descriptive analysis, descriptive variables, validity testing,

reliability testing using the Structural Equation Model - Partial Least Square (SEM - PLS) version 3.0 method.

4. RESULT

The first test in PLS SEM is a measurement test where to see the validity and reliability of the constructs of the test results in this study indicate that of the 5 variables used with 72 indicators in this study the 14 indicators were invalid and were excluded from the model. and only 58 indicators remain, each variable has a loading factor > 0.70, which means all indicators are valid and reliable. It is known that the Cronbach's Coefficient Alpha value and composite reliability for careful variables, namely Leadership, Integrity, Employee Performance and Organizational Commitment is more than 0.7 or even close to 1 (one) and the (CR) value is more than 0.9. This value has exceeded the respective standards, >0.6 and > 0.7, this shows that the consistency of the instruments used is high, so that all variables in this study are declared reliable.

Inner model testing is a concept and theory-based development in order to analyze the relationship between exogenous and endogenous variables. The latent variable measurement model above shows that in the employee performance variable variable, this means that the variability of the employee performance construct can be explained by the employee performance variability of 96.8% while the rest is explained by other variables outside the model studied and 0.997 for the organizational commitment variable. This means that the variability of the organizational commitment construct can be explained by the variability of organizational commitment by 99.7%, while the rest is explained by other variables outside the model studied. The greater the R-square number, the bigger the independent variable can explain the dependent variable so that the structural equation will be better. The value of R² indicates that the level of determination of exogenous variables (leadership and integrity) on endogenous variables is quite high. The results showed that all hypotheses can be accepted where there is an influential relationship between (H1-H7).

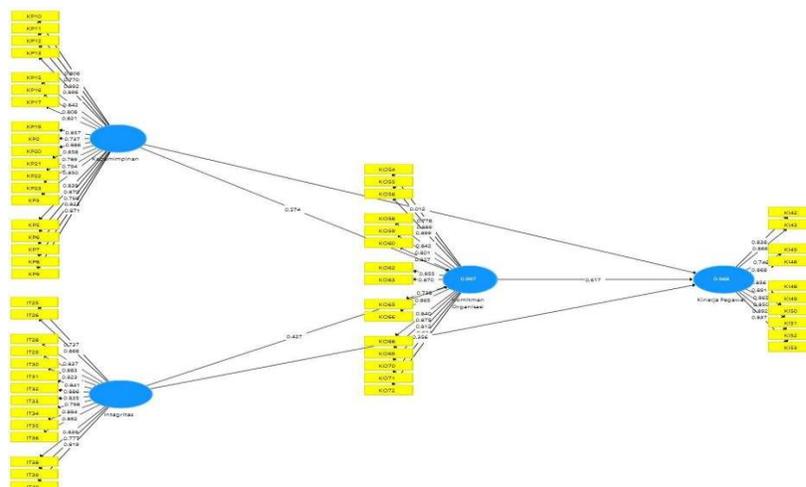


Figure 2 Output SEM PLS



5. CONCLUSION

Based on the results of research and analysis in previous chapters regarding the Influence of Leadership and Integrity on Employee Performance with Organizational Commitment as an Intervening Variable, several conclusions can be made as follows:

Leadership in the Department of company a Management has less significant effect on employee performance. The system of transfer and rotation which is quite fast at company, of course, is difficult to measure if the employee's performance is changing to the leader. Because each employee at company already has his or her individual performance index, so the smooth running of work does not depend on the presence or absence of a leader. Integrity at the company a Management Department has a significant effect on employee performance. Integrity at company has been implemented from the beginning of the employee recruitment process, and every employee at company is required to sign an annual statement regarding employee integrity annually. By signing the letter each year, employees are reminded of their obligation to maintain integrity. Leadership in the Department of company a Management has a significant effect on Organizational Commitment. Leadership at company has an important role in providing policies that strengthen employee organizational commitment.

Integrity in the Department of a Management at company has less significant effect on Organizational Commitment. Employees with good integrity can be ensured that they have a strong organizational commitment to the institution. company employees have high integrity, psychologically employees have a high commitment to the organization by complying with rules, basic personal values, complying with the code of ethics and employee code of conduct. By promoting integrity both inside and outside the organization. Organizational Commitment at the company a Management Department has a significant effect on employee performance. Organizational commitment at company is built from the time employees enter by signing the first 3-year official bond. The Organizational Commitment is continuously maintained by internal policies and evaluated regularly and proven by the small turnover in company. Between organizational commitment and employee performance, there is a positive influence described by good performance, of course, motivated by a strong organizational commitment. Organizational Commitment to mediate between Leadership and Employee Performance in a Management Department. With organizational commitment, it is hoped that the leadership process can encourage employee performance to be even better so that the vision and mission of the organization can be achieved.

6. IMPLICATIONS AND FUTURE RESEARCH

If Based on the results of the research analysis obtained, suggestions that can be submitted to the company a Management Department are as follows:

Leadership in the company a Management Department does not have a significant effect on employee performance, so it is recommended that the leadership continue to increase its role and continue to improve employee career development, create a good work environment and maintain good relations with employees to increase the quantity and quality of work. been implemented be consistently



implemented and improved in order to improve employee performance. leadership in the company a Management Department has a significant effect on organizational commitment, so it is recommended that leaders increase their motivation to increase self-confidence and improve employee relations as well as listen to aspirations and input and be able to listen to employee difficulties. Leadership in the company a Management Department has a significant effect on employee performance mediated by organizational commitment, so it is advisable for the leadership to always maintain commitment, loyalty and values in the organization so that employee performance can be continuously improved

Integrity in the company a Management Department has a significant effect on employee performance, so it is recommended that the integrity values that have. Integrity in the company a Management Department has a significant effect on organizational commitment, so it is recommended that all elements in the organization stay focused and be responsible for the actions taken so that they can provide value to the organization. Integrity in the company a Management Department has a significant effect on employee performance if it is mediated by organizational commitment, it is recommended that the existing integrity values be a differentiator from other organizations or institutions, the existing integrity values are always obeyed to help the organization achieve its goals. Organizational commitment at the company a Management Department has a significant effect on employee performance, so it is suggested that emotional attachment, concern and belief in organizational values can be increased again, to improve employee performance in accordance with organizational goals. For further researchers, it can be suggested to be able to take a wider population at company and to add research variables, such as work environment, work culture, technology and communication in human resource management.

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