

The Influence of Transformational Leadership on Organizational Commitment with Empowerment as Mediation in Bank Indonesia Aceh Province

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ABSTRACT:

The purpose of the study was to determine the significant influence between transformational leadership and include empowerment as an intervening variable that bridges organizational commitment as the dependent variable and transformational leadership as an independent variable. The object of this research is the employees of Bank Indonesia Aceh Province in Banda Aceh. The Probability Sampling method (easy sample) has been chosen to obtain the data required for this study. This study used 61 respondents. Data analysis uses Path Analysis or path analysis with the computer program SPSS (Statistical Product and Service Solution) version 16. In the first equation, the effect of transformational leadership on empowerment is 50%. In the second equation, the effect of transformational leadership on organizational commitment is 40.6%, while the influence of empowerment on organizational commitment is 48.1%. The last equation shows that empowerment mediates the relationship between transformational leadership and organizational commitment by 19.5%.

Keywords: Transformational Leadership; Empowerment; Organizational Commitment.

JEL Classification: L44; O15.

INTRODUCTION

Bank Indonesia is the central bank with the task of achieving and maintaining stability in the value of the rupiah through maintaining monetary stability and developing financial system stability for long-term national development [1,2]. Bank Indonesia has a vision to become a credible central bank institution nationally or internationally through strengthening strategic values, including management and employees to act and behave in order to achieve the mission and vision consisting of competence, integrity, transparency, accountability and togetherness [3]. Organizational commitment is an attitude that reflects employee loyalty to the organization and a continuous process within the organization's members who express their concern for the organization [4,5]. Employees have a commitment to the organization in the form of desires that are in line with the achievement of

organizational goals [6,7]. The researcher argues that efforts to determine employee commitment to the organization are seen from a high level of loyalty, thus encouraging performance and effectiveness in achieving organizational goals. The essence of transformational leadership is sharing of power. This concept, a transformational leader involves subordinates together to make changes, or often called a form of empowerment. Empowerment is very important in an organization. Empowerment can increase the motivation and productivity of subordinates. Through this concept, employees are given greater authority and responsibility in making decisions.

LITERATURE REVIEW

The existence of a sense of attachment to the philosophy and work unit is likely to survive in the work unit will be higher than employees who do not have a sense of attachment to the work unit. Employees who are committed to the work unit are more likely to stay afloat than employees who are not committed. Employee commitment can reduce the desire to break away from the organization or work unit. They tend to show high involvement manifested in the form of attitudes and behavior. An attitude, organizational commitment is a strong desire or motive to remain a member of the organization: a desire to show a high level of effort on behalf of the organization: and a strong belief in accepting the values and goals of the organization. Furthermore, Reichers (Greenberg and Baron, 1997) states that there are two motives that underlie a person to commit to an organization or work unit, including:

1. Side- Best Orientation
This side-best orientation focuses on the accumulation of losses experienced or everything that has been given by individuals to the organization when they leave the organization.
2. Goal-Congruence Orientation focuses on the degree of congruence between individual and organizational personal goals as a determinant of commitment to the organization

Factors Affecting Organizational Commitment

Organizational commitment can affect a person's tenure in a particular organization [7,8]. This can be explained by several factors as follows:

1. The longer a person works in an organization, the more it gives him the opportunity to accept more challenging tasks, greater autonomy, freedom of work, a higher level of extrinsic rewards, and the opportunity to occupy a high position or position.
2. The longer a person works in an organization, the greater the opportunity for personal investment (mind, energy, and time) for the organization: thus, the more difficult it is to leave the organization.
3. The social involvement of individuals in the organization and the community within the organization is getting bigger, which allows providing better access to building meaningful social relationships, causing individuals to be reluctant to leave the organization.
4. Individual mobility is reduced because of the long stay in the organization, which results in getting smaller jobs.

Empowerment

Empowerment according to the origin of the word empowering from English empower which means "to control or a source of authority [9]. Empowerment is a way by which people, organizations, and communities are directed to be able to control or have power over their lives. Empowerment is an intense that comes from the local community, which involves mutual respect for one another, critical reflection, concern, and group participation, at the same time. these people experience an imbalance in the distribution of resources available in their environment and then try to add greater access and control to these resources [10,11]. Empowerment consists of two things, namely: supervisor's behavior (also called behavioral empowerment, namely a supervisor who empowers his subordinates) and the psychological state of subordinates (also called psychological empowerment, which is the result of empowerment carried out by the supervisor). Behavioral empowerment is also developed based on a relational approach that focuses more on the delegation of power and decision-making authority.

Leadership

Leadership is the process of influencing in determining organizational goals, motivating the behavior of followers to achieve goals, influencing the interpretation of the events of followers, organizing and activities to

achieve goals, maintaining cooperative relationships and group work, obtaining support and cooperation from people outside. groups or organizations [12,13]. There are 4 (four) characteristics possessed by a leader, namely:

1. Provide direction and explanation to subordinates by reminding them of what is important in their work.
2. Build trust in their subordinates to always give the best.
3. Provide support in taking risks, meaning to be proactive and to always rise when experiencing failure.
4. Provide motivation, both tangible and symbolic, so that it always gives confidence that success will be achieved.

Transformational leadership is the leadership style used by a manager when he wants a group to expand and perform beyond the status quo or achieve an entirely new set of organizational goals. Transformational leadership in principle motivates subordinates to do better than what can be done, in other words, it can increase the confidence or self-confidence of subordinates which will affect performance improvement.

Research Framework

Empowerment Mediation Impact of Transformational Leadership on Organizational Commitment.

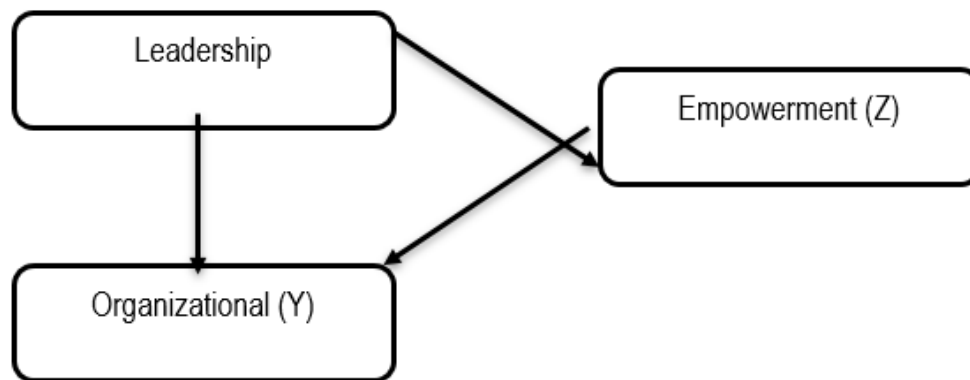


Figure 1. Research Framework

Description: Explains that the Transformational Leadership Style has a direct influence on Organizational Commitment. However, the Transformational Leadership Style also has an indirect effect on Organizational Commitment, namely through Empowerment as a mediating variable that can indirectly affect Organizational Commitment.

Research Hypothesis

The hypothesis that the writer will test in this study are:

- Ha1: There is an influence between transformational leadership on empowerment.
 Ha2: There is an influence between transformational leadership on organizational commitment
 Ha3: There is an influence between empowerment on organizational commitment
 Ha4: There is a direct and indirect influence between transformational leadership and empowerment factors on organizational commitment.

RESEARCH METHODS

Data Analysis Tools

Primary data testing and analysis was carried out using SPSS (Statistical Product and Service Solution) version 17.0. Data analysis was carried out through data quality testing to determine the validity of each question item. Furthermore, hypothesis testing is carried out using a regression analysis testing tool with the intervening variable, namely path analysis. Path analysis used in this study is formulated as follows:

1. Regression Equation I (sub Structure I):

$$Z = \beta_{zx}X + \epsilon_i \dots \dots \dots (1)$$
2. Regression Equation II (sub Structure II):

$$Y = \beta_{yx}X + \beta_{yz}Z + \epsilon_i \dots \dots \dots (2)$$

Where:

Z = Organizational Commitment
Y = Empowerment
 β = Path Coefficient
X = Transformational leadership
 ε = Error Term

Hypothesis Test

A hypothesis is an assumption or a conjecture about the population. Before accepting or rejecting a hypothesis, a researcher must test the validity of the hypothesis to determine whether the hypothesis is true or false. Hypothesis testing can be described as follows:

Ho₁ : There is no influence between transformational leadership factors on empowerment.
Ha₁ : There is an influence between transformational leadership factors on empowerment.
Ho₂ : There is no influence between transformational leadership factors and organizational commitment
Ha₂ : There is an influence between transformational leadership and organizational commitment
Ho₃ : There is no influence between the empowerment factor and organizational commitment
Ha₃ : There is an influence between the empowerment factor and organizational commitment
Ho₄ : There is no influence between transformational leadership factors and organizational commitment through empowerment
Ha₄ : There is a direct and indirect influence between transformational leadership and empowerment factors on organizational commitment.

RESULTS

Bank Indonesia is authorized to stipulate banking regulations by upholding the principle of prudence. In relation to the authority in the field of licensing, apart from granting and revoking bank business licenses, Bank Indonesia can also give approval to the ownership and management of banks, as well as granting permits to banks to carry out certain business activities.

Table 1. Reliability of Each Variable

No	Variable	Number of items	Alpha value	Reliability Limit	Information
1	Transformational leadership	5	0,641	0,60	Reliable
2	Empowerment	5	0,755	0,60	Reliable
3	Organizational commitment	5	0,626	0,60	Reliable

Source: Primary Data, 2022 (processed)

Table 2. Validity Test Results

No	Variable	Question items	Rcount	Value of r table (n=100)	Information
1.	Transformational leadership	A1	0.579	0.248	Valid
		A2	0.633	0.248	Valid
		A3	0.633	0.248	Valid
		A4	0.623	0.248	Valid
		A5	0.723	0.248	Valid
2.	Empowerment	B1	0.568	0.248	Valid
		B2	0.575	0.248	Valid
		B3	0.842	0.248	Valid
		B4	0.842	0.248	Valid
		B5	0.716	0.248	Valid

3.	Organizational Commitment	C1	0.452	0.248	Valid
		C2	0.725	0.248	Valid
		C3	0.493	0.248	Valid
		C4	0.819	0.248	Valid
		C5	0.659	0.248	Valid

Source: Primary Data, 2022 (processed)

Transformational Leadership

Respondents' responses to statements regarding transformational leadership variables can be seen in table 3 below:

Table 3. Respondents' Responses to Transformational Leadership

Question	Frequency					Mean
	STS	TS	KS	S	SS	
People I value put the interests of the organization ahead of personal	-	-	15	44	2	3.79
People I judge consider the moral and ethical consequences of a decision	-	-	3	52	6	4.04
People I value are optimistic that goals will be achieved	-	-	5	51	5	4.00
People I value spend time teaching and coaching	-	-	8	44	9	4.02
The person I value instills pride in me for working with him	-	-	8	50	3	3.92
Average						3.95

Source: Primary Data, 2022 (processed)

Empowerment

Table 4. Respondents' Responses to Empowerment

Question	Frequency					Mean
	STS	TS	KS	S	SS	
I am confident in my ability to do my job	-	-	20	37	4	3.74
The work I do is important to me	-	-	16	45	-	3.74
I can decide for myself how to do my job	-	-	5	50	6	4.02
I have the opportunity to be free and independent in doing my job	-	-	5	50	6	4.02
I have my own autonomy in determining how I work	-	-	10	44	7	3.95
Average						3.89

Source: Primary Data, 2022 (processed)

Table 5. The Effect of Transformational Leadership and Empowerment on Organizational Commitment

Variable Name	Unstandardized Coefficients	Standardized Coefficients	Count	Sig.
	B	Beta		
Constant (a)	.599		1.493	.141
Transformational Leadership(X)	.458	.406	4.189	.000
Empowerment (Y)	.546	.481	4.963	.000
R	.769 ^a			

Rsquare	.591
Fcount	41.967
Ftable	2.760
Sig	.000 ^a

Partially test as shown by table 5 that the path coefficient results $p_{zx} = 0.406$ dan $p_{zy} = 0.481$ The research hypotheses to be tested are as follows:

- Ho₂ : There is no influence between transformational leadership factors and organizational commitment
 Ha₂ : There is an influence between transformational leadership and organizational commitment
 Ho₃ : There is no influence between the empowerment factor and organizational commitment
 Ha₃ : There is an influence between the empowerment factor and organizational commitment

Interpretation Based on Path Analysis Approach (Path Analysis)

Based on the analysis that has been done previously, it can be formulated the equations of the two-way model for the two sub-structures in this study as follows:

Equation I:

$$Y = \beta_{yx} + \varepsilon_1$$

$$Y = 0.500 + \varepsilon_1$$

Equation II:

$$Z = \beta_{zx}X + \beta_{zy}Y + \varepsilon_2 \dots \dots \dots (2)$$

$$Z = 0.406 + 0.481 + \varepsilon_2$$

From these two equations, a table of the total influence of the independent variable on the dependent variable can be presented, so that it can reflect the most dominant variable in this research model.

Table 6. Total Influence of Independent Variables Dependent Variable

Equality	Environmental Influence	Indirect Influence	Total Influence
X → Y	0.250	-----	0.250
X → Z	0.165	0.097	0.262
Y → Z	0.231	0.097	0.231

Source: Data processed, 2022.

CONCLUSION

Based on the results of the research and discussion that have been described in the previous chapter, the following conclusions can be drawn.

1. Transformational leadership has a positive and significant effect on the intervening variable, namely the empowerment of this influence can be proven partially and simultaneously as described in chapter four of this study.
2. Transformational leadership has a positive and significant effect on the dependent variable, namely organizational commitment. This influence can be partially and simultaneously proven as described in chapter four of this study.
3. Empowerment as an intervening variable has a positive and significant effect on the dependent variable, namely organizational commitment. This influence can be partially and simultaneously proven as described in chapter four of this study.
4. There is a direct and indirect effect of the independent variable in the form of transformational leadership and the intervening variable in the form of empowerment on the dependent variable in the form of organizational commitment as evidenced in chapter four of this study.

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