

DOES TRANSFORMATIONAL LEADERSHIP, EMPOWERMENT, AND WORK ETHIC EFFECT ON JOB ENRICHMENT AND EMPLOYEE PERFORMANCE?

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DOES TRANSFORMATIONAL LEADERSHIP, EMPOWERMENT, AND WORK ETHIC EFFECT ON JOB ENRICHMENT AND EMPLOYEE PERFORMANCE?

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ABSTRACT

This study aims to prove and analyze the effect of transformational leadership, empowerment, work ethic on job enrichment and employee performance. The object and location of this research is the Village Credit Institution (LPD) as a financial institution owned by Pakraman Village in 9 districts/cities in Bali. The sampling technique is based on the proportionate random sampling method, which is taking samples from each LPD area of the Traditional Village randomly and proportionally, because the population members are homogeneous. The size of the sample is 300 people. Based on the results of the analysis and hypothesis testing that have been carried out, the results of this study indicate that of the 7 hypotheses proposed, all of them are proven true or supported by empirical facts, which predict a significant direct effect between transformational leadership factors, empowerment, work ethic and employee performance.

Keywords: transformational leadership, empowerment, work ethic, job enrichment, employee performance

INTRODUCTION

The success of company management is largely determined by the utilization of human resources, where company managers must pay attention to the attitudes, behaviors, desires and needs of employees so that employees can be encouraged to improve their performance and an organization is required to empower these people as much as possible in order to create and increase performance and commitment so that the organization can be strong and competent (Arikunto, 2014:76).

Realizing a good company performance requires maximum employee performance in running the LPD, because by having performance based on good skills and abilities later can be used as role models who are able to provide input and ideas for employees to be able to further improve innovation and performance. .Because in organizational change, both planned and unplanned, the most important aspect is improving performance (Handoko, 2016:87). According to Mangkunegara (2016: 81) that the term performance comes from the word job performance, namely the work that is to be achieved or achieved by individuals or groups. Employees who have high performance are more likely to speak positively about the organization, help co-workers, and make them work beyond what is formal or customary standards of a work organization, thus supported by empirical facts, which predict a significant direct effect between transformational

leadership factors, empowerment, work ethic and employee performance.

Keywords: transformational leadership, empowerment, work ethic, job enrichment, employee performance

INTRODUCTION

The success of company management is largely determined by the utilization of human resources, where company managers must pay attention to the attitudes, behaviors, desires and needs of employees so that employees can be encouraged to improve their performance and an organization is required to empower these people as much as possible in order to create and increase performance and commitment so that the organization can be strong and competent (Arikunto, 2014:76).

Realizing a good company performance requires maximum employee performance in running the LPD, because by having performance based on good skills and abilities later can be used as role models who are able to provide input and ideas for employees to be able to further improve innovation and performance. . Because in organizational change, both planned and unplanned, the most important aspect is improving performance (Handoko, 2016:87). According to Mangkunegara (2016: 81) that the term performance comes from the word job performance, namely the work that is to be achieved or achieved by individuals or groups. Employees who have high performance are more likely to speak positively about the organization, help co-workers, and make them work beyond what is formal or customary standards of a work organization, thus bringing implications for the formation of good performance. Employee performance is closely related to transformational leadership style (Mita and Subudi, 2014).

Iha Haryani et al., (2018) confirmed that transformational leadership can affect employee performance. Transformational leadership is important because it can inspire employees to go beyond their personal interests and have a profound and extraordinary impact on employees. Transformational leadership is the best type of leadership because it can motivate employees to work in accordance with goals that have never been achieved before, pay attention to employees, are able to train, and make employees loyal to the company (Robbins and Coulter, 2016: 75).

⁴ Transformational leadership is a leader who devotes his attention to the problems faced by his followers and the development needs of each of his followers by providing enthusiasm and encouragement to achieve his goals (Robbins and Coulter, 2016: 87). Transformational leadership is an ethical leadership style that involves the ability of a leader to promote intellectual stimulation through inspiration (Shu-Hung, 2014). According to Mukundu (2013), transformational leadership is an attitude that a leader has to build loyalty and devotion without much consideration for their own interests, and which also helps followers identify them.

Another factor that affects employee performance is empowerment. The importance of empowering human resources in order to improve overall company performance is known as HR management. If applied accurately and wisely, HR management is able to maximize the performance of a company so that its development can run even faster (Rajkumar, 2016). Empowerment is the authority to make decisions in a certain area of operations without having to

obtain approval from others (Luthans, 2017:78). Empowerment is the granting of authority to employees to plan, control and make decisions on the work they are responsible for without having to get explicit authorization from their superiors.

Saleha research (2016), it is proven that the performance of employees in an agency can be improved by paying attention to the work ethic of employees. The importance of work ethic because it is beneficial for the company because if employees have a high work ethic, they will be able to increase their competence. That is, work ethic is the basic capital for someone to be able to improve their knowledge and skills. Work ethic is a reflection of a basic life attitude, so work ethic is basically also a reflection of a values-oriented view of life with a transcendent dimension.

The results of Saleha's research (2016) show that work ethic has a significant effect on employee performance. According to Rian (2017) work ethic is a set of positive work behaviors rooted in strong cooperation, fundamental beliefs, accompanied by a total commitment to an integral work paradigm. Work ethic is a basic attitude towards self that forms positive work behavior rooted in mental awareness, fundamental beliefs, accompanied by a total commitment to an integral work paradigm. If it is associated with the situation of human life that is developing, then a high work ethic will be used as an absolute requirement, which is grown in life. Because it will open the views and attitudes to humans to value hard work and earnestly, so as to erode careless work attitudes. According to Ali (2016) an employee who has a high work ethic is indicated by: (1) hard work, where employees have a work-sick nature to be able to achieve the goals they want to achieve, (2) work discipline, where employees have an attitude of respect, respect, obey and obey the applicable regulations, (3) honest, where employees carry out their work in accordance with predetermined rules, (4) responsibility, where the work done is something that must be done with diligence and sincerity, (5) diligent, the creation of personal habits of employees to maintain and improve what has been achieved, and (6) diligent means diligent, hard-hearted, and serious.

One of the factors that have an important role in employee performance is by doing job enrichment for employees. Job Enrichment is a job design approach that directly applies the theory of job characteristics to make jobs more interesting and increase employee motivation. Robbins (2015:359) Job enrichment provides work motivation for employees by giving employees the opportunity to use various abilities possessed by employees, by increasing job enrichment, it will also increase employee job satisfaction. Employee job satisfaction can be increased in various ways, including by providing job enrichment to employees (Arina et al., 2016), by increasing job enrichment, it will also increase employee job satisfaction. Job satisfaction is a set of employee feelings about whether or not work is fun (Retno, 2018). Employee job satisfaction can affect employee performance which in turn can affect the performance of the company itself (Mahmut et al., 2015).

PREVIOUS STUDY AND HYPOTHESIS DEVELOPMENT

The results of Arif and Ratna's (2015) research show that transformational leadership has a significant positive relationship to job enrichment. Frans (2015) states that transformational leadership has a significant positive relationship to job enrichment. Mahmut et al (2015) stated that transformational leadership has a significant positive relationship with job enrichment.

H1: transformational leadership has a significant effect on job enrichment

The results of the research by Carissa et al., (2018) show that empowerment has a significant positive relationship with job enrichment. Frans (2015) states that empowerment has a significant positive relationship to job enrichment. Mahmut et al (2015) empowerment has a significant positive relationship with job enrichment.

H2: empowerment has a significant effect on job enrichment

The results of the research by Carissa et al., (2018) show that work ethic has a significant positive relationship with job enrichment. Rian (2017) states that work ethic has a significant positive relationship to job enrichment. Mahmut et al (2015) work ethic has a significant positive relationship to job enrichment.

H3: work ethic has a significant effect on job enrichment

Fedelis (2014) transformational leadership has a positive effect on employee performance. Meanwhile, Iha Haryani et al, (2018) reported that there was a positive relationship between transformational leadership on employee performance, and Restu (2017) stated that the results of his research on transformational leadership positively affected employee performance.

H4: transformational leadership has a significant effect on employee performance

Research conducted by Bakan et al. (2013) found that there is a significant relationship between empowerment and employee performance. Rajkumar (2016) states that the results of the partial correlation analysis show that empowerment is positively correlated with employee performance. Research conducted by Frans (2015) states that empowerment has an effect on employee performance.

H5: empowerment has a significant effect on employee performance

This statement is reinforced by Arina et al. (2016) show that work ethic has a significant effect on employee performance. Frans (2015) found that work ethic has a significant and positive relationship to employee performance. Fedelis (2014) proves that there is a significant positive effect of work ethic on employee performance.

H6: work ethic has a significant effect on employee performance

Research conducted by Fedelis (2014) states that job enrichment has an effect on employee performance. This research is further strengthened by the research of Dyah et al. (2013) who said that job enrichment had a positive effect on employee performance. Research conducted by Frans (2015) illustrates that job enrichment has a significant positive effect on employee performance.

H7: job enrichment has a significant effect on employee performance.

METHODS

This research was conducted in all Village Credit Institutions (LPD) in Bali Province spread across 9 districts/cities in Bali (BPS Province of Bali, 2019). While the scope of the research is the effect of transformational leadership, empowerment, work ethic on job enrichment, and the performance of LPD apparatus in Bali Province. The reason behind this research is that LPD in Bali Province is a village institution engaged in financial services, must be able to provide guarantees for the quality of service to customers in supporting the smoothness and convenience of the banking service process, need to be supported by the interpersonal skills of productive and high-performance employees effectively, with the support of a leader's role in providing direction, input and motivation at work.

The population in this study were all employees of the Village Credit Institution (LPD) as many as 5,178 people who answered the statements in the questionnaire regarding leadership, motivation, and employee performance. Samples that are still tolerable or desirable. The error limits that can be used are from 1-10%. The population used in this study was 5,178 people, by used Slovin formula so the number of samples obtained was 370 respondents. The existing sample will be based on the method of proportionate random sampling. Data analysis in this study used the method of Structural Equation Modeling (SEM) analysis.

RESULTS AND DISCUSSION

To determine the causality relationship between each variable, a null hypothesis was tested which said that the regression coefficient between the relationships was equal to zero through the t-test in the regression model. By paying attention to the regression results in Table 5.26, it is known that the critical ratio (CR) value which is identical to the t test in the regression analysis shows that all the regression coefficients are significantly not equal to zero, thus the causality relationship in the model can be accepted.

The magnitude of the regression between the transformational leadership variable and job enrichment is 0.00 and the value of CR = 4.391, meaning that the transformational leadership variable has a significant effect on job enrichment. The magnitude of the regression between the transformational leadership variable and empowerment is 0.063 and the value of CR = 1.859 means that the empowerment variable has no significant effect on job enrichment. The magnitude of the regression between the work ethic and job enrichment variables is 0.04 and the CR value = 2.908, meaning that the work ethic variable has a significant effect on job enrichment.

The magnitude of the regression between the transformational leadership variable and OCB is 0.13 and the value of CR = 2.475, meaning that the transformational leadership variable has a significant effect on OCB. The magnitude of the regression between the empowerment variable and OCB is 0.00 and the value of CR = 3.499, meaning that the empowerment variable has a significant effect on OCB. The magnitude of the regression between the work ethic variable and OCB is 0.13 and the value of CR = 2.486, meaning that the work ethic variable has a significant effect on OCB.

The magnitude of the regression between the job enrichment variable and employee performance is 0.45 and the value of CR = 2.004, meaning that the job enrichment variable has a significant effect on employee performance. The magnitude of the regression between the OCB variable and employee performance is 0.09 and the value of CR = 2.611, meaning that the transformational leadership variable has a significant effect on employee performance. The magnitude of the regression between the transformational leadership variable and employee performance is 0.061 and the value of CR = 1.875, meaning that the transformational leadership variable has no significant effect on employee performance. The magnitude of the regression between the empowerment variable and employee performance is 0.236 and the value of CR = 1.184, meaning that the transformational leadership variable has no significant effect on empowerment. The magnitude of the regression between the work ethic variable and employee performance is 0.224 and the value of CR = 1.216, meaning that the work ethic variable has no significant effect on employee performance.

Table 1. Path Coefficient

Regression Weight			Path Coefficient	C.R Value	P Value	Description
JE	<---	KT	,126	4,391	0,00	Significant
JE	<---	PE	,126	1,859	,063	Not significant
JE	<---	EK	,106	2,908	,004	Significant
OCB	<---	KT	,099	2,475	,013	Significant
OCB	<---	PE	,110	3,499	0,00	Significant

Regression Weight			Path Coefficient	C.R Value	P Value	Description
OCB	<---	EK	,087	2,486	0,13	Significant
KK	<---	KT	,141	1,875	0,061	Not significant
KK	<---	PE	,137	1,184	0,236	Not significant
KK	<---	EK	,115	1,216	,224	Not significant
KK	<---	JE	,118	2,004	0,45	Significant
KK	<---	OCB	,118	2,611	0,009	Significant

Primary Data, 2021

Information:

KT: Transformational Leadership

JE: Job Enrichment

PE: Empowerment

EK: Work Ethic

OCB: Organization Citizenship Behavior (OCB)

KK: Employee Performance

Table 2. Determination Coefficient

Latent	Square Multiple Correlation	Description
Job Enrichment	0,661	The contribution of the effect of X1, X2, and X3 together on Z1 is 66.1%
OCB	0,402	The contribution of the effect of X1, X2, and X3 together on Z2 is 40.2%
Employee Performance	0,702	The contribution of the effect of X1, X2, X3, Z1 and Z2 together on Y is 40.2%

Primary Data, 2021

- a. 66.1% of the variance in the job enrichment variable can be explained by the variables of transformational leadership, work ethic, and empowerment.
- b. 40.2% of the variance on the OCB variable can be explained by the variables of transformational leadership, work ethic, and empowerment.
- c. 70.2% of the variance in employee performance variables can be explained by the variables of transformational leadership, work ethic, and empowerment and job enrichment and organization citizenship behavior (OCB).

Base on table 1, shows in detail the relationship of direct effect, indirect effect, and total effect in this study.

Hypothesis 1

The magnitude of the regression between the transformational leadership variable and job enrichment is 0.00 and the value of CR = 4.391, meaning that the transformational leadership variable has a significant effect on job enrichment. This means that hypothesis 1 is accepted.

Hypothesis 2

The magnitude of the regression between the empowerment and job enrichment variables is 0.063 and the value of CR = 1.859 means that the empowerment variable has no significant effect on job enrichment. This means that hypothesis 2 is rejected

Hypothesis 3

The magnitude of the regression between the work ethic and job enrichment variables is 0.04 and the CR value = 2.908, meaning that the work ethic variable has a significant effect on job enrichment. This means that hypothesis 3 is accepted

Hypothesis 4

The magnitude of the regression between the transformational leadership variable and OCB is 0.13 and the value of CR = 2.475, meaning that the transformational leadership variable has a significant effect on OCB. This means that hypothesis 4 is accepted

Hypothesis 5

The magnitude of the regression between the empowerment variable and OCB is 0.00 and the value of CR = 3.499, meaning that the empowerment variable has a significant effect on OCB. This means that hypothesis 5 is accepted.

Hypothesis 6

The magnitude of the regression between the work ethic variable and OCB is 0.13 and the value of CR = 2.486, meaning that the work ethic variable has a significant effect on OCB. This means that hypothesis 6 is accepted

Hypothesis 7

The magnitude of the regression between the transformational leadership variable and employee performance is 0.061 and the value of CR = 1.875, meaning that the transformational leadership variable has no significant effect on employee performance. This means that hypothesis 7 is rejected.

Hypothesis 8

The magnitude of the regression between the empowerment variable and employee performance is 0.236 and the value of CR = 1.184, meaning that the transformational leadership variable has no significant effect on empowerment. This means that hypothesis 8 is rejected.

Hypothesis 9

The magnitude of the regression between the work ethic variable and employee performance is 0.224 and the value of CR = 1.216, meaning that the work ethic variable has no significant effect on employee performance. This means that hypothesis 9 is rejected.

Hypothesis 10

The magnitude of the regression between the job enrichment variable and employee performance is 0.45 and the value of CR = 2.004, meaning that the job enrichment variable has a significant effect on employee performance. This means that hypothesis 10 is accepted

Hypothesis 11

The magnitude of the regression between the OCB variable and employee performance is 0.09 and the value of CR = 2.611, meaning that the transformational leadership variable has a significant effect on employee performance. This means that hypothesis 11 is accepted

CONCLUSION

The results of this study contribute to the development of economics, especially in the field of Human Resource Management regarding the variables of Transformational Leadership, Empowerment, Work Ethic, Job Enrichment and OCB where these variables can actually be used as a tool to improve Employee Performance at the Village Credit Institution, and this can be applied in managing the performance of employees within the Village Credit Institution in achieving superior performance efficiently and effectively, so as to encourage them to develop and meet community standards and demands.

This study was conducted to examine the model on the effect of Transformational Leadership, Empowerment, Work Ethic on Job Enrichment, OCB and Employee Performance at the Village Credit Institution, and the results show that the model tested in this study is acceptable. This means that the model in this study can be used as a tool to improve employee performance at the Village Credit Institution. In addition, the results of this study can also add references in the field of Economics, especially about managing Human Resources at LPDs in the Province of Bali effectively in order to achieve performance in accordance with what is targeted.

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