

The Influence of Leadership Behaviour on Employee Performance Through Work Engagement as a Mediating Variable Case Study at HR & GA Division of PT XYZ

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Abstract:- The purpose of this study is to analyze the effect of leadership behavior on employee performance mediated by work engagement in the HR&GA Division of PT XYZ. This research was conducted from February to April 2021 with a population of 82 people where the entire population was sampled (saturated sampling). Data analysis using Structural Equation Modeling (SEM) method using SmartPLS 3.3.3 for windows. The results of the research are leadership behavior has a positive and significant effect on work engagement, leadership behavior has a positive but not significant effect on employee performance, work engagement has a positive and significant effect on employee performance, and work engagement has a positive and significant effect on mediating leadership behavior on employee performance. To improve employee performance, companies need to improve leadership behavior by focusing more on the dimensions of relationship-oriented behavior and task-oriented behavior and work engagement with more focus on the vigor dimension.

Keywords:- Leadership Behaviour, Work Engagement, Employee Performance.

I. INTRODUCTION

Referring to the theory of David Guest (1997), the impact of HR on organizational performance is most likely based on three propositions: 1) that HR practices can have a direct impact on employee characteristics such as engagement, commitment, motivation and skills; 2) if employees have these characteristics, it is likely that the organization's performance in terms of productivity, quality and delivery of high levels of customer service will improve; and 3) if the aspect of organizational performance increases, the financial results achieved by the organization will increase. This can be described as the HR value chain [1].

One of the conditions underlying high-performing organizations is that employees are fully engaged with their work. Work engagement is a positive and satisfying work-related state of mind characterized by passion, dedication, and absorption [2]. People who are engaged in the workplace are positive, interested, and even passionate about

their work and are ready to put a thoughtful effort into their work beyond the minimum to get it done [1].

PT XYZ routinely conducts annual employee engagement surveys as an evaluation material for the effectiveness of the work programs that have been carried out by management, which found a downward trend in the employee engagement index from 3.37 in 2015 to 3.09 in 2019, meaning the percentage of employees who fall into the category “disengaged, not engaged & nearly engaged” is higher than employees in the “engaged” category.

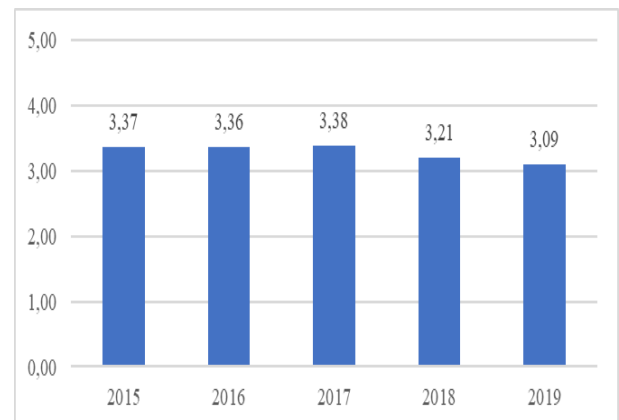


Fig 1. Work engagement index decline in XYZ
Source: HR Department of PT XYZ survey data (2020)

Based on the results of interviews with several key employees (managers, and general managers) from the Human Resource Department and the results of the annual survey, it is suspected that the decline in the work engagement index is due to leadership factors other than the classic problems that joint ventures always face, namely career development and compensation which are considered to have differences. between local employees and assigned employees.

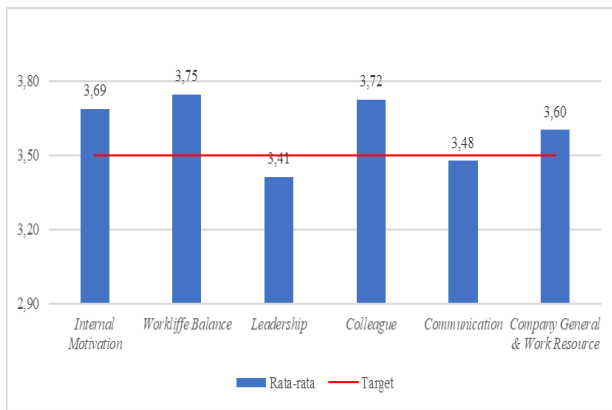


Fig 2. Leadership as the lowest index of work engagement at PT XYZ (2015-2019)

Source: HR Department of PT XYZ survey data (2020)

Another management phenomenon is that the achievement of PT XYZ's annual performance is always above the set target.

TABLE 1. ACHIEVEMENT OF ANNUAL TARGET PT XYZ

Year	2018	2019	2020
Percentage of achievement of annual target	111%	112%	109%

However, based on the annual performance appraisal of employees, there are quite a number of recommendations for improving individual employee performance.

TABEL 2. RECOMMENDATIONS FOR INCREASING PERFORMANCE OF INDIVIDUAL EMPLOYEES AT HR&GA DIVISION OF PT XYZ IN 2020

Aspect	Soft Skill	Hard Skill
Number of recommendations	25 people	18 people
Recommendation details	Leadership, Attitude, Communication	Microsoft office

Source: HR Department of PT XYZ survey data (2020)

In addition, a research gap was found where leadership behaviour has a positive and significant effect on work engagement [3]. Work engagement also has a direct positive effect on employee performance [4], and mediates leadership behaviour on employee performance [5]. However, in other studies, organizational citizenship behaviour (OCB) does not have a positive effect in mediating the influence of leadership behaviour on work engagement [6], where OCB is a component of work engagement in addition to motivation and commitment [1].

Based on the description above (initial interviews, management phenomena and research gaps), the author conducted a study entitled "The Influence of Leadership Behaviour on Employee Performance Through Work Engagement a Mediation Variable in HR&GA Division of PT XYZ".

II. LITERATURE REVIEW AND HYPOTHESES

A. The Influence of Leadership Behaviour on Work Engagement

Yulk's version of leadership behaviour (2002) consists of 3 dimensions, namely task-oriented behaviour, relationship-oriented behaviour, and change-oriented behaviour [7]. The task-oriented behaviour dimension has characteristics in common with the theories of autocratic leadership (Blake & Mouton, 1978) and production-orientation leadership [8], which are oriented towards ensuring that people, equipment, and other resources are used in an efficient manner to achieve the group's mission or goals. organization [9]. This dimension has a positive effect on work engagement [10] [11]. The communication style factor is able to moderate the influence to be significant [10].

Relationship-oriented behaviour dimension has similar characteristics to the theories of democratic leadership (Blake & Mouton, 1978) and employee-orientation leadership [8] and participatory leadership. This dimension has a positive effect on work engagement for the dimensions of vigour and dedication, but not on the absorption dimension [12].

The dimensions have similar characteristics to the theory of transformational leadership [13] and change-orientation leadership [8], which are oriented towards encouraging subordinates to increase innovation, collective learning, and adaptation to change [9]. Bosses dare to take personal risks to implement changes. This dimension has a positive and significant effect on work engagement [5] [14] [15] [16] [17] [18]. Based on theoretical and empirical evidence, it is proposed:

Hypothesis 1: Leadership behaviour has a positive and significant effect on work engagement.

B. The Influence of Leadership Behaviour on Employee Performance

Task-oriented behaviour dimension indirectly affects employee performance, mediated by a sense of security felt by subordinates (psychological safety) [19]. Leaders with this dimension of behaviour. When driven by time urgency, they are more likely to make decisions quickly and this can reduce the impact of procrastination. When efficiency is required and there is little time for meaningful organizational and workplace communication, autocratic leadership can be effective [20].

In relationship-oriented behaviour dimension also has a positive and significant effect on employee performance [10] [11] [21]. In fact, the influence of this leadership behaviour is higher than that of the situational leadership, task (autocratic leadership), and delegation (delegative leadership) dimensions on employee performance [11].

Change-oriented behaviour dimension also has a positive and significant effect on Employee Performance [5] [22] [23]. Based on theoretical and empirical evidence, it is proposed:

Hypothesis 2: Leadership behaviour has a positive and significant effect on employee performance.

C. The Influence of Work Engagement on Employee Performance

Work engagement has a positive and significant effect on employee performance [4] [5] [24] [25]. Based on theoretical and empirical evidence, it is proposed:

Hypothesis 3: Work engagement has a positive and significant effect on employee performance.

D. The Influence of Job Involvement Mediating Leadership Behaviour on Employee Performance

Organizational citizenship behaviour (OCB), which is one component of work engagement, has a positive effect on mediating leadership behaviour on employee performance [6]. In another study, the influence of the change-oriented behaviour dimension of leadership behaviour on employee performance can be mediated by work engagement [5] [23]. Therefore, based on theoretical and empirical evidence, it is proposed:

Hypothesis 4: Work engagement has a positive and significant effect mediating the influence of leadership behaviour on employee performance.

Based on the literature study, the conceptual framework is presented in figure 3.

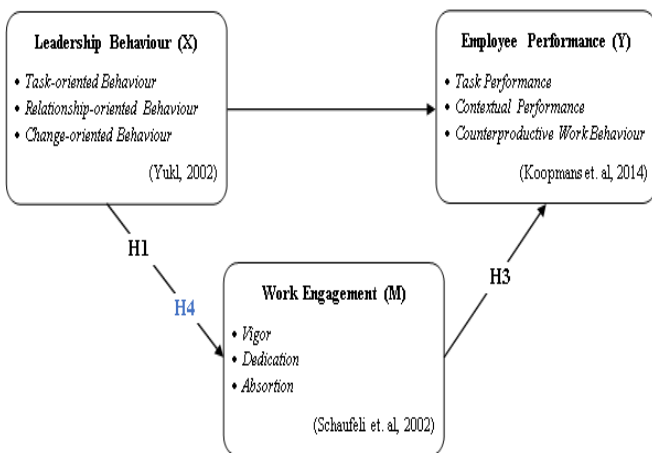


Fig 3. Conceptual framework

III. RESEARCH METHODS

This study uses a causal approach (causality research). The population and sample are the same, all permanent employees in the HR & GA Division of PT XYZ, have more than 1 year of service and total 82 people (saturated sampling technique). The data collection technique is a Likert scale questionnaire consisting of 83 statement items. The data analysis method is SEM PLS with SmartPLS version 3.3.3 software application for Windows.

IV. RESEARCH RESULTS AND DISCUSSION

A. Variabel Description

TABEL 3. DESCRIPTIVE ANALYSIS

Variable/Dimension	Indicator	Mean
Leadership Behavior (X)		
• Task-oriented Behaviour	12	3.59
• Relationship-oriented Behaviour	20	3.69
• Change-oriented Behaviour	16	3.39
Work Engagement (M)		
• Vigor	6	3.58
• Dedication	5	3.39
• Absorption	6	3.37
Employee Performance (Y)		
• Task Performance	5	4.04
• Contextual Performance	8	3.86
• Counterproductive Work Behaviour	5	3.99

Table 3 shows that the relationship-oriented behaviour dimension of variable X has the highest mean value of 3.69 and the change-oriented behaviour dimension which has the lowest mean value of 3.39. The majority of direct leaders use relationshipship-oriented behavioural compared to the work engagement variable (M), the vigor dimension has the highest mean value of 3.58 and the absorption dimension which has the lowest mean value is 3.37. As for the employee performance variable (Y), the task performance dimension has the highest mean value of 4.04 and the contextual performance dimension which has the lowest mean value is 3.86.

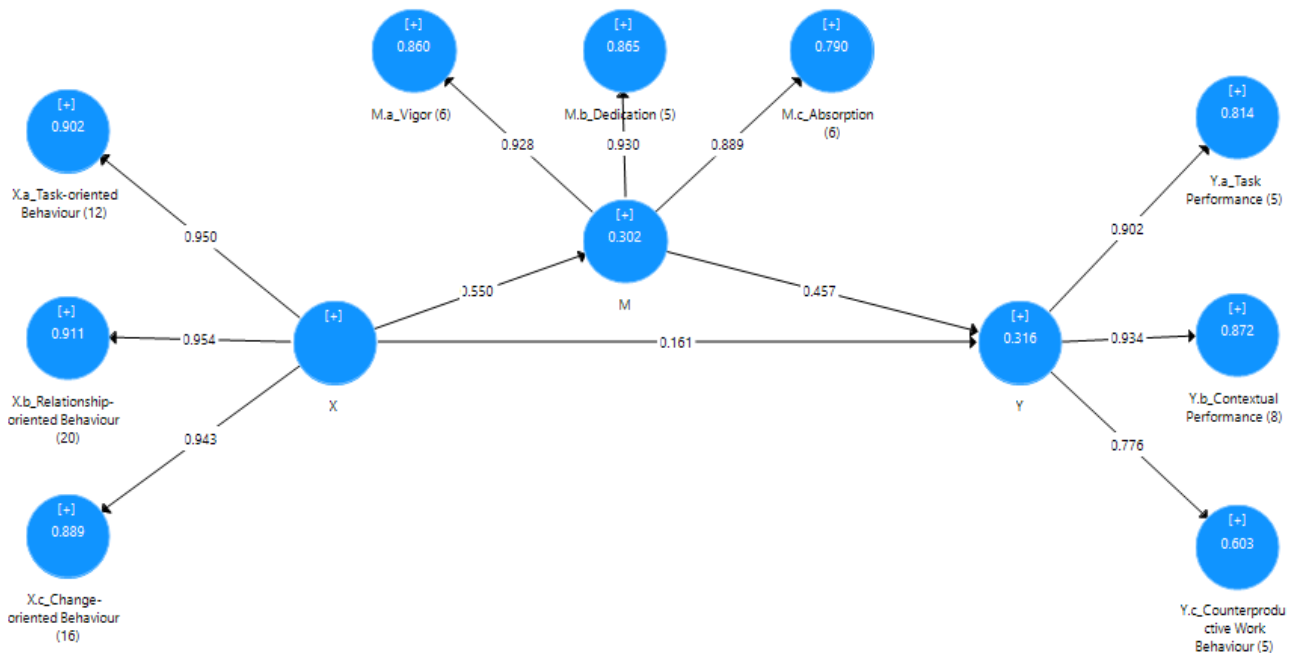


Fig 4. Measurement model test results (outer model)

B. Measurement Model Testing (Outer Model)

Convergent validity is evaluated through loading factor and AVE. In the loading factor test, there are 9 indicators

(X.30, X.31, X.42, M.6, M.11, M.14, Y.7, Y.10, Y.14) that were excluded from the measurement model. This is because the value of the loading factor is smaller than 0.60.

TABLE 4. MEASUREMENT MODEL TEST RESULTS

Variable	AVE	Fornell-Lacker			Construct Reliability	
		M	X	Y	Cronbach's Alpha	Composite Reliability
M	0.551	0,742			0.936	0.944
X	0.601	0.550	0,775		0.985	0.985
Y	0.503	0.546	0.413	0,709	0.926	0.937

Note: AVE =average variance extracted

Table 4 shows the AVE value of all variables above 0.50. meaning that all variables have met the requirements of convergent validity.

Discriminant validity is evaluated through Fornell-Lacker. where all variables have a construct value greater than the correlation of other constructs. This means that all variables have met the criteria for discriminant validity.

Reliability is evaluated through Cronbach's Alpha and Composite Reliability. where all variables have a construct value greater than 0.70. This means that all variables are declared reliable.

C. Structural Model Testing (Inner Model)

At this stage of testing includes the coefficient of determination (R-square). effect size (f-square). and Goodness of Fit Index (GoF).

TABLE 5. STRUCTURAL MODEL TEST RESULTS

R square		f square		
Variable	Value	Variable	Y	M
Y	0.316	X	0.027	0.433
M	0.302	M	0.213	

Table 5 above shows that the R square of the Y variable is 0.316. This shows that 31.6% of the variation in the rise and fall of the Y variable is influenced by the variation of the X variable. and the mediating variable M. and the remaining 68.4% is contributed by other variables not examined. R square variable M is 0.302. This shows that 30.2% of the variation in the rise and fall of the M variable is contributed by the variation of the X variable. and the remaining 69.8% is influenced by other variables not examined.

The f-square value of the variable X to Y is 0.027 and X to M is 0.433. This means that the variable X has a weak influence on the structural level on Y because it is below the standard value of 0.15. but X has a strong influence on the structural level on M because it is above the standard value. as is the case with the variable M on Y of 0.213.

For GoF. through calculations:

$$GoF = \sqrt{AVE \times R^2}$$

$$GoF = \sqrt{(0,601 + 0,551 + 0,503)/3 \times (0,316 + 0,302)/2}$$

$$GoF = \sqrt{0,552 \times 0,309}$$

$$GoF = \sqrt{0,171} = 0.413$$

The index obtained is 0.413. meaning that the combined performance accumulation between the measurement model and the structural model is good. because it is greater than 0.25.

D. Hypothesis Testing

TABLE 6. RELATIONSHIP BETWEEN CONSTRUCTS

Relationships between constructs	Original Sample	T Statistics	P Values
Direct			
H1 = X -> M	0.550	7.453	0.000
H2 = X -> Y	0.161	1.321	0.187
H3 = M -> Y	0.457	4.702	0.000
Indirect			
H4 = X1 -> M -> Y	0.251	3.424	0.001

Table 6 shows that the H1, H3, and H4 hypotheses are accepted because the t-statistic value is greater than the t-table value (1.96) and the p-value is smaller than 0.05. The hypothesis H2 is rejected because the t-statistic (1.321) is smaller than the t-table value (1.96), and the p-value (0.187) is greater than 0.05.

The findings of this study indicate that Leadership Behaviour has a positive and significant effect on Job Engagement. in line with the research findings used in constructing the hypothesis. The communication style factor is able to moderate the influence of the Task-oriented Behavioural dimension of Leadership Behaviour to be more significant [11]. When superiors set targets alone without the involvement of their subordinates. they will face difficulties in securing employee involvement. However. if the target is employee involvement through a joining style of communication. then employees will feel part of the decision team. As a result. their level of work involvement will increase significantly.

The findings differ between Leadership Behaviour on Employee Performance. which only has a positive but not significant effect. The results of this study are different from the findings of previous studies. where leadership behaviour has a positive effect on employee performance [25] [27] [28] [29].

However. the mediating variable factor of Job Involvement was able to increase the influence of Leadership Behaviour to be positive and significant on Employee Performance. in line with the research findings used in building the hypothesis.

V. MANAGERIAL IMPLICATIONS

Based on path coefficient analysis. that to increase work engagement which has managerial implications for employee performance. HR & GA Division needs to increase the influence of leadership behaviour by focusing more on the relationship-oriented behaviour dimension through empowerment activities where direct leaders encourage team members to be responsible. develop where the direct leader determines the best way to do a job. consultation where the direct leader trains with assistance in order to increase his self-confidence. and acknowledgment that is congratulating him on improving his work performance.

The second focus on the task-oriented behaviour dimension through operations and performance monitoring activities where the direct leader checks performance and asks for feedback from team members for performance improvement/improvement. clarifying the role where the direct leader explains job responsibilities and what results are expected from team members. and make short-term team plans to get the job done. The last focus is the Change-oriented Behaviour dimension through imagining change activities where the direct leader explains inspiring about new opportunities that can be achieved and encourages positive thinking where the direct leader asks team members to see the problem from a new perspective.

As for improving employee performance directly. it is necessary to increase the influence of work involvement by focusing more on the vigor dimension through activities which make team members enthusiastic in doing work. feeling strong and excited and feeling that the work done is meaningful. after that focus on the dimensions of dedication and absorption.

VI. LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

This study has limitations. first. that the scope of research is only in one company and the number of respondents is 82 people. Further research may be carried out on several companies based on industry category or area so that the research results can be generalized.

Second. the independent and mediating variables studied were only Leadership Behaviour which only affected about 30% of employee performance. Further research may be able to add variables such as compensation. career development. job satisfaction and other variables in order to determine the most dominant variables on employee performance.

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