Influence of Leadership and Integrity on Employee Performance with Organisational Commitments as Intervening Variables

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This study aims to analyse the influence of leadership and integrity on employee performance with organisational commitment as an intervening variable. The data collection method in this study used a questionnaire with 120 permanent employees in the Department of Money Management, Bank Indonesia. Data analysis used descriptive statistics using SPSS and Structural Equation Modeling (SEM). The analytical method used was descriptive analysis, and the test instrument used was SEM AMOS in this study using four variables, twelve dimensions and twenty-four indicators. The results showed that leadership and integrity have a significant effect on organisational commitment and also on employee performance. And organisational commitment has a significant effect on employee performance. The findings in this study are that it turns out that the factor that has a more dominant influence on organisational commitment is integrity, while leadership is most influenced for employee performance.

Key words: Leadership, Integrity, Employee Performance and Organisational Commitment

INTRODUCTION

In carrying out its duties and functions, Bank Indonesia requires human resources who are educated, skilled, disciplined, diligent and willing to work hard (Ginting & Purba., 2019). Quality human resources are those who have high integrity and can carry out their duties properly within the organisation, including within Bank Indonesia Universities, particularly in the Money Management Department.
Management Department (Parlinda & Wahyudin, 2008). Leadership is an important factor in providing direction to employees, especially nowadays where everything is open; the leadership needed is leadership that can empower employees (Purba, 2019). Leadership understands how to influence others for useful reasons. Leadership also has the meaning of involving a group or organisation to achieve its goals. Combining these two key characteristics, we can define leadership as an individual's ability to exert influence and control over other members to help a group or organisation achieve its goals (George & Gareth R. Jones., 2012).

Something that adapts reality to our words - in other words, keeping promises and living up to expectations - is called integrity (Covey, 2016). Integrity relates to human behaviour where there are many things that underlie that behaviour (Suleman, 2018). Integrity is often identified with honesty because what is based on integrity is a conscience that cannot lie. Conscience is always related to goodness and truth that have been universally accepted so that it should not be against conscience (Brockner et al., 2014). In many ways, a person's integrity is important in terms of carrying out a job properly and correctly (Fatokun et al., 2010). People who have good integrity deserve to be nurtured to become the company's mainstay employees (Suleman et al., 2020). A company that has many employees who have integrity is ready to face business competition (Suleman, 2014).

Mentioned by Kreitner et al., (2014), organisational commitment can also be defined as a set of feelings and beliefs that these people have an organisation. Organisational commitment at Bank Indonesia, which is reflected in the basic personal values, code of ethics, code of ethics and organisational culture is important in realising organisational sustainability and is linked to employee performance. Every employee who is part of the organisation is expected to work wholeheartedly (Harmaily, 2016). Because good companies have employees who have a sense of belonging and the intention of working (Leroy et al., 2011). Without the role of wanting to get ahead of employees, the company or organisation will experience setbacks and have no competitiveness (Safitri, 2014). This is done either at the beginning of employee recruitment or if not, it becomes a tough step. In addition, these efforts can also be carried out periodically by the company to generate a sense of belonging or commitment, even though it is late but it has a good impact if all employees ultimately have a commitment to the organisation (Robbins & Judge, 2017). And vice versa, the company or organisation should also have a commitment to employees to be in line in efforts to prosper employees according to company performance (Davis, 2010).

Employee performance is the result of the factors that influence it (Hao & Yazdanifard, 2015). Where there is motivation ignited in employees to grow and think about the future of the company (Chandra, 2012). However, this is again not something automatic because each employee's characteristics are different and this is where the role of the company is to convey the company's
vision and mission and what the company aims for in the future so that employees can be more prosperous (Fritz et al., 2013). The ideal company is a company that can have employees who perform well (Logahan & Aesaria, 2015).

In addition to exploring the theory of other efforts made in determining variables, this study is strengthened by the results of a pre-survey conducted by researchers, where the results show that the 3 highest dominant factors affecting employee performance are leadership (36%), organisational commitment (16%) and integrity (14%). Then the researchers followed up the pre-survey by distributing questionnaires to 50 employees at the Bank Indonesia Money Management Department. Therefore, this study will examine leadership, integrity and organisational commitment in influencing organisational performance. So it is clear that the purpose of this study is expected to provide an overview to the organization, whether positive organisational commitment will ultimately make employee performance better because these two factors are related and also see the direct influence of leadership and integrity on organisational commitment and employee performance, where this is the basis of the company in order to make efforts to improve employee performance by paying attention to the factors that influence it.

THEORETICAL FRAMEWORK AND HYPOTHESES

The purpose of the research conducted by researchers is to be able to explain the direct relationship between leadership and integrity to organisational commitment and employee performance, and the direct relationship between organisational commitment and employee performance. Below is an explanation for building the hypothesis in this study as follows:

Leadership

Organisational commitment refers to the employees’ belief in the goals and values of the organisation, the desire to remain a member of the organisation and loyalty to the organization; in the research of Gea, (2015) he examined the effect of three leadership styles, namely transformational, transactional, and passive or avoidant on the dimensions of employee organisational commitment. In the Ginting & Purba., (2019) 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 et al., (2010) prove that there is a positive relationship between leadership and employee performance. On this basis, employees who have integrity in their work will affect their performance. In this study, he examined the effect of three leadership styles, namely transformational, transactional, and passive or avoidant on the dimensions of employee organisational commitment (Anwar Prabu
Mangkunegara, 2017). Therefore, the researcher made the first and second hypotheses in this study as follows:

\[ H_1: \text{Leadership has an influence and is significant on organisational Commitment} \]

\[ H_2: \text{Leadership has an influence and is significant on Employee Performance} \]

**Integrity**

In research (Fritz et al., 2013), they also examined the integrity of behaviour positively and significantly influencing organisational commitment and, the integrity of supervisory behaviour that is aligned with organisational behaviour standards which operate directly on the desire of employees to comply with organisational expectations. Research by Brockner et al., (2014) also found that experiences of self-integrity have a positive relationship between corporate volunteerism and organisational commitment and hypothesis five in research. In the research of Harmaily, (2016), he 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; there is a positive and significant relationship between integrity and employee performance. In ethics, integrity is defined as the honesty and truth of one's actions and then in the Purba, (2019) study, there is a positive and significant relationship between integrity and employee performance. Therefore, the researcher made the third and fourth hypotheses in this study as follows:

\[ H_3: \text{Integrity has an influence and is significant on organisational Commitment} \]

\[ H_4: \text{Integrity has an influence and is significant on Employee Performance} \]

**Organisational Commitment**

According to Gea, (2015) organisational 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. The most dominant influence of employee performance is the commitment factor of the organisation (Ginting & Purba., 2019). Therefore, the researcher made the fifth hypothesis in this study as follows:

\[ H_5: \text{Organisational Commitment has an influence and is significant on Employee Performance} \]
From the explanation of the hypothesis above, an image of the framework of thought in this study can be made as follows can be seen in Figure 1 below:

![Research Framework](image)

**FIGURE 1: Research Framework**

**RESEARCH METHODS**

**Population and Sample**

The population in this study consisted of 272 permanent employees at the Bank Indonesia Money Management Department. The sampling technique used in this research is quota sampling where the sample will be taken to a specified limit of 120 respondents where this limit, with reference to the sample required, is five times the number of variables (Ferdinand, 2018). In this study, 6 variables, 12 dimensions and 24 indicators are used in which each indicator becomes a statement that is asked of the respondent who is asked 24 questions that will be answered and the results will be tabulated. The questions used in this study have previously been tested so that the instrument is valid and reliable. The results of the respondents' answers are then tabulated and processed using SEM AMOS 23.

**DATA ANALYSIS AND RESULT MEASUREMENT ITEMS**

In this study, the researcher used three dimensions with six indicators for leadership variables whose theory was taken from Suwato & Priansa, (2011) which has been adjusted. The integrity variable used three dimensions with six indicators taken from research (Gea, 2015). Furthermore, organisational commitment variables used three dimensions and six indicators adapted from research (Anwar Prabu Mangkunegara, 2017) and finally employee performance variables used three dimensions with six indicators obtained from adjusted theory (Santi et al., 2018). All 24 indicators were measured using a scale of 1 "Strongly Disagree" to 5 "Strongly Agree"
SEM AMOS ANALYSIS

**Goodness Of Fit (GOF) Analysis**

The results of the first AMOS SEM test which aims to determine whether the overall compatibility model will be compared between the data entered and the standards owned by AMOS. The output of SEM AMOS results on the data output of the overall compatibility test can be seen in table 1 below:

<table>
<thead>
<tr>
<th>Absolute fit Model</th>
<th>Measurement</th>
<th>Goodness of fit Index (GFI)</th>
<th>Root Mean Square Error (RMSEA)</th>
<th>Measurement Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Fit</td>
<td>≥ 0.90</td>
<td>0.80 - &lt;0.90</td>
<td>&lt; 0.08</td>
<td>Good Fit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Incremental Fit Model</th>
<th>Measurement</th>
<th>Comparative Fit Index (CFI)</th>
<th>Normal Fit Index (NFI)</th>
<th>Incremental Fit Index (IFI)</th>
<th>Relative fit Index (RFI)</th>
<th>Measurement Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Fit</td>
<td>≥ 0.90</td>
<td>0.80 - &lt;0.90</td>
<td>≥ 0.90</td>
<td>≥ 0.90</td>
<td>≥ 0.90</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Marginal Fit</td>
<td>&lt; 0.90</td>
<td>0.80 - &lt;0.90</td>
<td>&lt; 0.80</td>
<td>&lt; 0.80</td>
<td>&lt; 0.80</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>Marginal Fit</td>
<td>&lt; 0.90</td>
<td>0.80 - &lt;0.90</td>
<td>&lt; 0.80</td>
<td>&lt; 0.80</td>
<td>&lt; 0.80</td>
<td>Marginal Fit</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Parsimonious Fit Model</th>
<th>Measurement</th>
<th>Parsimonious normed fit index (PNFI)</th>
<th>Measurement Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Fit</td>
<td>≥ 0.90</td>
<td>0.80 - &lt;0.90</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Marginal Fit</td>
<td>&lt; 0.90</td>
<td>0.80 - &lt;0.90</td>
<td>Marginal Fit</td>
</tr>
</tbody>
</table>

Results of Overall Model Processing (GOF) is seen in Table 1 which is the SEM output from AMOS; the absolute fit size data model is found which aims to determine the level of prediction of all models (structural and measurement models) to data suitability consisting of RMSEA 0.049 < 0.08 (model fit) and a GFI value of 0.84. It can be concluded that all the models tested are close to the absolute fit model testing criteria at a fairly good level of testing criteria. For other model fit criteria, the Incremental Fit Model consists of several conformity test instruments, namely the value of CFI = 0.96; NFI = 0.85; IFI = 0.96 and RFI = 0.84; the results state that the structural equation model is said to be good because it is at a fairly good level of testing criteria and has met the requirements of the Incremental Fit Model. On the fit size, the stingy fit model can be seen in the PNFI results = 0.76; from these outputs it can be concluded that the model is said to be at the level of testing criteria quite good and meets the requirements of the parsimonious fit model.

**Measurement Model**

The second output result in SEM AMOS shows the following data results. According to (Ferdinand, 2018) the composite reliability of a measurement model is said to be of good reliability to measure each latent variable if the construct reliability value (CR) is ≥ 0.7 or more than the value of extracted variance (VE) which is greater than 0.05; this states that in exploration reliability
research between 0.5 - 0.6 can be accepted and then at SEM AMOS a one-way test is carried out with a 95% confidence level; the commonly used critical value (CR)> 1.96 which means the assumption of normality is rejected at the significance level (P) <0.05 (5%).

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Item Code</th>
<th>Factor Loadings</th>
<th>Error</th>
<th>CR</th>
<th>VE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>LD1</td>
<td>0.83</td>
<td>0.69</td>
<td>0.90</td>
<td>0.50</td>
</tr>
<tr>
<td></td>
<td>LD2</td>
<td>0.71</td>
<td>0.56</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LD3</td>
<td>0.75</td>
<td>0.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LD4</td>
<td>0.70</td>
<td>0.49</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LD5</td>
<td>0.80</td>
<td>0.65</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LD6</td>
<td>0.89</td>
<td>0.48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrity</td>
<td>IN7</td>
<td>0.73</td>
<td>0.53</td>
<td>0.90</td>
<td>0.50</td>
</tr>
<tr>
<td></td>
<td>IN8</td>
<td>0.82</td>
<td>0.68</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IN9</td>
<td>0.80</td>
<td>0.64</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IN10</td>
<td>0.76</td>
<td>0.58</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IN11</td>
<td>0.75</td>
<td>0.54</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IN12</td>
<td>0.81</td>
<td>0.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisational</td>
<td>OC13</td>
<td>0.82</td>
<td>0.67</td>
<td>0.86</td>
<td>0.50</td>
</tr>
<tr>
<td>Commitment</td>
<td>OC14</td>
<td>0.77</td>
<td>0.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OC15</td>
<td>0.75</td>
<td>0.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OC16</td>
<td>0.78</td>
<td>0.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OC17</td>
<td>0.75</td>
<td>0.56</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OC18</td>
<td>0.74</td>
<td>0.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Performance</td>
<td>EP19</td>
<td>0.80</td>
<td>0.65</td>
<td>0.85</td>
<td>0.60</td>
</tr>
<tr>
<td></td>
<td>EP20</td>
<td>0.82</td>
<td>0.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EP21</td>
<td>0.74</td>
<td>0.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EP22</td>
<td>0.85</td>
<td>0.72</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EP23</td>
<td>0.78</td>
<td>0.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EP24</td>
<td>0.81</td>
<td>0.64</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From table 2 data, it is found that all 24 indicators are valid and reliable because CR is ≥ 0.7 or more than the value of extracted variance (VE) which is greater than 0.05.

**Match analysis of structural models or hypothesis testing**

The next step is to look at the structural model or hypothesis test; in this case, the conclusions of the hypothesis in this study can be seen in table 3 below:
The hypothesis test results in Table 3, which is the result of SEM AMOS output data processing, shows that the five are accepted, meaning that (H1-H5) all show an effect and are significant.

The basis for decision making is influential and significant based on the value of the t-value > T-table 1.96 and α <0.05, where the magnitude of the effect can be seen in the resulting SLF value which shows how much influence the independent variable has on the dependent. The test results show that leadership (H1) has a positive and significant effect on organisational commitment with an output value of 5.3 greater than the table 1.96 and a standardised coefficient of 0.507. Then (H2) leadership towards organisational commitment, the t-value is 2.3 which is also greater than the t-table (1.96) with a standard coefficient of 0.266. Whereas for (H3) Integrity towards the organisation found the values of 8.9 which are also greater than the table (1.96) with a coefficient of 0.642. And then for (H4) Integrity on employee performance gets a t-value of 2.0 which is also greater than t table (1.96) with a coefficient of 0.242. And finally, for (H5) organisational commitment to employee performance obtained values of 3.4 which are also greater than table 1.96 with a coefficient of 0.595.

DISCUSSIONS AND CONCLUSION

From the research that has been conducted by researchers, the researchers can draw several conclusions. From the research results, they found that leadership has a significant effect on organisational commitment and also has a significant effect on employee performance. Also, integrity affects organisational commitment and affects employee performance which in the end shows that organisational commitment affects employee performance. Between leadership and integrity, the factor that most influences organisational commitment is integrity. Meanwhile, between leadership and integrity, the biggest and most significant influence on employee performance is leadership.

In the results of the first study, it was found that leadership has a significant effect on organisational commitment. This is important for the company to pay attention to because in its activities the company needs commitment from employees, but the results of this study can also be a reference
to the size of the commitment determined by how the leadership of a superior to his subordinates. And therefore, it is necessary to create good company leaders so that in the future they can foster commitment to the company properly.

The second thing that is no less important is that leadership has a significant effect on employee performance. Therefore, the role of the leader becomes a big or small driver of performance. Also, it cannot be forgotten that the leadership role was found to produce the greatest influence, therefore future leaders will influence business growth in the future because the performance depends on the leadership in the future. Performance errors can be due to the fault of the leader or the wrong leader as well as the decline of the company.

Third, it was found that integrity has an effect and is significant on organisational commitment. Therefore, the importance of cultivating an attitude of integrity at the beginning of employee recruitment is key. Because employees who have integrity must have commitment and in the results of this study integrity has the most dominant influence on organisational commitment. Business growth and business continuity are founded on employees who have integrity. Choosing employees who have integrity is the key to the company's future victory in today's competitive era; without integrity, employees can move and company trade secrets can be obtained by competitors and in the end competitors can win the market.

Integrity has a significant effect on employee performance; this is in line with the opinion above which states that without employees who have good integrity to grow the company, it is impossible to improve performance and without good performance, don't expect the company to compete well in the current era of 4.0 where the level of competition between companies has occurred from various sides. Integrity is related to how employees are willing to be loyal and sincere to advance the company by doing their part of the job with optimal efforts.

The five organisational commitments have an effect and are significant on employee performance, which of course has been widely researched and the results of the research are always the same. So that it becomes a special guide for leaders who want to improve the performance of their employees, one of which is by striving for organisational commitment and employee commitment to the organisation. Supplementing and supporting each other and knowing the boundaries is mutually beneficial; this is the best thing to be able to advance the company together between leaders and employees. This can happen if they both understand the conditions.
LIMITATION

In this study, of course there are still many shortcomings and limitations, among others, the researchers' suggestion for the next researcher is to try the research model in this study at different companies with a smaller or larger scale. Also the addition of other variables that can help explain more clearly about efforts to improve variable performance, for example compensation for organisational commitment such as in research (Prasada et al., 2020).
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