

The Affecting of Leadership, Competence and Organizational Commitment towards Corporate Governance and Employee Performance

MUH. IRFAN ARYAWIGUNA¹
Student of Department of Management
Universitas Muslim Indonesia, Indonesia

BAHARUDDIN SEMMAILA³
Department of Management
Universitas Mulim Indonesia, Indonesia

SALIM BASALAMAH²
Department of Management
Universitas Mulim Indonesia, Indonesia

MUKHLIS SUFRI⁴
Department of Management
Universitas Mulim Indonesia, Indonesia

Abstract:- The purpose of this study is to partially analyze the influence of leadership styles, competencies, and organizational commitment to good corporate governance in the technical implementation unit of the Ministry of Agriculture of South Sulawesi. to partially analyze the influence of leadership style, competence, organizational commitment, and good corporate governance on the performance of civil servants in the technical implementation unit of the Ministry of Agriculture of South Sulawesi. to partially analyze the influence of leadership style, competence, and organizational commitment to the performance of civil servants through good corporate governance in the technical implementation unit of the Ministry of Agriculture of South Sulawesi. The research site of the technical implementation unit of the Ministry of Agriculture of South Sulawesi. The population and sample of 348 people and sampling methods using saturated sampling. The data collection method uses questionnaires. The analysis method uses the Structural Equation Model (SEM). The results of the study proved that: (1) Partially there is a positive and significant influence between the leadership style, competence, and organizational commitment to good corporate governance in the technical implementation unit of the Ministry of Agriculture of South Sulawesi.

Keywords:- Leadership, Competence, Organizational Commitment, Good Corporate Governance, Employee Performance.

I. INTRODUCTION

Leadership is a sociological phenomenon or process that involves the use of influence by a person over one or more people, in an effort to guide activities to achieve common goals, goals that require acts of interpenence among members of groups /organizations (Colquitt et al., 2015). Leadership qualities can encourage a person to perform better (Kaswan, 2018: 46). Organizations with strong and effective leadership at all levels achieve better performance, while organizations with inconsistent leadership achieve inconsistent performance

(Newstrom, 2012). Effective implementation of GCG is always influenced by a relationship-motivated leadership style. Employees expect support, recognition, and development. This can only be achieved with the effective implementation of GCG. Research from Jamaludin, A. (2017), Aulia, V. (2019), Ovita Susiana Rosya, Tabroni, Choiril Maksum (2020), where the results showed that leadership styles have a positive and significant effect on employee performance.

Competency-based performance assessment is related to the way organizations evaluate employees based on what has been done and how to do it (Kessler, 2011). Competence is related to the ability to carry out or perform a job based on skills and knowledge and supported by the attitude of work demanded by the job (Wibowo, 2013: 22). Research from Donates (2018), Ida et al. (2018) shows competence has a positive and significant effect on employee performance.

Commitment is concerned with feelings of identification, engagement, and loyalty expressed by employees to the organization (Ivancevich, Konopaske, and Matteson (2008:104). Organizational commitment influences whether employees stay as members of the organization or leave the organization looking for new jobs (Colquitt, LePine and Wesson, 2015:64). The strong weak organizational commitment is seen from the overall performance of the organization, low turnover rate (inflow) of employees, and high level of absenteeism of Kaswan employees, 2018: 44). Employees who have a positive commitment will show enthusiasm, solve problems, report progress, and show initiative. But bad signs of commitment are to submit resignations, ignore problems, be silent.

II. LITERATURE REVIEW

2.1 Leadership

Leadership is a person's ability to influence a group toward goals (Robbins and Judge, 2016:249). According to Supardo (2006), leadership style is a complex way and process in which one influences others to achieve a mission, task or goal and direct the organization in a more reasonable

way. According to Hasibuan (2013), leadership style is a way for leaders to influence their subordinates, to be willing to work together and work productively to achieve organizational goals. According to Hasibuan (2014), there are several types of leadership styles are: (1) Autocratic Leadership. Autocratic leadership style is the dominant leader in various actions and decisions taken. The power of the leader is absolute and there is almost no gap for employees to provide input. (2) Bureaucratic leadership. Bureaucratic leadership style is commonly applied in government offices or large companies that already have a strong culture rooted for a long time. Bureaucratic leadership styles organize things systematically. (3) Participatory Leadership. Participatory leadership styles provide space for employees to participate more in decision making. The opinion of employees is heard of course when giving a new view and in accordance with the goals to be achieved. The relationship between superiors and employees is very friendly and warm and there is no authoritarian atmosphere. (4) Delegative Leadership. In a delegative leadership style, employees are given freedom by leaders. Employees have the opportunity to do things in accordance with their beliefs and are able to make their own decisions. However, this delegative leadership can only be applied if the employees are mature enough in making decisions, because otherwise, the employees will take the wrong decision.

2.2 Competence

Competence is the ability to carry out or perform a job or task based on skills and knowledge and supported by the attitude of work demanded by the job (Wibowo, 2013: 271). The characteristic types of competencies according to Wilson (2013:41) are: (1) Motive is something that consistently estimates or wants the person who causes the action. Motives encourage, direct, and choose behavior toward a particular action or goal. (2) Nature is a physical characteristic and a consistent response to a situation or information. (3) Self-concept is a person's attitude, values, or self-image. (4) Knowledge is information that people have in a specific field. (5) Skill is the ability to perform certain physical or mental tasks. Some types of competencies according to Robbins (2003) that can be explained as follows: (1) *Planning competency*, is associated with certain actions such as setting goals, assessing risks and developing sequences of actions to achieve goals. (2) *Influence competency*, associated with actions such as having an impact on others, forcing certain actions or making certain decisions, and inspiring members to work toward organizational goals. (3) *Communication competency*, in the form of the ability to speak, listen to others, written and non-verbal communication. (4) Interpersonal competency includes *empathy*, consensus building, networking, persuasion, negotiation, diplomacy, conflict management, respecting others, and being a team player. (5) *Thinking competency*, with regard to strategic thinking, analytical thinking, committed to action, requires cognitive ability, identifies links and evokes creative ideas. (6) *Organizational competency* includes the ability to plan work, organize resources, get work done, measure progress, and take calculated risks. (8) *Human resources management competency* is the ability in the field of team building, encouraging participation, developing talent, seeking

performance feedback, and respecting diversity. (9) *Leadership competency*, is a competency that includes positioning skills, organizational development, managing transitions, strategic orientation, building vision, planning the future, mastering change, and pioneering workplace health. (10) *Client service competency*, is a competency in the form of: identifying and analyzing customers, service orientation and delivery, working with customers, follow-up with customers, build partnerships and commit to quality. (11) Business competency, is a competency that includes: financial management, business decision-making skills, working in systems, using business skills, making business decisions and generating revenue. (12) Self management competency, competence related to being self-motivated, acting with confidence, managing self-learning, demonstrating flexibility, and initiative. (13) Technical /operational competency, competencies related to doing office tasks, working with computer technology, using other equipment, demonstrating technical and professional skills, and getting used to working with data and numbers.

2.3 Organizational Commitment

According to Robert and Kinicki (in Kreitner and Kinicki, 2011) that organizational commitment is a reflection of where an employee recognizes the organization and is bound to its goals. Meyer, Allen, and Smith (in Sutrisno, 2015) suggest that there are three components of organizational commitment: (1) *Affective commitment*, which arises if employees want to be part of the organization because of emotional bonds. (2) *Continuance commitment*, arises if the employee remains in an organization because it requires salary and other benefits, or because the employee does not find another job. (3) *Normative commitment*, arising from the values in the employee. Employees survive to become members of the organization because of the realization that commitment to the organization is what should be done.

2.4 Good Corporate Governance

GCG is a set of regulations that establishes the relationship between stakeholders, creditors, governments, employees as well as other internal and external stakeholders with respect to their rights and obligations, or in other words the system that directs and controls the company (*Forum for Corporate Governance in Indonesia*, 2001). The purpose of the implementation of GCG according to Sutedi (2011) is: (1) Creating value added for all stakeholders. (2) Ensure that the targets set have been achieved. (3) Ensuring that the company's assets are properly maintained. (4) Ensuring the company practices sound business practices. (5) Ensuring the company's activities are transparent.

2.5 Performance

Robert Bacal (2004: 39) states that employee performance is the level of contribution that employees make to their work goals or work units and companies / organizations as a result of their behavior and application of their skills, abilities, and knowledge. Sutrisno (2015) states that employee performance is the result of both the quality and quantity produced by employees or the tangible behavior generated in accordance with the responsibilities given to

him. Hersey and Dewey (2008) stated that there are seven factors that affect performance, namely: (a) *ability* (knowledge and *skill*), (b) *clarity* (understanding or role *perception*), (c) *help* (organizational *support*), (d) *incentive* (motivation or *willingness*), *evaluation* (*coaching* and *performance feedback*), *validity* (valid and legal personal *practices*), *environment* (environmental *fit*).

III. RESEARCH METHODOLOGY

Research Approach: Based on the goals to be achieved, this study when viewed from aspects of variable relationships including *explanatory* research is research conducted by explaining the symptoms caused by a research object (Suliyanto, 2018). **Location and Time of Research:** Research location in the technical implementation unit of the Ministry of Agriculture of South Sulawesi. **Type and Source of Data:** The type of data used in this study is a type of quantitative data. While the source of data, namely primary data and secondary data. **Data Collection Method:** Data collection is a process of procuring data obtained from the study of libraries and field data. **Sample:** Population in statistical definition is the entire set of objects or people to be examined (Eng & Achmad, 2017:19). The population in this study was 348 people. The sample is a portion of the population selected

using certain procedures so that it is expected to represent its population (Eng & Achmad, 2017: 23). The method of sample withdrawal in this study, namely the selection of samples from populations at random (*probability sampling*). *Probability sampling* is a sampling technique that provides equal opportunities or opportunities for each element or member of the population to be selected into a sample (Eng & Achmad, 2017: 34). The type of *probability sampling* used in this study was saturated sampling. Saturated sampling is a method of sample selection when all members of the population are used as samples. As for the sample size as much as the population, which is 348 employees. **Analysis Methods:** Data analysis techniques used in explaining phenomena in this study are instrument validity and reliability tests, de-cryptic analysis techniques and Structural *Equation Modeling* (SEM) analysis.

IV. RESEARCH FINDINGS

The model conformity test (goodness of fit) for each of the variables of Leadership, competence, Organizational commitment, good corporate governance, and performance, overall extension performance is in the good category. This indicates that the hypothesized model is in accordance with existing sample data.

HP	Variable			P-Value	Direct Effect	Indirect Effect	Total Effect	Information
	Exo	Intervening	Endo					
1	L		GCG (Y)	0,000	0,522	-	0,522	Positive and Significant
2	C		GCG (Y)	0,000	0,573	-	0,573	Positive and Significant
3	OC		GCG (Y)	0,000	0,470	-	0,470	Positive and Significant
4	L		Employee Performance (Z)	0,000	0,441		0,441	Positive and Significant
5	C		Employee Performance (Z)	0,003	0,425		0,490	Positive and Significant
6	OC		Employee Performance (Z)	0,000	0,490		0,442	Positive and Significant
7	GCG		Employee Performance (Z)	0,076	0,212		0,359	Positive and Insignificant
8	L	GCG (Y)	Employee Performance (Z)	0,111	0,441	0,128	0,569	Positive and Insignificant
9	Competence (X2)	GCG (Y)	Employee Performance (Z)	0,108	0,425	0,127	0,552	Positive and Insignificant
10	Organizational Commitment (X3)	GCG (Y)	Employee Performance (Z)	0,104	0,490	0,110	0,600	Positive and Insignificant

1. The Impact of Leadership Style on *Good Corporate Governance* (GCG)

Statistical test results showed a positive and significant leadership style on GCG. Decision-making skills, motivating

skills, communication skills, and better subordinate control skills will support organizations implementing GCG effectively. Leaders are very important in carrying out company policies to realize GCG. The implementation of

GCG can be effective when the leadership style is accepted by all employees. Leadership style in accordance with employee expectations can support the implementation of GCG as a system used to direct and manage company activities.

The results of this study support the findings of Aulia (2019); Viene (2019), Ovita (2020) who prove that leadership style has a significant influence on the application of the principles of good corporate governance.

2. The Impact of Competence on *Good Corporate Governance* (GCG)

Statistical test results showed positive and significant competence on GCG. Employee competence has an important role in implementing GCG effectively because it can contribute to maintaining and improving healthy and competitive business continuity in the long term and increasing stakeholder confidence. Meanwhile, with the competence of employees, the function of GCG to anticipate various kinds of risks, both financial and reputational risks can be minimized.

The results of this study support the findings of Dita (2017), Maharani (2016) which generally proves that the competence of internal auditors has a positive influence on the realization of GCG.

3. Organizational Commitment to *Good Corporate Governance* (GCG)

Statistical testing results show the organization's commitment to positive and significant influence to GCG. Employees who have organizational commitments have a sense of engagement and loyalty expressed by employees to an organization. Employees with organizational commitments can support the effective implementation of GCG principles. Organizational commitment activities are usually based on moral beliefs by not prioritizing personal gain. Organizational commitment will make the organization management feel benefited because employees become have a sense of belonging to the organization.

Employees with high organizational commitment will have an emotional connection with the organization. Strong weak organizational commitment is seen from the overall performance of the organization. Organizational performance can be achieved when employees have good performance. Employees who have organizational commitment will accept the values and goals of the organization, willingness to strive earnestly on behalf of the organization, and the desire to maintain membership in the organization or become part of the organization.

The results of this study support the findings of Budi (2018), Ni Made (2014) which prove that the organization's commitment has a positive and significant influence on GCG. GCG will not work well when there is no support and strong determination from individuals within the company in this case are employees. Employees who have a high organizational commitment will encourage these employees to participate in the implementation and application of the

principles of GCG. However, the results do not support findings from Pratolo (2007) that prove organizational commitment has no significant effect on GCG. The Effect of Leadership Style on Employee Performance.

Statistical test results showed leadership styles had a positive and significant effect on employee performance. Decision-making skills, motivating skills, communication skills, and better control of subordinates will improve employee performance. Leadership is an ability or power within a leader to lead and influence his employees in terms of work, where the goal is to achieve the target (goal) that has been determined. To influence employees to cooperate in achieving goals, a leader must have a leadership style. A leadership style that is getting better or in accordance with the expectations of its employees will improve employee performance. The nature, habits, temper, character and personality (leadership style) that a leader has in interacting with his employees will affect employee performance.

The results of this study include findings from Jamaludin, A. (2017), Vieni and Mahendra (2019) which generally prove that leadership styles have a positive and significant effect on employee performance. However, the results of this study do not support the findings of Rahayu and Nur (2018) which prove leadership styles have a negative and insignificant effect on employee performance.

4. The Effect of Competence on Employee Performance

Statistical test results showed competence had a positive and significant effect on employee performance. Competence has an important role in improving employee performance. The competence of employees has a meaningful meaning to improved performance. Competence can help organizations know the potential of their employees and the extent to which an employee will strive to provide the best performance for the organization. The competence of an employee plays a close role in showing how effectively the employee performs his duties as one of the performance assessments. Competence becomes very useful to help organizations create employees who have a high performance culture.

The results of this study support the findings of Donates (2018), Ida (2017) which generally prove competence has a positive and significant effect on employee performance. However, the results of this study do not support the findings of Anak Agung (2016), Ratnasari (2016) which proves competence has a positive and insignificant effect on employee performance.

5. The Impact of Organizational Commitment on Employee Performance

Statistical testing results show the organization's commitment to positive and significant influence on employee performance. Employees who have organizational commitments have a sense of engagement and loyalty expressed by employees to an organization. With a commitment to the organization, employee performance can increase, because employees will work more wholeheartedly. Organizational commitment will make the organization management feel benefited because employees become have

a sense of belonging to the organization. Employees with high organizational commitment will have an emotional connection with the organization. Strong weak organizational commitment is seen from the overall performance of the organization. Organizational performance can be achieved when employees have good performance. Employees who have organizational commitment will accept the values and goals of the organization, willingness to strive earnestly on behalf of the organization, and the desire to maintain membership in the organization or become part of the organization.

The results of this study include findings from Ida and Frans (2015), Dyah Tara, Lintang (2017), which generally prove the commitment of the organization to have a positive and significant effect on employee performance.

6. The Effect of *Good Corporate Governance* (GCG) on Employee Performance

Statistical test results showed GCG had a positive and insignificant effect on employee performance. The better implementation of GCG was not able to improve employee performance. Transparency, independence, accountability, accountability, and fairness do not give meaningful meaning to improving employee performance.

Regulations that do not follow the regulations of the Ministry of Agriculture and the intervention of shareholders inhibit the implementation of GCG principles effectively, thus giving meaningless meaning to employee performance. GCG is basically a system (input, process, output) and a set of rules that govern the relationship between various stakeholders for the achievement of company goals.

The results of this study support the findings of Ni Kadek (2017) proving that: (1) The application of the principle of transparency has no effect on employee performance. (2) The application of the principle of accountability has a positive effect on employee performance. (3) The application of the responsibility principle has no effect on employee performance. (4) The application of the principle of Independence has a positive effect on employee performance. (5) The application of the principle of fairness has no effect on employee performance. However, the results of this study do not support the findings of Givan (2019) which proves that GCG has no significant effect on employee performance.

7. The Impact of Leadership Style on Employee Performance Through *Good Corporate Governance* (GCG)

Statistical test results showed leadership styles had a positive and insignificant effect on employee performance through GCG. The ability to make decisions, motivating skills, communication skills, and the ability to control subordinates that are getting better will increase the effectiveness of GCG implementation. The Impact of Competence on Employee Performance Through *Good Corporate Governance* (GCG)

Statistical test results showed competence had a positive and insignificant effect on employee performance through GCG. Employee competence has an important role in implementing GCG effectively because it can contribute to maintaining and improving healthy and competitive business continuity in the long term and increasing stakeholder confidence. Meanwhile, with the competence of employees, the function of GCG to anticipate various kinds of risks, both financial and reputational risks can be minimized.

8. Influence of Organizational Commitment to Employee Performance Through *Good Corporate Governance* (GCG)

Statistical test results showed the organization's commitment to positive and insignificant influence on employee performance through GCG. Employees who have organizational commitments have a sense of engagement and loyalty expressed by employees to an organization. Employees with organizational commitments can support the effective implementation of GCG principles.

V. CONCLUSION

GCG has a positive and insignificant effect on employee performance. Better implementation of GCG cannot improve employee performance. Transparency, independence, accountability, accountability, and fairness that are the principles of GCG cannot affect employee performance. This is because there are regulations that are less adjusted and follow the regulations of the Ministry of Agriculture, thus inhibiting the implementation of GCG. Meanwhile, there is an intervention that is more than shareholder, thus inhibiting the implementation of GCG principles related to transparency effectively and ultimately affect employee performance. Employee performance is more dominantly influenced by internal factors, such as competence, organizational commitment and external factors, such as management style.

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