

TRANSFORMATIONAL LEADERSHIP IN INCREASING ORGANIZATIONAL COMMITMENT AND EMPLOYEE PERFORMANCE

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Abstract: *The decreasing of employee performance influenced by some factors such as insensitive leader to employee development needs and company's internal affairs, and the decline of employee commitment. The deficiency of company's employee performance may disturb company's going concern. This research is using associative method, with banking customer service officer as unit of analysis in Bandung. Sampling technique is using random sampling and iteration with amount of samples 135 respondents. Tool of analysis used is path analysis. Hypotheses testing are using F test and t test for simultaneously and partially. The result shows that transformational leadership has positive and significant influence to organizational commitment of customer service officer. Simultaneously, transformational leadership and organizational commitment has a positive significant influence to customer service officer performance. Directly, transformational leadership has a bigger influence to customer service officer performance rather than indirectly through organizational commitment. Therefore, banking is have to implement some effort to increase organizational commitment of customer service officer and doing reparation of its leader's transformational leadership ability.*

Key Words: *Transformational Leadership, Organizational Commitment, Employee's Performance.*

INTRODUCTION

Organization is operated in one system that consists of regular and repeated activities by a group of people to reach the same objective. To obtain their objective, organization must be supported by qualified human resources. (Swastha, 2007).

One of importance element of banking activities service excellence is customer service officer. Customer Service Officer is a forefront of a bank. Customer Service Officer is able to solve the customer's problem and complaint, and able to explain various product and information in detail. Therefore, it needed employee with higher performance. Employee performance is an action or task force that have been finished in a given time and can be measured.

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In obtaining company's objective, there are important elements such as leadership or leader. Unmanage resources will lead to unobtain objective as planning. So that, the role of leader whose able to use their power is very important (Wahab, 2008).

Leadership is a way of leader in direct, motivate and arrange all elements of a group or organization to obtain their objective until they reach maximum performance. The increase of performance means that company is able to reach their objective.

Besides of reform leadership, organization is need a strong employee commitment, there are desire, willingness, and awareness of work. It reflects voluntary attitude and task and responsibility of employee. In the end, the employee that having right leading and organizational commitment will have a good performance.

Based on research background above, there are some problem identification as follow: (1) how big is influence of transformational leadership to customer service officer organizational commitment (2) how big is influence of transformational leadership and organizational commitment to performance of Customer Service Officer simultaneously and partially and (3) how big indirect influence of transformational leadership to performance through organizational commitment.

LITERATURE OVERVIEW

1. Transformational Leadership

Transformational leadership is an inspiring leader beyond their personal interest and able to bring the deep impact to their follower (Robbins, 2013). Luthan, (2010) disclose, transformational leader is often use legitimate tactics and results on higher identification level and internalization, having better performance of work and develop their follower.

The charismatic-transformational approach to leadership has developed based on two seminal perspectives, Max Weber's Theory of Charisma (1947) and Burns' (1978) Transforming Leadership Theory. (Cavazotteet.al. 2013). Bass (1985) coined the term transformational leadership, describing such leaders as change agents that elicit and transform followers' beliefs, attitudes and motivations. These leaders provide a vision and develop an emotional relationship with their followers, increasing the latter's consciousness and belief in higher goals, above their own interests. The specific behaviors of these leaders are classified into four dimensions: (a) idealized influence, (b) inspirational motivation, (c) intellectual stimulus, and (d) individualized consideration.

According to Bass (1985) idealized influence, or charisma, refers to the attributes ascribed by followers to their leader, according to their perceptions of the leader's power, confidence and transcendent ideals. These perceptions are driven by specific behaviors of the leader that reflect his/her values and beliefs. It is this emotional component of leadership that drives followers to forgo their own comfort in favor of the collective interest, that is, in the search for a greater good. Inspirational motivation refers to leader's behaviors aimed at inspiring and motivating followers to attain ambitious and challenging goals, or even apparently unattainable ones. Intellectual stimulation refers to the way a leader questions the status quo and appeals to the intelligence of followers to prompt them to question their own ideas, thus motivating innovative and creative decision-making. Individual consideration refers to the socio-emotional support given by a leader to his/her followers, in response to their specific needs, which promotes their development and empowerment.

2. Organizational Commitment

According to Buchanan (1974) in Ahmad et. Al. (2014) organizational commitment is define as the emotional commitment to achieve the organizational objectives. Organizational commitment is "the aggregate internalized normative demands to perform in a manner which meets organizational objectives and interests" (Wiener, 1982).

Mathis and Jackson (2008) defined employee commitment as the extent to which employees stay with organizations and considers about organizational objectives seriously. Luthans (2010), explored organizational commitment as the desire to be a member of an organization and not to complain about their organization.

Meyer dan Allen (1996) define commitment in organization as psychological construct that characterize the relationship of organization member with the organization and having implication to individual decision to continue their membership in organization. Employee's affiliation with organization is regarded as organizational commitment. Generally there are three dimensions of organizational commitment 1) continuance commitment 2) normative commitment 3) affective commitment (Allen and Meyer, 1996; Karrasch, 2003; Turner and Chelladurai, 2005; Greenberg, 2005; Boehman, 2006; Canipe, 2006).

Based on relationship perspective of organization member with the organization, Meyer and Allen (1996) define three dimensions of commitment as follow:

1. Affective commitment, related to emotional relation of organization member to the organization, raising of self belonging, identify the organization and involve with the organization.

2. Continuance commitment, related to member awareness that result on disadvantage, if they left the organization.
3. Normative commitment, describe a bonding of a hold out to organization.

3. Employee Performance

Human resource management and organizational behavior experts if often mention performance with actual performance, it means the results that have been obtain by employee individually. Another terminology is main tools of performance evaluation which is to value accurately performance of individual employee as a base to make a decision making of return allocation. (Robbins, 2013).

Performance is described as the attained result of skilled workers in some specific situations (Prasetya & Kato, 2011). Dharma (1991) thought that the performance is somewhat that is prepared, or products shaped and offered by a cluster of people. Brandt, Krawczyk & Kalinowski (2008) said that there is a disagreement between employee personal life and performance. (Memari, 2013)

Mangkunegara (2009) explain that “performance is output, in quality and quantity that obtain by human resources on certain time period in implementing their work appropriate to their responsibility”. Mathis & Jackson (2008) define performance as what they do and do not.

Employee performance is measure by quantitative and qualitative aspect. Quantitative aspect is consists of (1) work process and work condition (2) period of time to do the job (3) number of mistakes (4) number and type of return. Qualitative aspect is consists of (5) quality of work (6) ability of working (7) capability to use facility (8) ability to evaluate customer complaint or objection (Mangkunegara, 2009).

4. Relationship of Transformational Leadership to Organizational Commitment

Avolio et al. (2004) conducted a study on staff nurses in a public hospital of Singapore and stated that transformational leadership positively affects organizational commitment. Limsili and Ogunlana (2008) proclaimed that transformational leadership is a better leadership style and workers productivity and organizational commitment is facilitated by transformational leadership. Ismail and Yusuf (2009) studied the impact of transformational leadership on followers’ commitment and concluded that there is significant positive relation between these two variabls. Transformational leadership is the most effective leadership style in determining organizational commitment of employees. (Bushra, 2011).

Transformational leadership is probably showing a strong positive relationship with affective because it gives a strong feeling and adequate support to motivate

subordinates staying in the organization, while contingent reward is probably positively related to continuance commitment because there is an anxiety of losing benefits when leaving the organization (P. Bycio & Allen, 1995)

5. Relationship of Transformational Leadership to Employee Performance

Based on the results of Luthan (2010) literature overview, transformational leader is often use legitimate tactics and result on higher identification and internalization, having better performance and develop their follower.

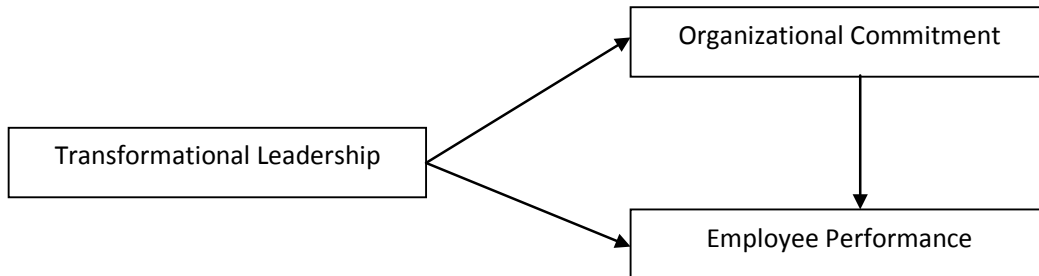
Literature reviews and studies accumulated in recent years on transformational leadership show its positive association with performance outcomes (Avolio, 1999; Avolio, Bass, & Jung, 1995; Lowe et al., 1996), particularly in private companies (Dumdum, Lowe, & Avolio, 2002). Similarly, meta-analyses covering empirical studies indicate that there is a strong connection between transformational leadership and subordinates' formal task performance and contextual performance; i.e., undertaking actions that go beyond formal roles, but that also contribute to the good functioning of the company (Judge & Piccolo, 2004).

6. Relationship of Organizational Commitment to Employee Performance

McNeese-Smith (1996) show that organizational commitment has a positive and significant relation to production employee performance, with Pearson (r) results 0.31 (significantat 0,001).

Some of the available relevant literature has been discussed below to have an insight of the previous work done on the subject. (Shore, Barksdale & Shore, 1995) studied 231 managers and 339 subordinates in multinational firms in United States and found that affective commitment and job performance are positively correlated. (Somers & Birnbanm, 1998) studied the relationship of work related commitment and input on employee job performance, however their findings suggested that career commitment is positively related to job performance but no relationship existed between organizational commitment and job performance. Both affective and normative commitments were found unrelated to job performance. (Lee & olshfski, 2002) studied the behavior of organizational commitment of the firefighters in New York and their study led to believe that organizational commitment offers considerable promise in describing the positive behaviors. Furthermore, Individuals take jobs, they identify with the role attached to the job, they become committed to doing the job, and they behave according to the expectations attached to that job. (Memari, 2013).

7. Theoretical Framework



8. Hypotheses

Based on theoretical framework, problem identification and research paradigm above, the researcher conclude hypotheses as follow:

1. Transformational leadership influence positive and significant to organizational commitment of Customer Service Officer.
2. Simultaneously, transformational leadership and organizational commitment influence significantly to performance of Customer Service Officer, and partially, transformational leadership and organizational commitment influence positive and significant to performance of Customer Service Officer.
3. Transformational leadership influence indirectly through organizational commitment to performance of Customer Service Officer.

RESEARCH METHODOLOGY

Research method used is verification analysis. The unit of analysis is Customer Service Officer of banks in Bandung, West Java, Indonesia. Variables as research object is involve transformational leadership, organizational commitment, and employee performance.

Transformational leadership is measured by four indicators: (a) idealized influence, (b) inspirational motivation, (c) intellectual stimulus, and (d) individualized consideration. Commitment organizational variable is measured by three indicators: (a) continuance commitment, (b) normative commitment, and (c) affective commitment. And employee performance variable is measured by five indicators (a) presence, (b) staffed time, (c) effective time, (d) solution, and (e) average handling time.

Sampling technique used is random sampling which is determine sample based on accidental, everybody has the same opportunity if they have appropriate characterization as data source (Sugiyono, 2014). Determination of banks Customer Service Officer as a sample is using Iteration (α & $\beta = 5\%$) with assumption that number of Customer Service Officer is unknown. The number of minimum sample is 116. From 150 respondents, there are 135 respondents that filling the questionnaire completely and return it to the researcher.

Data source is consists of primary and secondary data. Data collection technique is using questionnaire which is collecting data by giving the series of questions to respondent (Sugiyono, 2014). Likert scale is use to measure someone’s attitude, opinion and perception about social phenomenon. (Sugiyono, 2014).

Researcher tests the quality of data with validity and reliability tests. The tool of analysis used is path analysis. Path analysis is use to measure the influence of predictor variable (free variable). Finally F test and t test is implement to test the significant level partially.

RESULT AND DISCUSSION

1. Influence of Transformational Leadership To Organizational Commitment

Influence of transformational leadership to organizational commitment is seen in the following table:

Table 1
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.524	.302		11.658	.000
	X	.568	.036	.804	15.620	.000

a. Dependent Variable: Y

Based on the table above, beta = 0.804 means that the increasing of one unity of transformational leadership will increase 0.804 unity of organizational commitment of Customer Service Officer with positive direction. If we look based on hypotheses testing with t test, $t_{count} = 15.620$ (see table 1) is higher than $t_{table} = 1.960$. Significant level 0.0000 is lower than $\alpha = 0.05$. It means that transformational leadership has a strong influence to organizational commitment of banks Customer Service Officer in Bandung, West Java, Indonesia.

2. Influence of Transformational Leadership and Organizational Commitment to Employee Performance, Simultaneously and Partially

Influence of transformational leadership and organizational commitment to performance, simultaneously, is shown in the following R^2 (R square) table:

Table 2
Model of Summary^b dan ANOVA^b

<i>Model Summary^b</i>					
<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>	<i>Durbin-Watson</i>
1	.833 ^a	.694	.689	1.92330	2.262

a. Predictors: (Constant), Y, X

b. Dependent Variable: Z

<i>ANOVA^b</i>						
<i>Model</i>		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
1	Regression	1106.899	2	553.450	149.618	.000 ^a
	Residual	488.280	132	3.699		
	Total	1595.179	134			

a. Predictors: (Constant), Y, X

b. Dependent Variable: Z

R^2 (R square) = 0.694 means that total influence of transformational leadership variable and organizational commitment to performance of Customer Service Officer is 69.4%. The coefficient determination conclude that simultaneously, performance of Customer Service Officer also influenced by other variable besides transformational leadership variable and organizational commitment by 30.6%.

$F_{\text{count}} = 149,618$ with significant level 0.000 shows that there is significant influence between transformational leadership and organizational commitment to performance of Customer Service Officer.

Influence of transformational leadership and organizational commitment to performance of Customer Service Officer partially is as follow:

Table 3
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.219	.721		-.304	.761
	X	.524	.103	.413	5.100	.000
	Y	.831	.145	.463	5.715	.000

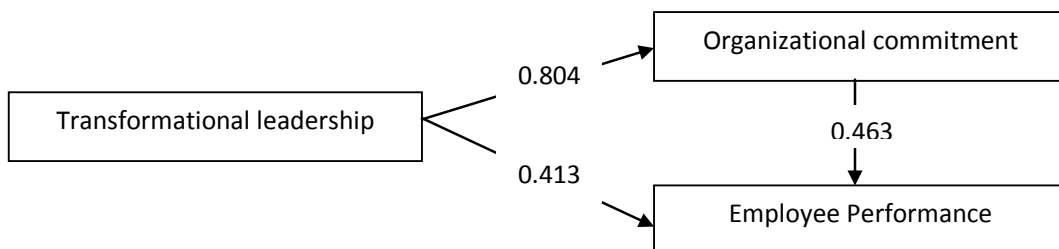
a. Dependent Variable: Z

Beta of transformational leadership = 0.413. It means that every unity increasing of transformational leadership will cause the increase of performance of Customer Service Officer by 0.413 with positive direction. $T_{count} = 5.100$ (see table 3) with significant level 0.000 means that transformational leadership has a strong influence to performance of bank Customer Service Officer in Bandung, West Java, Indonesia.

Table 3 shows beta value of organizational commitment = 0.463. It means that every unit of organizational commitment will increase 0.463 performance with positive direction. $T_{count} = 5.715$ with significant level 0.000 conclude that organizational commitment influence significantly to performance of bank Customer Service Officer in Bandung, West Java, Indonesia.

3. Indirect Influence of Transformational Leadership to Employee Performance through Organizational Commitment

Transformational leadership is influence directly and indirectly (through organizational commitment) to performance of Customer Service Officer. Research shows that direct influence of transformational leadership to performance is 0.413.



Indirect influence of transformational leadership through organizational commitment to performance of Customer Service Officer is $0.804 \times 0.463 = 0.372$.

And the total result is of transformational leadership influence to performance of Customer Service Officer is $0.413 + 0.372 = 0.785$. Its means that direct influence has a bigger influence than indirect. But, considering the two influence has a significant value, banks have to increase the ability of transformational leadership to increase performance of Customer Service Officer.

4. Implication

Based on research above, transformational leadership has a positive and significant influence to performance of Customer Service Officer by 80.4%. To increase commitment of Customer Service Officer to the banks, banks must do the effort to increase transformational leadership of their manager especially their charisma in front of Customer Service Officer and leadership attention personally to the Customer Service Officer.

Simultaneously, transformational leadership and organizational commitment influence performance of Customer Service Officer, so that, it is better for the banks to finds another variable that predicted to have influence the performance or Customer Service Officer in Bandung, West Java, Indonesia by 30.6%.

Partially, commitment of Customer Service Officer to organizational has a bigger influence to performance of Customer Service Officer. For that, the banks has to do some normative commitment efforts to increase the performance of Customer Service Officer, such as minimize the Customer Service Officer outsourcing.

Partially, transformational leadership also has a significant influence to performance of Customer Service Officer. Banks has to give more attention and develop their manager to (1) increase their charisma as a leader, (2) more give attention to their employee personally, (3) shows intellectual attitude to push their employee to has logical reasoning in problem solving, and (4) shows their inspiring attitude to the employee.

The results show that transformational leadership influence significantly to performance of Customer Service Officer direct and indirect through organizational commitment. Indirect influence has a bigger influence, so that the increasing of performance of Customer Service Officer will be higher if transformational leadership is supported by the increasing of organizational commitment of Customer Service Officer.

CONCLUSION

Based on the research and discussion, it concludes that transformational leadership influence positive and significant to organizational commitment of Customer Service Officer. Simultaneously, transformational leadership and organizational

commitment influence significantly to performance of Customer Service Officer. Partially, transformational leadership and organizational commitment influence positive and significant to performance of Customer Service Officer. Transformational leadership influences significantly to performance of Customer Service Officer, direct and indirect through organizational commitment.

For the banks, it is better to have some effort to increase the ability of their manager transformational leadership and implement the activities to increase the commitment of Customer Service Officer to company. For the next researcher, there are another variable that may be study to increase performance of Customer Service Officer such as ability, motivation, compensation, work satisfaction, etc.

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