Influence Of Leadership To Employee Engagement And Its Impact To Actual Performance In Digital Era

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ABSTRACT: This research aims to analyze influence of leadership to actual performance by using employee engagement as mediating variable. The data analysis used path analysis. This research also describes leadership, employee engagement, and employee variables by using questionnaire. This research tried to prove employee engagement was influential variable to actual performance so employee engagement played role as mediating variable.

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Introduction

Current world changes experience social, cultural, and economic condition movement caused by dominant influence of digital technology. This technology has changing both mechanic and analog technologies into digital since 1980s. Digital technology domination insists us to live in digital era. It changes perspectives of life and creates huge movement around the world started from providing accessibility in many aspects which sometimes cause uncontrolled problems in utilizing the technology. It is experienced by company which faces dynamic business domain in Digital Era. In this era, digital technology is main factor causing movement of business domain. It is not only to open new potential market but it may become threat such as business competitors and employee behavioral changes. Threat and opportunity which are potential to emerge needs attention, especially dealing with employee or human resources. Employee is main element of running every business activity of a company and needs to be well prepared to face this era. Employee is an important asset of a company due to its role as executor of company's strategies. This asset mostly handles digital technology started from communication, documentation, process, and data analysis. Employee conducts various job activity and provides expected or better results determined by company. This is called as performance. Ivancevich (2010), performance is achievement of actual performance in certain period to achieve organizational objective. Therefore, it needs various efforts to create better actual performance s. One of them is – creating fully involved employees in organizational activities or companies and to make them have enthusiasm in their employee engagement. Dajani (2015) also stated that employee engagement influences actual performance. Employee engagement shows good employee commitment both emotionally and intellectually to working achievement, mission, and organizational vision. It is an individual emotional level both positive and negative which are attached to company, job, and working peers. The importance of employee engagement in a company influences employees' behaviors in doing their activities. One of them is exceeding behaviors to the demanded roles at working place. Employee engagement may be grown by the role of a leader. A leader may not have proper leadership. It also goes to an individual whose proper leadership but he may not be a leader of a company. In this Digital Era, a leader needs to have effective leadership. Anitha (2014), effective leadership is a behavior which supports employee engagement, reflects personal awareness, communicates and delivers information brilliantly, is transparent, and shows respectful attitudes to both company and employees. One of Regional-Owned Companies in Pati, leading in banking service, is BPR Bank Daerah Pati (Translated: Pati Rural Bank). It is exposed to various Digital Era changes. Some of the phenomena were dealing with actual performance, such as Individual Target Performance Achievement Score in 2016 – 2018.

Table 1. Individual Target Performance Achievement Score

ITP Achievement	Numbers of Employees		
	2016	2017	2018
95 – 100	4	2	
90 – 94,9	27	25	29
85 – 89,9	24	21	27
80 – 84,9	17	19	14
75 – 79,9	10	23	32
Total	82	90	102

Source: Human Resource Department

In 2018, the score was 75 – 79.9, reaching 32 employees or 31% of the total numbers. It showed the actual performance was not maximum.

Table 2. Measuring Employee Engagement

No	Questions	Scores	Criteria
1	Did you know what is expected from your in doing your job?	4,05	Engaged
2	Do you have sufficient tools and materials in doing the jobs appropriately?	3,63	Engaged
3	In doing your job, do you have any change to do the best of you every day?	3,63	Engaged
4	In the weekends, do you have acknowledgement or	3,35	Not Engaged

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No	Questions	Scores	Criteria
	compliment dealing with your well – previous done job?		
5	Did your superior or someone at your working place care to you as human being?	3,88	Engaged
6	Is there anybody motivating you to develop yourself?	3,59	Engaged
7	At your working place, is your opinion is really considered?	3,31	Not Engaged
8	Do mission and objective of the organization make you become important individual for the organization?	3,95	Engaged
9	Do your peers have commitment to promote high quality jobs?	4,09	Engaged
10	Do you have any close friend at working place?	3,92	Engaged
11	In these past six months, was there someone talking or suggesting about your performance progress?	2,87	Not Engaged
12	In this one recent year, did you ever have chance to study and develop?	3,74	Engaged
	Average	3,67	Engaged

Based on employee engagement survey result, it shows the employees have been in engaged level. However, dealing with their satisfaction toward leadership still needs to be improved. Dajani (2015) revealed that leadership greatly influenced to employee engagement which it influenced to actual performance.

Literature Review

Relevant Studies

There are several previous relevant studies dealing with current research, such as:

Maha Ahmed Zaki Dajani's study (2015) titled "The Impact of Employee Engagement on Job Performance and Organizational Commitment in the Egyptian Banking Sector". He argued "Leadership has the highest predictive power of employee engagement; it can be explained 62.4% of the total variance of employee engagement." It is concluded that leadership has highest predictive power in employee management with 62.4$ of total variance influencing employee engagement. He also stated that "Employee engagement appears to be a better predictor for job performance which is explained 14.9% of its total variance, compared to organizational commitment which is only 4.4% of its total variance." Employee involvement is better predictor which was able to explain 14.9% of its total variance, compared to organizational commitment which was only capable of explaining 4.4% of total variance. It showed leadership greatly influenced employee engagement which it influenced actual performance. Gerard H, Sijts, & Dan Crim (2006) titled "What engages employees the most, or the Ten C's of employee engagement" stating that "Leader should actively try to identify the level of engagement in their organization, find the reason behind the lack of full engagement, strive to eliminate the reason and implement behavioral strategies that facilitate full engagement. Employee engagement is hard achieve when it is not sustained by leaders." Swathi, S. (2013) titled "Impact of Leadership on Employee Engagement" revealed that leaders are cherry – like individuals on a cake, leading their employees to development of an organization. Employees of an organization have other roles besides being employees. It also goes to leaders whom must make them comfortable in doing their jobs. This attitudes of a leader creates or breaks employees to stay or resign from the organization. The finding showed that appropriate leadership is needed for an organization. Without this leadership, it is difficult for employees to get into organization. There are so many consideration to make employees able to contribute in the

organization and will lead to employee engagement. To have good leader can create good, healthy, friendly, supportive, and growing environment. Findings of Urban Ljungquist and Henrik Sällberg (2017) titled "Leadership and Employee Engagement in Organizations: an Analysis on Correlation" stated that leadership had important role in organization to develop and succeed. Meanwhile, employees' involvements were considered as key factors of efficiency, success, and organizational achievement. The purpose of the research was to support previous literature correlating leadership to organizational success through positive leadership which influenced employee engagement. The survey provided interesting similarity about the importance of employee on their involvement at working place. Another similarity also leads to fact that focus on improving leadership skill will improve employees' involvements. This research showed correlation between leadership and employees' involvements explored theoretically and tested empirically in isolated structured organization. Blazej Motyka (2018) titled "Employee Engagement and Performance: a Systematic Literature Review" stated that poor employees' involvement is the most worrying global economy problem. Potential consequence of this phenomenon was performance digression. Therefore, it is important to understand concept of job involvement, its meaning for the employees, and its implication for the businessmen. This research presented findings dealing with employees' involvements and various performance categories. The preview findings showed there was significant correlation statistically between employees' involvements and various categories and subcategories of actual performance. Ologbo C. Andrew and Sudah Sofian (2012) titled "Individual Factors and Work Outcomes of Employee Engagement" stated that employees' involvements appeared to be main critical organizational problems, especially when a business started to get better from global recession trauma. Employees' involvements become the most preferred investigated field and have been acknowledged among consultant companies. Therefore, there is a need for academic investigations on the construction to ensure the claims from human resource consultant companies and to enrich current knowledge about employees' involvements in literature. This research aimed to ensure uncertainty about individual factor influence from employees' involvements to working performance by using measurement of employees' involvements (jobs and organizational involvement) as mediators and social exchange theory as theoretical principle. The findings showed significant difference between job involvement and organization; by supports

of peers as main individual factors – influencing both the involvement and the working performance.   Based on the previous studies, it can be arranged conceptual model which shows leadership variable as independent variable and employee engagement as moderator while actual performance as dependent variable.

Leadership

Kreitner and Kinicki (2010), leadership is defined as an individual process to influence other people in achieving collective objective. Robbins and Judge (2007), leadership is an ability to influence a group of people to achieve determined vision and mission. Umam (2010), leadership is domination to influence someone to do or not to do something. Therefore, leadership needs active capability utilization to influence other parties in realizing determined organizational purpose. Leadership is an adjective, personal behavior, influence to other people, interactional patter, and cooperative cooperation among roles, an administrative position, and other perceptions dealing with influence legitimation (Wahjosumidjo, 2008). It is a complex social interaction phenomenon which may be unreadable. Leadership is every action done by an individual or group to coordinate and direct to individuals or other groups joining in certain community to achieve previously determined purpose (Danim, 2010). From the definitions above, it is known that similarities of the definitions are:
a. Process of correlation between leaders and followers
b. Social influence existence
c. Roles of leaders in almost all levels of organizations
d. Focus on objective achievement

Thus, leader's role in an organization is to provide influences of motivation, eager, security, working quality and organizational achievement, and to have roles in motivating both individuals and groups to achieve organizational objectives. So that, it can be concluded that leadership is an individual's nature referring on interaction so there is sustainability in the form of individuals or groups' correlations in a determined community. Kadarusman (2012), leadership is divided into three: (1) self-leadership, (2) team-leadership, and (3) organizational leadership. Self-leadership is ability to lead his own self to not fail in living. Team leadership is defined as ability to manage other people in which the leader is called team leader. He must understand his responsibility, his subordinate conditions, his willingness to get involved into demands and consequences of his responsibility, and his commitment to lead his subordinates exploring their own capacities to reach high achievements. Meanwhile, organizational leadership, seen from context of an organization led by organizational leader who is capable to understand his led business, to develop vision and mission of its business development, to have willingness to get involved into his social responsibility consequences and demands, and to have high commitment to make his le company as wellbeing provider for his community both in local, national, and international levels. Leadership is important factor to determine success of an organization. Good leadership in an organization could improve actual performance and in turn. Heretofore, mainstream of transactional leadership or transformation emphasizes on character and behavioral aspects. Findings related to leadership behavior theory concludes there is no leadership theory which guarantees success possibility as a leader. It is due to current

leadership models still consider the essence of leadership is a mandate from human and is not a mandate from God and human. Members within an organization are motivated by altruistic material and interest to achieved organizational purposes instead of human's responsibility to God (Sulistyo, 2009). There are nine matters to improve effectiveness of leadership (Ducker in Kreitner & Kinicki, 2010):
a. Determining tasks or jobs to be finished.
b. Determining appropriate action for the sake of organizational and company's wellbeing.
c. Determining action plan to achieve expected target.
d. Being responsibility upon the taken decision.
e. Being responsible to communicate action plan and giving information to each individual in finishing job.
f. Focusing on opportunity instead of current problems. Harboring no problems and seeing changes as opportunities instead of threats.
g. Commencing effective meeting.
h. Talking and thinking for collective sake instead of personal sake. Considering needs and opportunities of organization before thinking about personal needs.
i. Always listening first before responding or talking.

Employee Engagement

It is understood as psychological or affective conditions (commitment, bound, and etc.) which develop performance (role, effort, and organizational behavior), or attitudes (Macey and Schneider, 2008). Employee engagement was firstly defined by Kahn (1990) as an effort from members to improve themselves in their jobs. In this condition, individuals will involve and express themselves physically, cognitively, and emotionally during playing their job roles. Employee engagement does not only make employee contributing more but also having high loyalty so it may lower their intention to resign (Macey & Scneider, 2008). Employee engagement is also defined as positive attitude followed by employees to an organization, including its assessment system (Robinson et al, 2004). An employee with high employee engage cares and understand business context and cooperation with his peers to improve performance in his group for the sake of company. Thus, employee engagement is positive or negative emotional bounds of employees in their jobs. Peers and organization influence their willingness to learn and to do activities at their working place. Any involved employees will care to their jobs and their company. They do not work only for money or promotion but they work on behalf of their organizational purposes. Employee engagement may facilitate an organization to achieve its mission, promote its strategy, and have important business results. Therefore, employee engagement must become sustainable learnt, revised, measured, and assertively forced processes (Ologbo and Sofian, 2013). Employee engagement is a designed performance approach to ensure that employees have commitment to company's purposes and organizational values and to motivate them contributing for success of the organization. In brief, any uninvolved employees tend to resign from their jobs. When an employee does not have emotional commitment, there is high possibility they will resign to get better jobs, such as high remuneration or flexible working performance (Schaufeli & Bakker, 2004). Any matter functioning as motivators of employee engagement are organizational cultures, vision, and values. Cultural organization is organization which have transparency and supportive communication among peers

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(McBain, 2007). Any influential factors to employee engagement may be different from one to another job and organization. Generally, McBain (2017) explained there are 3 main clusters as employee engagement motivators:

a.   Organization
Anything dealing with organization which can be motivators of employee engagement are organizational cultures, vision, believed values, and brand of the organization. Cultural organization is transparent and supportive cultures which build good communication among peers. Justice and belief as organizational values also influence positively to employee engagement realization. It provides perceptions for employees that they are supported by both leader and organization.

b.   Management and Leadership
Engagement is built through lengthy process with high commitment of a leader. In creating employee engagement, organizational leaders are expected to have several skills. The skills are communication, feedback provision, and performance assessment techniques. It becomes method for a manager to create employee engagement so it specifically called as employee engagement motivator.

c.   Working life
Comfortable working environment becomes a trigger to create employee engagement. There are several conditions of working environment expected to create employee engagement. Firstly, working environment which has distributive and procedural justices or enforcement. It is due to various perception owned by employee that a leader can employ distributive justice or enforcement and act properly to organization by building up deeper emotional bound to organization. Secondly, working environment which involves employees in decision making. This condition influences employees psychologically. They assume that they are valuable for organization. Thirdly, organization which pays attention on balance proportion between working and family life. Shaufeli et al (2006: 10) stated that employee engagement could be measured from three dimensions:
a.   Vigor – characterized by high energy level and mental toughness while working and determination to put efforts in doing job and in having durability while facing difficulties.
b.   Dedication – characterized by enthusiasm, inspiration, pride, and challenges.
c.   Absorption –characterized by full concentration while working and feeling happy when is involved in job.

The indicators used to measure employee engagement are Schaufeli et al arguments (2006), stating that positive and supportive matters in working have characteristics indicated by vigor, dedication, and absorption.

Actual performance
Job or actual performance qualitatively can be achieved by an employee in doing his task based on his given responsibility (Mangkunegara, 2009). According to Sedarmayanti (2011), performance is result of working which can be achieved by individuals or groups in an organization based on their authorities and responsibilities to achieve the organizational purposes legally, without breaking the law and adhering to both morals and ethics. Meanwhile, according to Mathis and Jackson (2006) performance deals with what things done and not done by employees. Performance is generally achieved result by

employees in a job which is implemented to specific tasks. Success of a company is shown by its actual performance to achieve or surpass the determined target through actual performance. Robins (2007) stated, "Task performance is one of the primary individual level outcomes in organizational behavior. Task performance is measured by the number and quality of the work they produce. Their level of task performance is related to the duties of their job and how effectively and efficiently they perform them."Luthans (2005) stated that based on behavioral approach in management, performance is quantity or quality of certain resulted goods or service given by an individual whom does the job. Based on the explanations, it can be concluded that actual or task performance is quantity and quality outcome achievements of employees' job in doing their tasks based on their tasks and authorities with determined standard operational procedure. Mangkunegara (2009), the determinant factors to achieve actual performance of employees are:
a.   Individual Factor
Psychologically, normal individuals are those owning high integrity between psychics and physic functions. Thus, the individuals will have good personal concentrations.
b.   Working Environment Factor of an Organization
This factor supports individuals to achieve performance achievements. This factor is clear elaboration of positions, sufficient places, challenging target, effective working communication pattern, harmonious working relationship, working climate, carrier opportunity, and supportive working facility.

Mangkunegara (2009), high performance individual shall have characteristics as follow:
a.   Having high personal responsibility.
b.   Having bravery to make decision and readiness to take its consequence
c.   Having realistic purposes
d.   Having complete plan and effort to realize the purpose,
e.   Having concrete feedback in all activities,
f.   Seeking opportunity to realize the already programmed plan,

Actual performance needs to be measured to find out whether it has been in line with determined standard. Robbins (2007) revealed that there are six indicators of actual performance:
a.   Quality – performance quality is measured by employees' perspectives to quality and perfection of their jobs upon their skills and abilities.
b.   Quantity – total of produced unit or finished cycles.
c.   Time accuracy is in-time finished activity which has been determined and is being supervised from coordinative aspect and results as well as optimizing available time to do other activities.
d.   Effectiveness – is resource utilizations both human resource, financial, technology, and raw materials which are maximized to increase products from each unit of source utilization.
e.   Independency is a level of an employee in doing his functions, commitment, and responsibility to his company.

The used indicators to measure the actual performance in this research are based on Robbins (2007): quality, quantity, time accuracy, effectiveness, and independency.

Proposition
P_1 :   There is influence to employee engagement.

P₂ : There is influence of employee engagement to actual performance.

P₃ : There is influence to actual performance moderated by employee engagement.

Theoretical Framework

Figure 1. Theoretical Framework

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