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An Evaluation on Antecedent of Employee Performance in Jepara Branch of Pt. Arpeni Pratama Ocean Line TBK

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Abstract:

Objective - This research aimed to find out the effect of transformational leadership on employee performance mediated by psychological empowerment and employees' affective commitment.

Design/Method/Approach – This research employed causal type of survey design, the conclusive one aiming to explain the relationship between variables distinguished into independent variable constituting a cause and dependent one constituting the consequence of a phenomenon. The sample employed consisted of 58 respondents taken using census method, in which all members of population were taken as respondent of research (population research).

Findings – The finding of research showed that out of four hypotheses proposed, three were supported: the relationship between transformational leadership and psychological empowerment, the relationship between transformational leadership and affective commitment, and the significant effect of affective commitment on employee performance. One hypothesis was not supported, the relationship between transformational leadership and employee performance having direct insignificant effect ($p < 0.05$) and the relationship between leadership and affective commitment. It shows that transformational leadership affected performance with psychological empowerment and affective commitment as mediating variables (in full mediation).

Keywords: Transformational leadership, psychological empowerment, affective commitment, employee performance, GSCA

1. Introduction

In a company, employee is a very valuable asset that should be managed well by company in order to contribute maximally. One point to which a company should pay attention mainly is its employee performance, because when employees do not feel comfortable, feel less valued, and cannot develop any potency they have, automatically they will not be able to focus their concentration fully on their job. An organization's success is highly dependent on how it hires/recruits, motivates, and retain highly performing employees. Explaining factors affecting employee performance remains to be fundamental problem to human resource management practitioners. Vroom, Porter, and Lawler's Expectation theory confirms that employee performance is not only dependent on the effort taken, but also affected by such factors as individual's ability and characteristic, and perceived role. Researchers also recommend a variety of organizational and employee factors that can affect employee performance (Muindi, and K'Obonyo, 2015).

Employee is a valuable resource that should give the organization a competitive advantage. Resource-based perspective assumes that human resource can meet the criteria of valuable, human resource, scarce, incomparable, and irreplaceable resource. For the organization to be successful, it should necessarily meet the employees' needs, particularly in working life quality aspect and other factors affecting the employee performance. Kurt Lewin's field theory concerning employee behavior represents the relationship between working life quality and performance. An individual's behavior, according to this theory, is affected by how an individual see and reacts to environment, in this case meaning working environment quality. Furthermore, those two factors show that individual's characteristics (as manifested into personality) and environmental perception can affect individual's behavior and performance (Muindi, and K'Obonyo, 2015).

Leader is an important part of organizational and worker effectiveness. Leader is expected to direct, to develop, and not to fetter the employees' creativity to achieve the organization's objectives. Most researchers evaluate the effectiveness of leaders closely related to the consequences of leader's action to his/her followers and other organization's stakeholders, but outcome variable options of an author are sufficiently different from those of another. As cited in Rivai (2004), Katz & Kahn stated that "Leadership is improving the effect on employees gradually and remaining to be on mechanic compliance with organization's routine directions. Meanwhile, Rauch & Behling, as cited in Rivai (2004), also suggested that leadership is a

process of influencing a group organized toward an objective achievement. Jacob & Jacques in Rivai (2004) stated that leadership is a process of contributing (meaningful direction) to collective effort and leading to an availability to take the expected effort to achieve the goal. A leader's task is to organize and to empower its subordinates.

Chong and Law (2016), citing a number of studies on psychological and organizational behavior, also strongly supported theoretically and empirically the significant relationship between superior-subordinate and working performance. Individuals with high interpersonal trust can deal with and settle confrontation reducing further conflict thereby resulting in positive behavior outcome (better working performance). Individual with higher trust will be willing to contribute more than the one with lower trust. Li and Tan (2012) reported that subordinates with higher trust in supervisor/superior/leader unnecessarily exert unnecessary resource resulting in uncertainty in social context of workplace. This non-accounting study provides supporting evidence that the leader supporting subordinates will be manifested into higher job performance. The literatures discussed show that when subordinates trust in their superior, work environment will be better, with relaxed circumstance and less conflict, generating their availability and motivation to exert their energy into more productive job. Therefore, employees tend to improve their performance when they have high trust in their superior.

A commitment is an important thing to be the employee's parameter toward the company's success. The higher the employees' job satisfaction, the higher is the employees' organizational commitment. Nijhof, De Jong and Beukhof (1998) suggested that organizational commitment refers to the acceptance of organizational values and the willingness to stay. The satisfied employees want to stay in the same workplace; it improves commitment, reduces turnover intention, and improves employee performance. Higher commitment makes individual caring about the organization's fate and attempting to lead organization to be the better one. Through high commitment, performance decrease can be avoided. Organizational commitment plays an important role in improving employee performance. The objective of organizational commitment is to correct the errors occurring and to prevent them from occurring continuously. Well-implemented organizational commitment will improve working achievement and discipline of employees and will keep the employees responsible for the job they do.

This research aimed to study the effect of Employee Performance antecedent variable in Jepara Subsidiary of PT. Arpeni Pratama Ocean Line Tbk.

2. Theoretical Foundation

2.1. Employee Performance

Muindi and K'Obonyo (2015) defined employee performance from behavior or outcome perspective. Therefore, it can be considered as a multidimensional concept. Campbell (1990) represents performance as individual-level variable distinguishing employee performance from organizational performance. During conceptualizing employee performance, an individual should distinguish action behavior and performance outcome aspects. Behavior aspects refers to what an individual does in working situation and its relation to organizational objective, while outcome aspect refers to the consequence and result of individual behavior and can be affected by environmental factor. Distinguishing task and contextual performance refers to task performance as an individual's ability by which he/she can do any activities contributing directly or indirectly to organization's technical division. However, contextual performance refers to any activities not contributing to technical core but supporting organizational, social, and psychological environments in which the organization's objective is pursued. Task performance is different from contextual performance in three ways. Firstly, in task performance, the activity in a job is different from that in another, while in contextual condition, the activities are similar. Secondly, task performance relates to ability, while contextual performance relates to personality and motivation. Thirdly, task performance is prescribed more and in-role behavior, while contextual performance is more discretionary with extra-role behavior.

2.2. Transformational Leadership (TL)

Transformational leadership has attracted the author's attention and has been studied more than other leadership theory. Researchers have explored the effect of transformational leadership on a variety of job-related outcomes such as commitment and trust. One thing interesting in TL is the effective relationship between leaders and their followers. It is justified by many studies showing that there is a direct positive relationship between transformational leadership and their followers' performance (Boehke et al., 2003).

Transformational leadership is the process of conceptualizing how leaders can inspire their followers to complete their assignment/job beyond the expectation. The leaders are trusted, admired, and believed to empower employees to surpass their self-concentration for the sake of organization's advance. Inspirational motivation represents a leader as the one giving meaningful and challenging job to his/her followers by which believing that they have bright future in their organization. Ideal influence reflects the leader's characteristics and charisma, inspiring his/her followers to develop strong relationship between them and their leader based on individual's understanding. This leadership style involves such methods as collective building and teaching by developing new learning opportunity and creating sense of belonging to facilitate the effective outcome. Transformational leader shows behavior enabling the followers beyond their personal interest, dealing with change and competing beyond the expectation (Judge and Piccolo, 2004). A number of studies show effective relationship between TL and job-related outcome (Piccolo and Colquitt, 2006).

2.3. Effect of TL (*Transformational Leadership*)

2.3.1. Relationship between TL (*Transformational Leadership*) and PE (*Psychologically Empowerment*)

Transformational leadership (TL) is a concept emerging to empower individual through utilizing resource optimally (Menon, 2001). Many researchers have highlighted the direct positive relationship between TL and PE (Avolio, 2003). They argued that transformational leaders empower their followers through PE in four areas: competency, meaning, determining their own fate and impact. They argued that leaders can identify the followers' identity, need, preference, and value, and potentially recognize the meaning and objective of individual's job (Lowe et al., 1996). TL focuses on paying attention to individual followers to develop and to empower them (Antonakis and House, 2002) meaning that there is a close relationship between TL and PE.

- H1. TL (*Transformational Leadership*) relates positively to PE (*Psychologically Empowerment*)

2.3.2. Relationship between TL (*Transformational Leadership*) and Performance

Transformational leadership requires behavior to develop, to share, and to support vision intended to facilitate the employees to surpass their own interest and achieve the organization's objective. Transformational leader unsuccessfully changes employees' value and motivation, but the determinant feature is that they develop vision reflecting the main objective of organization, attempt to share this vision and to maintain the employee's attention to that in short- and long-term with the intention to do so. Therefore, transformational leaders attempt to improve the employee motivation to the higher performance level; they argue that defining the objective clearly and continuously leads to the attempt of generating consciousness and enthusiasm to the organization's main objective (Jung and Avolio 2000). Empirical study confirms this claim consistently supporting the positive effect of transformational on performance in general (Avolio et al. 2009; Judge and Piccolo 2004) and in public sector (Trottier, Van Wart, and Wang 2008; Bellé 2014). Examining randomly the sample of federal government's employees in federal institutions, Trottier et al. (2008) showed a positive relationship of transformational leadership and perceived leadership effectiveness to performance.

- H2. TL (*Transformational Leadership*) relates positively to employee performance

2.3.3. Psychologically Empowerment

"Concept of empowerment can be defined as a practical group combining information sharing, authority delegation, and employees' improved autonomy" (Randolph, 2000). Spreitzer (1995) in his study concluded that empowerment cannot be implemented compulsively to the employees, but they should be empowered psychologically".

Concept of "empowerment" considered as a set of practices and techniques plays an important part in transformational leadership (Arnold et al., 2000) and can be explained from psychological perspective. "Psychologically Empowerment (PE) has been defined as a construct of motivation reflecting an individual's ability of taking independent initiative and organizing action to do some job well" (Spreitzer, 1995). PE refers to motivational condition having four dimensions, giving an individual direction to yield better working outcome and meaning of role and competency, and to determine their own fate and its impact (Spreitzer, 1995). The role of meaning characterizes individual as energy with his/her work, role, and value (Brief and Nord, 1990). Competency focuses on individual's trust in his/her ability to do his/her activities. Self-fate determination explains an individual's autonomy and control over his/her job (Deci and Ryan, 1987) and reflects the extent to which an individual can affect the organization's outcome (Spreitzer, 1995). These four dimensions define complete and adequate cognition to conceive PE.

Conger and Kanungo (1988) see empowerment as motivation construct and empowerment is likely a process of delegating. Thomas and Velthouse (1990) suggest that empowerment is a multidimensional building process, in which empowerment is defined as intrinsic motivation of improvement manifested into four cognition reflecting individual's orientation for the employees' work role, including meaning, competency, preference, and impact. However, Spreitzer (1995) shows no psychological empowerment-based theoretical measure in work environment. Spreitzer has identified further the psychologically empowerment as the construct of motivation manifested into four cognitions: meaning, competency, self-fate determination, and impact.

Empowerment should be emphasized on the aspect of trust the management has in its employees. Empowerment has been a word/term used widely in organizational sciences (Bennis & Nanus, 1985). Conger and Kanungo (1988) has proposed that empowerment should be defined as a process of motivating the employees intrinsically (intrinsic task motivation). Particularly, Conger and Kanungo (1988) say that empowerment is intended to develop expectation followed with self-effort among employees as the spirit to achieve the expected outcome (self-efficacy). Eventually, this empowerment experience can improve an employee's initiative and persistence in doing his/her job. Conger and Kanungo (1988) conceptualize empowerment into task assessment variable, determining the employees' self-motivation. In Conger and Kanungo's model, individual's assessment pays attention to the spirit of achieving outcome only. Task assessment conducted individually includes: seeing effect, competency, meaningful feeling, and preference.

Thomas and Velthouse (1990) developed an approach used by Conger and Kanungo (1988) in which empowerment is conceptualized in the definition of changing task assessment. Empowerment means giving power. Power is defined in some ways. In legal definition, power means authority, so that empowerment can be defined as authorization. Power can also be

used to represent the capacity, just like in the definition of spirit to achieve the desired outcome as Conger and Kanungo do. Nevertheless, empowerment can also be defined as energy. Thus, empowering means giving or utilizing energy. Empowerment becomes popular as it has a label for non-traditional motivation paradigm. This term use should occur widely when competition and change has compelled us, thereby generating commitment and innovation (Harrison, 1983).

2.3.4. The relationship between Psychological Empowerment and Affective of Commitment (AOC)

Empowerment and commitment is an important element of modern organization's effective function (Baek-Kyoo and Ji, 2010; Liu et al., 2006). Some studies found that AOC is a product of PE (Liden et al., 2000). A number of authors have found that the psychologically empowered employees have higher commitment to their organization (Zeffane et al., 2012). Kirkman et al. (2004) and Spreitzer (1995) suggest that the psychologically empowered employees do their job effectively and efficiently and show high affective commitment to their organization. Vacharakiat's (2008) study on American and Philippine nurses showed that there is an effective relationship between PE and AOC. Through PE help, employees become more responsible and work hard effectively.

This improves their organizational commitment (Meyer and Allen, 1991). If an individual is more responsible, he/she would have more opportunity of expressing his/her opinion and would feel more empowered psychologically, leading to the improved organizational commitment (Liu et al., 2007):

- H3. Psychological empowerment relates positively to affective commitment

2.4. Affective Commitment

Organizational commitment, according to Robbins (2001), is defined as a condition in which an employee is partial to a certain organization and its objectives and intends to maintain his/her affiliation with the organization. High organizational commitment means partiality to organization employing him/her. Research evidence reveals negative relationship between organizational commitment and absence and turnover rates.

Sharma and Lochan Dhar (2016) said that the foundation of affective commitment concept lies on Social Exchange theory (SET). It is a power behind behavior in workplace and relationship the employees have to their organization (Cropanzano and Mitchell, 2005). The advantage of social exchange between employers and employees tend to exert formative effect on the employees' emotional bond to their organization (Shore et al., 2006). A balanced relationship between employees and organization occurs "when this is mutually benefiting each other".

Concept of organizational affective commitment is realized as something useful to predict employee behavior. Organizational affective commitment is defined as the employees' psychological approach to their organization. Organizational affective commitment is individual's commitment to identifying object and objective of organization and the wish to stay together in the organization (Vittel, 2007).

This affective commitment can be said as an important determinant of an employee's dedication and loyalty. An employee with high affective commitment tends to show sense of belonging to company, improves his/her participation in organizational activities, wants to achieve the organization's objective and to stay in the organization.

2.4.1. The Relationship between Affective Commitment and Performance

Previous studies have revealed many predictors of affective commitment and its impact on employees. SET confirms a perspective that the employee-organization (superior) relationship acts as proximal cause of behavior and behavior in workplace. In reciprocal norm, SET explains how an employee returns an organization's affective behavior to his/her direction. Affective commitment is an emotional resource investment in organization (Allen and Meyer, 1990). Employees absorb the investment when they feel that their interestedness is in line with their organization by treating and supporting them justly. It embodies emotional affection and employee relationship and encouraging them to perform better for the sake of their organization. When employees feel balance between a just and supporting work environment and their emotional bond, they will exert their energy and resource voluntarily to achieve the organization's objective.

Empirical studies showed that effective commitment relates positively to performance because employees perform better when they are bound emotionally to organization. Sri Wahyudi and Sudibya (2016), citing Suliman & Iles (2000), mention that organizational commitment affects employee performance positively and significantly. The higher the organizational commitment of employees, the higher is the performance. Employees with high organizational commitment will have higher performance, because they will be willing to work hard and to make necessary sacrifice to the organization. Individual will take the job, identify job-related role, be committed to do the job, and behave according to the expectation to the job.

Employees with high commitment and sense of belonging to their organization will have higher spirit to perform (Bakker et al., 2012) and to achieve the specified objective. Chang and Chen (2011) say that commitment has strong relationship to employee performance. The highly committed employees more likely tend to exert effort consistently beyond the organization's expectation.

- H4. Affective Commitment relates positively to employee performance

2.4.2. The Relationship between Transformational Leadership and Affective Commitment

Regarding transformational leadership and organizational commitment, previous studies showed that job experience, personal and organizational factors function as antecedents to organizational commitment (Eby et al., 1999; Meyer & Allen, 1997; Allen & Meyer, 1996, 1990). One of organizational factors considered as the main determinant of organizational commitment is leadership (Mowday et al., 1982). It is very important to conceive the relationship between transformational leadership and organizational commitment so that the behavior can be used to improve the employees' organizational commitment.

Many studies have been conducted to build the relationship between transformational leadership and organizational commitment. The result showed that transformational leadership has positive significant effect on organizational commitment. In addition, many other findings are revealed. Transformational leadership affects employee performance positively but does not affect job satisfaction (Jain and Duggal, 2016).

- H5. Transformational Leadership relates positively to Affective Commitment

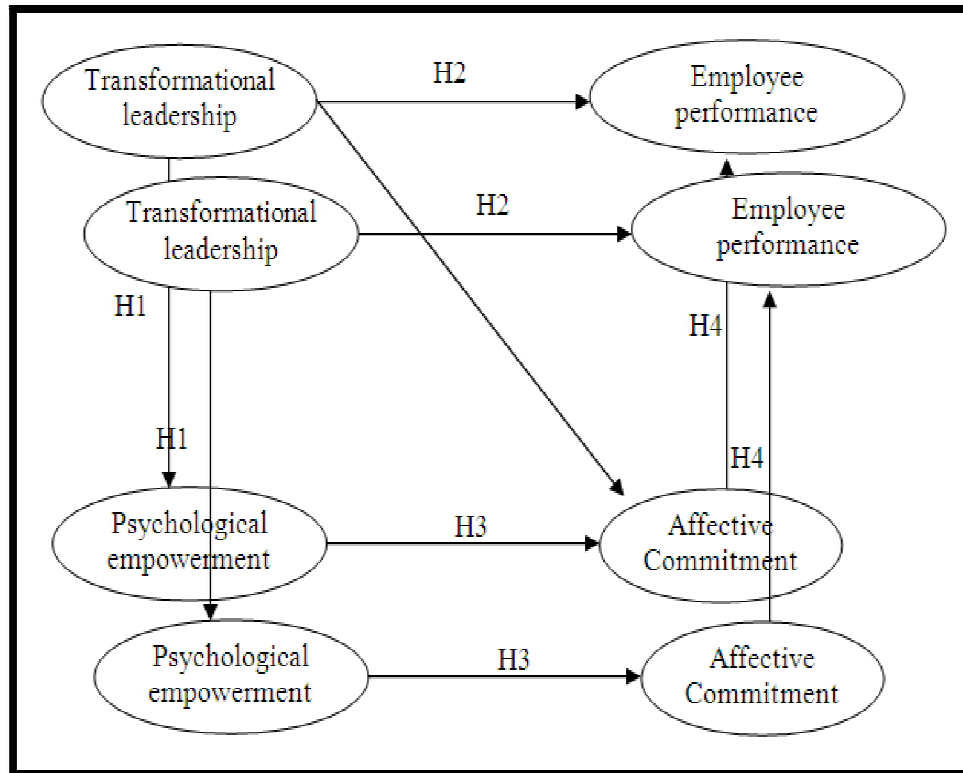


Figure 1: Research Framework

The model in this study results from the author's construction from literature study on previous studies. This model consists of 4 observed variables used to explain the process of transformational leadership in creating the employee performance. This model aims to examine the interaction between the effects of transformational leadership on psychological empowerment (H1), transformational leadership on performance (H2), psychological empowerment on affective commitment (H3), affective commitment on employee performance (H4), and transformational leadership on affective commitment (H5).

3. Methodology

Research method the author employed was survey research with explanatory research type with audience study. Singarimbun and Effendy (2006:4-5) mention that "Explanatory research is intended to highlight the relationship between variables and to test the hypothesis formulated".

Minimum sample recommended in covariance-based SEM use is more than 100 (the lowest method, maximum likelihood, requires the minimum sample of 100-200) or at least 5-10 times of observation number (Ferdinand, 2006:49). Minimum sample (> 100) and the one recommended as the parameter or indicator multiplied with 5-10 was not fulfilled because the total number of employees is 58 persons (< 100). Therefore, the requirement of sample adequacy in this research was not fulfilled or sample sized did not meet the requirement of minimum parametric (Covariance Based SEM) sampling and this study could not be continued using (Covariance Based SEM) parametric SEM statistic analysis instrument. The sampling technique used in this study was census method, the sampling conducted by taking all existing members of population, 58 respondents.

The sample of research was limited so that the analysis would be continued using non-parametric SEM statistic analysis or Component Based Component, constituting an alternative to Covariance Based SEM or Parametric SEM (Ghozali, 2008:4). Meanwhile, the analysis instrument used was GSCA (Generalized Structured Component Analysis) program, a component-based SEM testing software.

Overall construct of research was measured using 1-5 (Likert scale) measurement scale. Transformational leadership, according to Mittal (2015) citing Bass (1995), is a process of conceptualizing how the leaders can inspire their followers to solve their task beyond the expectation. The leaders are trusted, admired, and believed to empower employees to surpass their self-concentration for the sake of organization's advance. The measurement of transformational leadership variable is measured using 12 indicators of 4 dimensions (Attari, 2013).

Psychological empowerment has been defined as motivation construction reflecting individual's ability to take independent initiative and to organize action to do the job well (Mittal, 2015). Psychological empowerment is measured using 12 indicators of 4 dimensions (Attari, 2013) using 1-5 (Likert scale) measurement scale.

Affective commitment is emotional bond between employees and organization and it provides most constant relationship in its nomological network. Employees balance equity and equilibrium by improving trust and responsibility manifested into affective organizational commitment. Affective commitment variable was measured using 6 indicators (Betty Chiu and Fai Ng, 2015).

Muindi and K'Obonyo (2015) say that employee performance can be defined from behavior and outcome perspectives. Campbell (1990) describes performance as individual-level variable distinguishing employee performance from organizational performance. Employee performance variable was measured using 6 indicators (Wong, Wong, and Wong, 2015).

4. Result

Hypothesis testing was conducted using component or variance based (Component Based) structural Equation Modeling (SEM) that is non-parametric in nature, *Generalized Structured Component Analysis* (GSCA).

As an alternative to covariance-based SEM, variance based or component based with GSCA approach was used so that the orientation of analysis shifted from testing causality/theory model to testing component-based predictive model. The result of hypothesis testing using GSCA application is presented below.

The research instrument (variable indicator) quality testing included validity and reliability tests illustrated completely in the table below.

Indicator	Loading	Weight	SMC	AVE	Alpha
KT	Transformational Leadership				
KT1	26.43*	3.98*	13.22*	0.653	0.951
KT2	27.72*	4.64*	13.88*		
KT3	27.31*	2.81*	13.73*		
KT4	23.96*	2.99*	12.12*		
KT5	26.24*	4.23*	13.15*		
KT6	29.16*	3.51*	14.69*		
KT7	10.34*	6.14*	5.23*		
KT8	14.05*	4.59*	7.09*		
KT9	15.29*	4.64*	7.86*		
KT10	10.11*	6.99*	5.18*		
KT11	11.43*	4.35*	5.84*		
KT12	12.93*	3.99*	6.47*		
PP	Psychological Empowerment of Organizational Trust				
PP1	9.07*	6.84*	4.96*	0.694	0.959
PP2	24.26*	6.42*	12.33*		
PP3	16.4*	4.69*	8.55*		
PP4	18.83*	3.31*	9.96*		
PP5	8.9*	4.4*	4.7*		
PP6	22.88*	4.9*	11.58*		
PP7	20.26*	4.1*	10.53*		
PP8	9.0*	4.29*	4.86*		
PP9	12.78*	3.15*	6.8*		
PP10	27.94*	3.94*	14.2*		
PP11	28.54*	2.6*	14.36*		
PP12	14.74*	4.59*	7.62*		

Indicator	Loading	Weight	SMC	AVE	Alpha
KA	Affective Commitment				
KA1	28.25*	7.11*	14.24*	0.820	0.956
KA2	48.38*	5.9*	24.39*		
KA3	22.62*	8.94*	11.37*		
KA4	33.98*	5.29*	17.21*		
KA5	25.53*	3.5*	13.24*		
KA6	31.9*	5.55*	16.03*		
KIN	Performance				
KIN1	15.14*	7.31*	7.59*	0.701	0.912
KIN2	28.72*	5.57*	14.45*		
KIN3	23.18*	6.9*	11.72*		
KIN4	19.26*	7.86*	9.76*		
KIN5	12.79*	7.38*	6.35*		
KIN6	31.75*	6.64*	16.0*		

Table 1: Result of Validity and Reliability Tests

Estimate* = significant at .05 level

The result presented in table 1 shows that each item of respective variables is valid because it has loading value > 0.5 in loading, weight, and SMC (Squared Multiple Correlation). It indicates that each item can measure the variable studied. The result of reliability testing includes Cronbach Alpha and AVE (Average Variance Extracted). Cronbach Alpha and AVE reliability values of each variable are > 0.50 (Nunnally Criteria, 1960 in Ghozali, 2006), so that all variables are stated as reliable.

Model Goodness of Fit Index	Analysis Result
FIT	0.663
AFIT	0.650
GFI	0.999
SRMR	0.076
NPAR	77

Table.2 Evaluation of Goodness-of-Fit Indices

Result of Goodness of Fit test as summarized in table 2 shows that the model has been FIT.

Path Coefficients				
Variable Relationship	Estimate	SE	CR	Note
KT->PP	0.512	0.096	5.34*	Accepted
KT->KA	0.189	0.120	1.58	Rejected
KT->KIN	0.149	0.103	1.45	Rejected
PP->KA	0.609	0.120	5.08*	Accepted
KA->KIN	0.583	0.098	5.96*	Accepted

Table 3: Result of Structural Testing

CR* = Significant at .05 Level

The application of analysis result to the research model can be seen completely in the figure below.

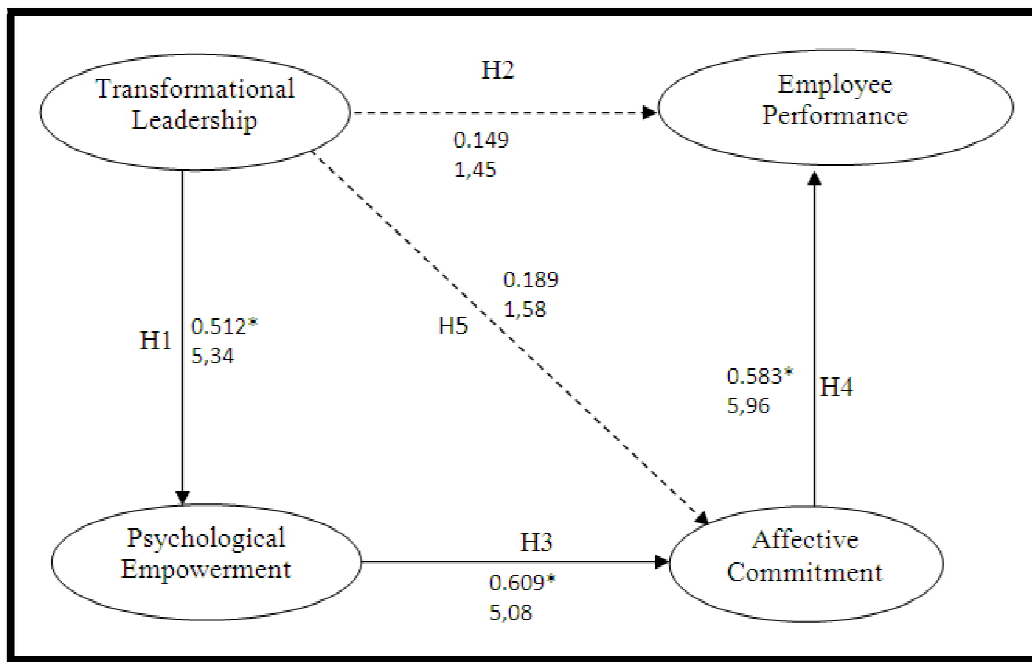


Figure 2: Research Result and Model
 Note: *= Affecting at Significance Level of 0.05 (5%)

Testing Method	Statistic Test	Std. Error	p-value
Sobel test	3.677	0.085	0.00024
Aroian test	3.643	0.086	0.00027
Goodman test	3.711	0.084	0.00021

Table 4: Result of Psychological Empowerment Mediation on the Relationship between Transformational Leadership and Affective Commitment
[Http://Quantpsy.Org/Sobel/Sobel.Htm](http://Quantpsy.Org/Sobel/Sobel.Htm)

The result of mediation testing shows that psychological empowerment can mediate the relationship of transformational leadership to affective commitment significantly. It can be seen from the Sobel t-statistic value of 3.677, Aroian of 3.643; and Goodman test of 3.711 with probability values of the three tests < 0.05 (significance level of 5%), meaning that psychological empowerment can mediate the relationship between transformational leadership and affective commitment based on Sobel, Aroian, and Goodman tests.

Testing Method	Statistic Test	Std. Error	p-value
Sobel test	3.861	0.092	0.00011
Aroian test	3.830	0.093	0.00013
Goodman test	3.893	0.091	0.00010

Table 5: Result of Test on Affective Commitment Mediation on the Relationship between Psychological Empowerment and Employee Performance
[Http://Quantpsy.Org/Sobel/Sobel.Htm](http://Quantpsy.Org/Sobel/Sobel.Htm)

The result of mediation shows that affective commitment can mediate the relationship between psychological empowerment and employee performance significantly. It can be seen from the Sobel t-statistic value of 3.861, Aroian of 3.830; and Goodman test of 3.893 with probability values of the three tests < 0.05 (significance level of 5%), meaning that psychological empowerment can mediate the relationship between transformational leadership and affective commitment based on Sobel, Aroian, and Goodman tests.

Considering the result of structural test as summarized in table 3, it can be seen that transformational leadership affects psychological empowerment directly and significantly; it can be seen from the estimated value gain of 0.512, CR value of 5.34 (probability value of 0.05). It shows that hypothesis H1 stating transformational leadership relates positively to psychological empowerment is supported.

The finding of test result does not support (rejects) the second hypothesis as summarized in Table 3 showing that transformational leadership does not affect performance significantly and positively, as indicated with estimated value of

0.149, CR value of 1.45 and probability of > 0.05 . It suggests that hypothesis H2 stating Transformational Leadership relates to employee performance positively and directly is not supported.

Psychological empowerment impacts on the improvement of affective commitment significantly. It can be seen from estimated value gain of 0.609, CR of 5.08 (probability value of < 0.05). It indicates that hypothesis H3 stating that psychological empowerment relates positively to affective commitment is supported.

Considering the result of causality testing as summarized in table 3, it can be seen that affective commitment affects performance significantly and positively, as indicated with estimated value gain of 0.583, CR value of 5.96 and probability value of < 0.05 . It indicates that hypothesis H4 stating that Affective Commitment relates positively to employee performance is supported.

The result of test does not support the fifth hypothesis as summarized in Table 3 showing that transformational leadership does not affect affective commitment significantly and positively with estimated value gain of 0.189, CR value of 1.58 and probability value of > 0.05 . It indicates that hypothesis H5 stating that Transformational Leadership relates to employees' affective commitment positively and directly is not supported.

5. Conclusion

The findings of research show that transformational leadership affects psychological empowerment significantly and directly but does not affect employee performance directly. It indicates that transformational leadership is a variable considered as important in improving psychological empowerment level but cannot improve performance directly. This finding gives input that the relationship between transformational leadership and performance is mediated with another variable. It occurs in the relationship of transformational leadership that cannot affect the affective commitment directly ($p > 0.05$) but should be mediated with psychological empowerment.

The finding also shows that psychological empowerment can affect affective commitment directly. It indicates that the better the psychological empowerment, the higher is the employee's organizational commitment.

The high commitment of employees will be accompanied with the improvement in their performance during doing their job in workplace. The employees with high commitment will tend to love their job and will work without compulsion and compelled feeling, diligently, vigorously, and so on. It is proportional inversely to those with low commitment reflected on their decreased performance, laziness or work as the way they want only to fulfill their task, even at the worst level they usually come late to workplace and go home earlier.

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