

## Research Article

# Relationship of Leadership and Competence with Organizational Performance: Organizational Commitments as Mediation Variables in Pt. Bhakti Nusantara Gas

Mercyano Niko Kapisan<sup>\*1</sup>, Suharto<sup>2</sup>, Iwan Kurniawan Subagja<sup>2</sup><sup>1</sup>Student of Master of Management at Universitas Krisnadwipayana<sup>2</sup>Lecturer at Universitas Krisnadwipayana Campus Unkris Po Box 7774 Jat/Cm Jakarta 13077, Indonesia**Article History**

Received: 18.03.2020

Accepted: 19.04.2020

Published: 20.04.2020

**Journal homepage:**<https://www.easpublisher.com/easjebm>**Quick Response Code**

**Abstract:** This study aims to determine the effect of leadership and competence on organizational performance, the influence of leadership on organizational performance, the effect of competence on organizational performance, the effect of organizational commitment on organizational performance, the influence of leadership and competence on organizational performance through organizational commitment. The study was conducted at the company PT. Bhakti Nusantara Gas. Sampling using saturated samples involving 122 employees. Data analysis uses path analysis. Based on data analysis, it is known that the leadership and competency variables influence organizational performance. Leadership variables affect organizational performance. The competency variable influences organizational performance. The variable organizational commitment affects organizational performance. The direct influence of leadership on organizational performance is 0.581. The influence of leadership on performance through competence is 0.585. In this case, the indirect effect is greater than the direct effect so it can be said that the work organization's commitment variable is intervening. The direct effect of competence on organizational performance is 0.631. While the effect of competence on organizational performance through organizational commitment is 0.672. In this case, the direct effect is smaller than the indirect effect so it can be said that the work organization's commitment variable is intervening..

**Keywords:** leadership, competence, organizational commitment, organizational performance.

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## INTRODUCTION

PT. Bhakti Nusantara Gas is a company engaged in the supply of gas in Indonesia. This company has employees who can be relied on to develop the company. The gas supply crisis that took place in Indonesia occurred because of the role of the company including PT. Bhakti Nusantara Gas is less than optimal in carrying out its role as a gas supplier. This happens because of various problems such as distribution, employees who have not been able to work on the eve of the Eid holiday, on Eid and after Eid. Problems also arise from price competition on gas products, both subsidized and not subsidized by the government.

The company's organizational performance can be influenced by leadership, competence, and organizational commitment. Fiedler in Hanafi (2000) explained that leadership is the ability to provide direction and coordination to subordinates in achieving organizational goals, as well as a willingness to be the

main responsibility of the group activities they lead. Leadership is an effort to influence members to achieve organizational goals voluntarily. This understanding emphasizes the ability of leaders who do not force in moving members of the organization to carry out activities directed at organizational goals.

Another factor that influences organizational performance is competence. Competence according to Spencer and Spencer (2007) is a basic characteristic possessed by an individual who is causally related in meeting the criteria needed in occupying a position. Competence consists of 5 types of characteristics, namely motives (consistent will as well as being the cause of action), innate factors (consistent character and response), self-concept (self-image), knowledge (information in a particular field) and skills (ability to carry out tasks).

This is in line with the opinion of Becker and Ulrich (2009: 24) that competency refers to an

individual's knowledge, skills, abilities or personality characteristics that directly influence job performance. That is, competence contains aspects of knowledge, skills (expertise) and abilities or personality characteristics that affect performance. Competence according to Spencer and Spencer (2007) is a basic characteristic possessed by an individual who is causally related in meeting the criteria needed in occupying a position. Competence consists of 5 types of characteristics, namely motives (consistent will as well as being the cause of action), innate factors (consistent character and response), self-concept (self-image), knowledge (information in a particular field) and skills (ability to carry out tasks).

Another factor that influences organizational performance is organizational commitment. According to Robbins and Judge (2008: 100) organizational commitment is a condition in which employee sides with a particular organization and its goals and desires to maintain membership in the organization. Thus, high job involvement means taking sides on a particular work of an individual, while high organizational commitment means taking sides with the organization recruiting the individual.

Meanwhile, according to Moorhead and Griffin (2013: 73) organizational commitment is an attitude that reflects the extent to which an individual knows and is bound to his organization. A highly committed individual is likely to see himself as a true member of the organization. Meanwhile, according to Kreitner and Kinicki (2015: 165) that organizational commitment reflects the degree to which a person recognizes an organization and is bound to its goals.

## LITERATURE REVIEW

### *Leadership*

Fiedler in Hanafi (2002) explained that leadership is the ability to provide direction and coordination to subordinates in achieving organizational goals, as well as a willingness to be the main responsibility of the group activities they lead.

According to Rivai (2009: 2), states that the broad definition of leadership includes the process of influencing in determining organizational goals, motivating followers' behavior to achieve goals, influencing the interpretation of the events of their followers, organizing and activities to achieve goals, maintaining cooperative relationships and group work; obtaining support and cooperation from people outside the group or organization. According to Hasibuan (2003: 170) "Leadership is a way a leader influences the behavior of subordinates to want to work together and work effectively and efficiently to achieve organizational goals".

**According to Hanafi (2002), there are five essential leadership functions, namely:**

1. The function of determining the direction, namely how the leader in managing the organization effectively by determining the strategies and tactics prepared by the leadership to achieve the objectives to be achieved and by optimizing the utilization of all available means.
2. Function as a spokesperson, this function requires a leader to act as a liaison between the organization and outside stakeholders such as shareholders, suppliers, distributors, financial institutions and related government agencies.
3. The function as a communicator, namely the function as a communicator that is more emphasized on the ability to communicate goals.
4. Function as a mediator to tackle and resolve problems in the organization.
5. Function as an integrator, that is, an attitude to prevent behavior and actions that are compartmentalized.

Based on the above definition, it can be concluded that leadership is the ability of leaders to influence others in working together to achieve predetermined goals. So leadership is the most tangible aspect of management activities, which indicates a focus for the process, influencing others, behavior and achieving goals.

### *Competence*

Competence according to Spencer and Spencer (2007) is a basic characteristic possessed by an individual who is causally related in meeting the criteria needed in occupying a position. Competence consists of 5 types of characteristics, namely motives (consistent will as well as being the cause of action), innate factors (consistent character and response), self-concept (self-image), knowledge (information in a particular field) and skills (ability to carry out tasks).

Fogg (2004: 90) which divides competencies into 2 (two) categories, namely basic competencies and those that distinguish basic competencies (Threshold) and differentiating competencies (differentiating) according to the criteria used to predict job performance. Basic competencies (Threshold competencies) are the main characteristics, which are usually in the form of basic knowledge or skills such as the ability to read while differentiating competencies are competencies that make someone different from others.

Spencer and Spencer (2007: 84) suggest that competence shows characteristics that underlie behaviors that describe motives, personal characteristics, self-concept, values, knowledge or expertise brought by someone who performs superior (superior performers) in the workplace. There are 5 (five) characteristics that make up the competency namely 1). Knowledge factors include technical, administrative, humanitarian and systemic problems. 2).

Skills; refers to a person's ability to carry out an activity. 3). Self-concept and values; refer to one's attitude, values and self-image, such as one's belief that he can succeed in a situation. 4). Personal characteristics; refer to physical characteristics and consistency of responses to situations or information, such as self-control and the ability to remain calm under pressure. 5). Motive; are emotions, desires, psychological needs or other impulses that trigger action.

Competence is a person's characteristic related to effective and or superior performance in certain work situations. Competence is said to be an underlying characteristic because an individual's characteristic is a deep and inherent part of one's personality that can be used to predict various specific work situations. Then said to be related between behavior and performance because competence causes or can predict behavior and performance.

From the description above, it can be concluded that competence, which is the inherent nature or part of a deep and inherent personality to a person, and predictable behavior in various circumstances and work tasks as an impulse to have achievement and the desire to try to carry out tasks effectively. It is this mismatch in competencies that distinguishes a superior actor from a performer with limited achievement. Limited competencies and special competencies for a particular job are patterns or guidelines in employee selection, task shift planning, job appraisal, and development.

From the definition of competency mentioned above, it appears that the focus of competence is to utilize work knowledge and skills to achieve optimal performance. Thus competence is everything that is owned by someone in the form of knowledge skills and other individual internal factors to be able to do something work. In other words, competence is the ability to carry out tasks based on the knowledge and skills possessed by each individual.

### **Organizational Commitment**

According to Robbins and Judge (2013: 100) organizational commitment is a condition in which employee sides with a particular organization and its goals and desires to maintain membership in the organization. Thus, high job involvement means taking sides on a particular work of an individual, while high organizational commitment means taking sides with the organization recruiting the individual.

Meanwhile, according to Moorhead and Griffin (2013: 73) organizational commitment is an attitude that reflects the extent to which an individual knows and is bound to his organization. A highly committed individual is likely to see himself as a true member of the organization. Meanwhile, according to

Kreitner and Kinicki (2015: 165) that organizational commitment reflects the degree to which a person recognizes an organization and is bound to its goals.

It can be concluded that organizational commitment is the psychological state of an individual associated with beliefs, beliefs and a strong acceptance of the goals and values of the organization, a strong willingness to work for the organization and the extent to which he still wants to become a member of the organization.

### **Robbins and Judge (2008: 101) state that there are three separate dimensions of organizational commitment:**

1. Affective commitment is an emotional feeling for an organization and a belief in its values. For example, a Petco employee may have an active commitment to his company because of his involvement with animals.
2. Continued commitment is the economic value that is felt from surviving in an organization when compared to leaving the organization. An employee may commit to an employer because he or she is highly paid and that resignation from the company will destroy his family.
3. Commitment is the obligation to survive in an organization for moral and ethical reasons. For example, an employee who spearheaded a new initiative might stick with an employer because he feels he left someone in a difficult situation when he left.

### **Organizational Performance**

According to Richard et al (2010) organizational performance is something that is produced by the organization which includes the results of financial performance such as profit as measured by return on assets, return on investment and so on, market performance such as market share expansion, and sales. Also, the return from the shareholder is the return of the shareholder and the economic growth of the shareholder.

In some areas, organizational performance can also be measured from other things such as strategic planning, operations, finance, legal and organizational development. In developing institutions or organizations it is a must to survive in the competitive world climate.

Measuring organizational performance according to the PBM SIG (the performance-based management special interest group concept) is by monitoring and reporting the program being run, and taking into account the objectives achieved. Besides, according to Kaplan and Norton (1992), organizational performance should be measured not only in terms of financial concepts but also from the non-financial

performance that can be measured in terms of productivity, quality, consistency and so on.

## RESEARCH METHODS

### Object of Research

The study was conducted on PT. Bhakti Nusantara Gas. This company provides gas for the needs of people in Indonesia.

### Population and Sample

The population and sample used were all employees of PT. Bhakti Nusantara Gas totaling 122 people. This sampling uses saturated samples. Data analysis techniques using path analysis.

### Research Results and Discussion

#### 1. Effect of Leadership and Competence on Organizational Performance

The linear analysis model can be seen based on calculations using the SPSS program as follows.

**Table 1. Results of the first equation analysis**  
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	15,607	1,878		8,309	,000
1 LEADERSHIP	,763	,085	,499	9,001	,000
COMPETENCE	,550	,055	,558	10,067	,000

a. Dependent Variable: ORGANIZATIONAL\_PERFORMANCE

Based on the table above, the structural equation can be described as follows

$Y = 0.499X_1 + 0.558X_2$ . The calculated F value can be obtained from the following table:

**Table 2. F value Calculate the equation**  
ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2737,673	2	1368,836	106,694	,000 <sup>b</sup>
Residual	1526,721	119	12,830		
Total	4264,393	121			

a. Dependent Variable: ORGANIZATIONAL\_PERFORMANCE

b. Predictors: (Constant), COMPETENCE, LEADERSHIP

Based on the table above it is known that the F-calculated value of 106.694 and a significance of 0.00. This value is smaller than 0.05. This means that the variables of leadership and competence affect

organizational performance. The magnitude of the effect of independent variables on the dependent variable can be seen from the value of r squared as follows.

**Table 3. The value of r squared of the first regression model**  
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,801 <sup>a</sup>	,642	,636	3,58184	1,349

a. Predictors: (Constant), COMPETENCE, LEADERSHIP

b. Dependent Variable: ORGANIZATIONAL\_PERFORMANCE

Based on the above table, it is known that the value of r squared is 64.2%, which means that the leadership and competence variables affect the

performance of the organization by 64.2% while the rest is influenced by other variables that are not included in the equation model.

#### 2. Analysis of the Effect of Leadership on Organizational Performance

The results of the analysis of the influence of leadership on organizational performance can be seen in the following table.

**Table 4.** Results of the analysis of the second regression equation  
**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	24,938	2,214		11,266	,000
	LEADERSHIP	,888	,114	,581	7,812	,000

a. Dependent Variable: ORGANIZATIONAL\_PERFORMANCE

The structural equation from the data above can be seen as follows:  $Y = 0.581X1$

Based on the table of analysis results above it is known that the leadership coefficient is 0.581. T value of 7.812. The significance value is 0.00. This significant value is smaller than 0.05. This means that

the leadership variable influences organizational performance. The magnitude of the influence of leadership on organizational performance can be seen in the following table.

**Table 5.** R-value for the second equation

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,581 <sup>a</sup>	,337	,332	4,85360

a. Predictors: (Constant), LEADERSHIP

Based on the table above can be seen the value of r squared of 0.337. This means that the influence of Leadership variables on organizational performance is

33.7% and the rest is influenced by other variables not included in the equation model.

**3. Analysis of the Effect of Competence on Organizational Performance**

The results of the analysis of the effect of competence on performance can be seen in the following table.

**Table 6.** The results of the analysis of the third regression equation

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	28,644	1,544		18,555	,000
	COMPETENCE	,622	,070	,631	8,912	,000

a. Dependent Variable: ORGANIZATIONAL\_PERFORMANCE

The structural equation from the data above can be seen as follows:  $y = 0.631x2$

Based on the table of analysis results above it is known that the coefficient of competence is 0.631. T value of 8.912. The significance value is 0.00. This significant value is smaller than 0.05. This means that

the variable competence influences organizational performance. The magnitude of the effect of competence on organizational performance can be seen in the following table.

**Table 7.** R-value for the third equation

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,631 <sup>a</sup>	,398	,393	4,62433

a. Predictors: (Constant), COMPETENCE

Based on the table above can be seen the value of r squared of 0.398. This means that the effect of competency variables on organizational performance is

39.8% and the rest is influenced by other variables not included in the equation model.

**4. Analysis of the Effect of Organizational Commitment on Organizational Performance**

The results of the analysis of the influence of the work organization's commitment to performance can be seen in the following table.

**Table 8.** Results of the fourth regression equation analysis

<b>Coefficients</b>					
<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
(Constant)	8,925	1,693		5,272	,000
1 ORGANIZATIONAL_COMMITMENT	,801	,041	,874	19,707	,000

a. Dependent Variable: ORGANIZATIONAL\_PERFORMANCE

The structural equation from the data above can be seen as follows:  $Y = 0.874X_3$

Based on the table of analysis results above it is known that the coefficient of organizational commitment is 0.874. T value of 19.707. The significance value is 0.00. This significant value is smaller than 0.05. This means that the variable organizational commitment

affects organizational performance. The magnitude of the effect of organizational commitment on organizational performance can be seen in the following table.

**Table 9.** R-value for the fourth equation

<b>Model Summary</b>				
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	,874 <sup>a</sup>	,764	,762	2,89624

a. Predictors: (Constant), ORGANIZATIONAL\_COMMITMENT

Based on the table above can be seen the value of r squared of 0.764. This means that the influence of organizational commitment variables on organizational

performance by 76.4% and the rest is influenced by other variables not included in the equation model.

**5. Analysis of the Effect of Leadership on Organizational Performance through Organizational Commitment Variables**

The coefficient of leadership influence on work organization commitment can be seen in the following table:

**Table 10.** Effect of Leadership on work organizational commitment

<b>Coefficients</b>					
<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
(Constant)	19,803	2,202		8,994	,000
1 LEADERSHIP	1,118	,113	,670	9,890	,000

a. Dependent Variable: ORGANIZATIONAL\_COMMITMENT

Based on the previous analysis that the influence of leadership on organizational performance is 0.581. The influence of leadership on organizational performance through organizational commitment is

$0.670 \times 0.874 = 0.585$ . In this case, the indirect effect is greater than the direct effect so it can be said that the organizational commitment variable is intervening.

**6. Analysis of the Effect of Competence on Organizational Performance Through Work Organizational Commitment Variables**

The value of the competency coefficient on work organization commitment can be seen in the following table:

**Table 11.** Value of the coefficient of influence of Competence on work organizational commitment

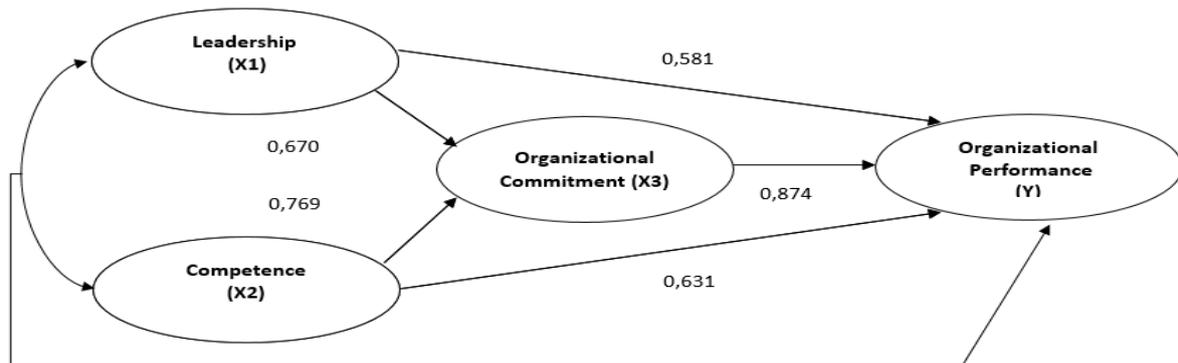
<b>Coefficients</b>					
<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>

		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
1	(Constant)	23,543	1,388		16,958	,000
	COMPETENCE	,826	,063	,769	13,174	,000

a. Dependent Variable: ORGANIZATIONAL\_COMMITMENT

Based on the analysis of the direct effect of competence on organizational performance is 0.631. While the effect of competence on organizational performance through organizational commitment is  $0.769 \times 0.874 = 0.672$ . In this case, the direct effect is

smaller than the indirect effect so it can be said that the work organization's commitment variable is intervening. The path analysis results can be described as follows:



**Figure1.** Overall Path Analysis

## CONCLUSION

The variables of leadership and competence affect organizational performance. The calculated f value is 106.694 and the significance is 0.00. This value is smaller than 0.05. The value of r squared is 64.2%, which means that leadership and competence variables affect the performance of the organization by 64.2%, while the rest is influenced by other variables that are not included in the equation model.

Leadership variables affect organizational performance. T value of 7.812. The significance value is 0.00. This significant value is smaller than 0.05. The value of r squared is 0.337. This means that the influence of leadership variables on performance by 33.7% and the rest is influenced by other variables not included in the equation model.

The competency variable influences organizational performance. T value of 8.912. The significance value is 0.00. This significant value is smaller than 0.05. The value of r squared is 0.398. This means that the effect of competency variables on organizational performance is 39.8% and the rest is influenced by other variables not included in the equation model.

The variable organizational commitment affects organizational performance. T value of 19.707. The significance value is 0.00. This significant value is smaller than 0.05. The value of r squared is 0.764. This means that the influence of organizational commitment variables on organizational performance by 76.4% and

the rest is influenced by other variables not included in the equation model.

The influence of leadership on organizational performance is 0.581. The influence of leadership on organizational performance through organizational commitment is  $0.670 \times 0.874 = 0.585$ . In this case, the indirect effect is greater than the direct effect so it can be said that the work organization's commitment variable is intervening.

The direct effect of competence on organizational performance is 0.631. While the effect of competence on organizational performance through organizational commitment is  $0.769 \times 0.874 = 0.672$ . In this case, the direct effect is smaller than the indirect effect so it can be said that the work organization's commitment variable is intervening.

## Recommendations

Improving organizational performance can be done by increasing leadership, competence and organizational commitment. To improve leadership, organizations need to pay attention to the elements that make up leadership, namely the process, the ability to influence others, behavior, and goals to be achieved.

Competence also needs to be considered in improving organizational performance. Organizations need to pay attention to technical issues in company operations, employee skills, employee self-concept and motives. This can be improved by holding training to improve employee competencies.

Organizational commitment also needs to be considered in improving organizational performance. Commitment needs to be improved both affective commitment, ongoing commitment and normative commitment.

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