



Influence of Transactional Leadership Style and Employee Competency of Organizational Performance Through Organizational Commitments in the National Standardization Agency

Lucky Feminine

Masters of Management
Universitas Krisnadwipayana
Campus Unkris Jatiwaringin
PO BOX 7774/Jat CM Jakarta 13077
Email: luckyfeminine89@gmail.com
Indonesia

Imam Wibowo

Universitas Krisnadwipayana
Campus Unkris Jatiwaringin
PO BOX 7774/Jat CM Jakarta 13077
Email: imamwibowo253@gmail.com
Indonesia

Djoko Setyo Widodo

Universitas Krisnadwipayana
Campus Unkris Jatiwaringin
PO BOX 7774/Jat CM Jakarta 13077
Email: djokosetyowidodo@gmail.com
Indonesia

Abstract

This study aims to test and analyze the transactional leadership style and employee competencies on organizational performance through organizational commitment, analyze the effect of transactional leadership style on organizational performance, analyze the effect of employee competencies on organizational performance, analyze the effect of transactional leadership style on organizational commitment, analyze the effect employee competence on organizational commitment, analyze the effect of organizational commitment on organizational performance, analyze the effect of transactional leadership style and employee competence on organizational performance and analyze the influence of transactional leadership style and employee competence on organizational performance through organizational commitment at the Center for Standards Formulation at the National Standardization Agency.

This research was conducted at the Center for Standard Formulation at the National Standardization Agency. The sampling technique uses saturated samples involving 50 employees. Data analysis uses path analysis.

The results showed that 1) Transactional leadership style had a significant positive effect on organizational performance at the Center for Standard Formulation at the National Standardization Agency, 2) Employee competence had a significant positive effect on organizational performance at the Center for Standard Formulation at the National Standardization Agency, 3) Transactional leadership style had a positive effect significant towards organizational commitment at the Center for Standard Formulation at the National Standardization Agency, 4) Employee competence has a significant positive effect on organizational commitment at the Standard Formulation Center at the National Standardization Agency and 5) Organizational commitment has a significant positive effect on organizational performance at the Center for Standard Formulation at the National Standardization Agency

Keywords: Transactional Leadership Style, Employee Competence, Organizational Performance, Organizational Commitment



Introduction

Organizational performance is a picture of the achievement by an organization in the implementation of activities, programs, policies to realize the vision, mission, and goals of the organization that have been previously determined. This also explains that the concept of performance is closely related to the concept of organization.

Performance is a management picture of an organization. Every organization including public sector organizations needs to know the results of their achievements. Public sector organizations are organizations that use public funds to provide for public goods and services. As an organization that uses public funds, the public needs to know how to manage funds.

The collapse of the organization was caused by the organization's performance which was not as expected. The worse the performance of the organization, the ability of the organization to survive or grow worse. Mahsun (2006:25) says performance is a picture of the level of achievement of the implementation of an activity/program/policy in realizing the goals, objectives, mission, and vision of the organization as outlined in the strategic planning of an organization. Performance is needed for organizational development in the future, performance is the work that can be achieved by employees or groups of employees in an organization, following their respective authorities and responsibilities to achieve the goals of the organization concerned legally, is not against the law and following morals and ethics.

Fahmi (2012: 227) said that organizational performance is overall organizational effectiveness to meet the needs set by each group regarding systematic efforts and to increase the organization's ability to continuously achieve their needs effectively. Keban (2014: 192) says that organizational performance that has been carried out with a certain level of achievement should be following the mission that has been set as the basis for carrying out the tasks carried out. Thus the performance (performance) is the level of achievement of the results or the degrees of accomplishment.

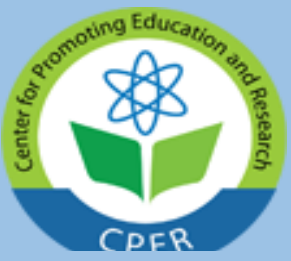
Every Government agency should prepare a Performance Report at the end of the budget period. This has been regulated in Presidential Regulation (Perpres) No. 29 of 2014 concerning Performance Accountability System of Government Agencies and PANRB Men Regulation No. 53 of 2014 concerning Technical Guidelines for Performance Agreements, Performance Reporting, and Procedures for Reviewing Institutional Performance Reports. The Performance Report is an annual performance report that contains an agency's performance accountability in achieving the agency's strategic goals/objectives. The preparation of the Performance Report (LKj) is also an obligation of the Center for the Formulation of Standards, as one of the work units within the National Standardization Agency (BSN) which is arranged in stages according to the Head of BSN Regulation No. 5 of 2016 concerning Guidelines for the Implementation of the Accountability System of Government Agencies within the National Standardization Agency.

The phenomenon that occurs is related to organizational performance at the Center for Standards Formulation in the National Standardization Agency where the strategic plan established by the National Standardization Agency has not achieved the expected results between the target and the realization that has been set, so researchers are interested in conducting research related to factors that affect performance organization namely transactional leadership style, employee competence, and organizational commitment.

The following are the performance achievements for 2016, 2017 and 2018 periods at the Center for Standard Formulation at the National Standardization Agency:

Table 1. Performance Results of the Center for Standard Formulation at the National Standardization Agency

No	Goal Indicator	Unit	2016		2017		2018	
			Target	Realization	Target	Realization	Target	Realization
1	Number of SNI specified	SNI	500	450	600	530	700	610
2	Number of SNI reviewed	SNI	100	90	150	125	200	160
3	The number of standard formulation resources increases	People	500	450	600	535	700	605



	competence							
4	A number that meets the performance evaluation criteria	Komtek	50	40	75	58	100	75
5	ASN percentage who participated in the competency improve program	%	90	80	93	82	95	83

Source: BSN (2019)

Based on the data above shows the performance achievements in BSN from 2016-2018 decreased from the predetermined targets seen in the realization column in the table above. The decline in organizational performance at the Center for Standard Formulation at BSN can be influenced by several factors such as transactional leadership style and employee competence and organizational commitment where employees work.

In this study organizational performance is influenced by various factors such as transactional leadership style, competence, and organizational commitment. Leaders have a strategic role in achieving agency goals channeled through vision and mission. In this study, the leadership style within the agency is the transactional leadership style. Sedarmayanti (2017: 273) leadership is the overall activity/activity to influence the willingness of others to achieve common goals. Suwatno and Priansa (2011) say that transactional leadership style is a leadership that focuses on interpersonal transactions, between management and employees, two characteristics that underlie transactional leadership, namely 1) leaders use contingent rewards to motivate employees and 2) leaders carry out actions corrective only when subordinates fail to reach performance goals.

The phenomenon related to the transactional leadership style at the Center for Standards Formulation in the National Standardization Agency has not been as expected so that it affects the performance of the organization, this is because the agency requires a firm and capable figure in leading the organization. There is a huge gap where employees are not regularly evaluated and everything goes according to the routine. If a problem occurs sometimes it is solved enough to solve the problem at that time alone, not for a better repair step in the future. Employees feel the leadership does not pay attention to employee welfare such as when work is a lot and must be done outside working hours does not count towards overtime pay. The leadership should be able to fight for the management of the BSN organization so that the level of employee performance benefits is at the same level as other government agencies, if this cannot be overcome by the leadership it can result in decreased organizational performance. Therefore the leadership must evaluate the performance allowances that exist in BSN so that it will have a positive impact on the achievement of organizational performance.

Another factor that influences organizational performance is employee competency. Sutrisno (2013:202) states that etymologically, competence is defined as a dimension of the behavior of expertise or excellence of a leader or staff who have good skills, knowledge, and behavior. Changes in the world affect the organization and at the same time on employee competencies. Employees are increasingly seen as a very important asset of an agency. The more business challenges faced by the agency, the employee's position becomes increasingly very strategic. The competitive advantage of an organization is very dependent on the quality of human resources employees. This means that when the organization will face the process of change or be involved in creating change, employees are positioned as the main players of the organization.

Phenomena related to employee competencies where employees still feel the lack of attention of agencies by providing scholarships and training (education and training) related to employee competencies both formal and no formal. It can be seen that the presence of training outside or within agencies can lead to increased organizational performance, which can improve employee competencies both in terms of skills, abilities, and knowledge.

The next factor is organizational commitment. Commitment is a unanimous determination to do something with real intention. Commitment helps agencies to get workers who want to work, will be loyal to their work so that whatever the agency wants can run well. Kreitner and Kinicki (2014:165) express organizational commitment reflects the level at which a person recognizes an organization and is bound to its goals. Employees who have the determination and confidence to work hard, have a loyal attitude and want to continue working at the agency they choose, so this can make the organization able to achieve organizational performance as expected.



The phenomenon of organizational commitment at the Center for Standards Formulation at the National Standardization Agency where there is a tendency for employees not to finish their work on time, besides that it is rare for employees to show enthusiasm for working to achieve high work performance because according to work assessment standards, the value is only moderate. Some even tend to be low, which indicates that employees are less motivated to achieve work performance, or in other words, lack of motivation which results in less than optimal performance.

Literature Review

Organizational Performance

Organizational performance is an indicator of the level of achievement that can be achieved and reflects the success of an organization and is the result achieved from the behavior of organizational members. Performance can also be said as an outcome (output) of a certain process carried out by all components of the organization against certain sources used (input). Furthermore, performance is also the result of a series of process activities carried out to achieve certain organizational goals. For an organization, performance is the result of collaborative activities among members or components of the organization to realize organizational goals.

Surjadi (2009:7) said organizational performance is the totality of the work achieved by an organization achieving organizational goals means that the performance of an organization can be seen from the degree to which the organization can achieve goals based on the goals that have been set". According to Sobandi (2006:176), Organizational performance is something that has been achieved by the organization within a certain period, both related to input, output, outcome, benefit, and impact.

According to James (2012:59), organizational performance is something that is produced by the organization which includes results, namely 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. Besides, the return from the shareholder is the return of the shareholder and the economic growth of the shareholder. Organizational performance by Bastian (2011:329) as a description of the level of achievement of the implementation of tasks in an organization to realize the goals, objectives, mission, and vision of the organization.

Organizational performance that has been carried out with a certain level of achievement should be following the mission that has been set as the basis for carrying out the tasks carried. Thus Keban (2014:192) says that performance is the level of achievement of the results or the degrees of accomplishment. The organizational performance or company performance is an indicator of the level of achievement that can be achieved and reflects the success of managers/entrepreneurs. Gibson (2010:179) revealed that performance is the result achieved from the behavior of organizational members. So organizational performance is the desired result of the organization of the behavior of the people in it. An assessment of organizational performance can be reviewed by the company's financial ratios.

It was concluded that organizational performance can be influenced by several supporting factors and obstacles to the running of a maximum performance achievement of these factors include factors originating from internal and external.

Transactional Leadership Style

Rivai (2011:42) said that leadership style is a set of characteristics possessed by leaders to influence subordinates so that what is the goal of the organization can be achieved. According to Nawawi (2013:102) leadership style is the behavior or method chosen and used by leaders in influencing the thoughts, feelings, attitudes, and behavior of members of the organization or subordinates. Maulizar et al, (2013: 55) leadership describes the relationship between the leader with the lead (follower) will determine the extent to which the leader reaches the goals or expectations of the leader

Maulizar, et al (2013: 56), the concept of rapidly developing leadership is the concept of transactional and transformational leadership that was popularized by Bass in 1985. Both concepts of leadership are based on the style, behavior and situation that include a leader. The definition of transactional leadership is inseparable from the opinion of Yukl (2010: 290) leadership who conducts transactions motivates followers by calling on their interests.

According to Yukl (2010:291), transactional leadership can involve values, but those values are relevant to exchange processes such as honesty, responsibility, and reciprocity. According to Bycio et al (1995:8), transactional leadership is a



leadership style in which a leader focuses his attention on interpersonal transactions between leaders and employees involving exchange relations. The exchange is based on an agreement on the classification of goals, work standards, job assignments, and rewards.

According to Gibson et al (2006:354), the transactional leadership style emphasizes the importance of understanding subordinates' needs and helps subordinates to improve performance to achieve rewards that provide satisfaction for them. In this case, a leader is required to have sensitivity (care) to the needs of subordinates, leaders are required to determine what subordinates must do, leaders establish monitoring and evaluation of the performance of subordinates, and leaders are required to provide effective rewards for subordinates who can reach the level of performance which is determined

Based on the description above, it can be synthesized that the transactional leadership style is a way for leaders to direct and control their subordinates by exchanging rewards so that subordinates obey and can complete the tasks given.

Competence

Sutrisno (2010:202) states that etymologically, competence is defined as an indicator of the behavior of expertise or excellence of a leader or staff who have good skills, knowledge, and behavior. Sedarmayanti (2012:112) competence is a fundamental characteristic possessed by someone who has a direct influence on or can predict excellent performance. In other words, competence is what outstanding performers do more often, in more situations, with better results than what policy evaluators do. From some of the definitions above, it can be concluded that competence is a basic skill and skill as well as the experience of a person, staff or leader who can influence them in carrying out their work or other tasks effectively and efficiently or following predetermined company standards.

Based on the above understanding, it is synthesized that competence is a basic characteristic possessed by an individual who is causally related to fulfilling the criteria needed in occupying a position.

Organizational Commitment

Griffin (2014:72) says organizational commitment is an attitude that reflects the extent to which an individual or employee knows and is bound to his organization. Mehmud et al (2010: 4) states that commitment can develop if employees can find their hopes and meet their needs in an organization.

Robbins and Judge (2012:104) also state that a commission is a condition in which an employee sides with a particular organization and its objectives and intends to maintain membership in that organization. Sopiiah (2011:91) states organizational commitment as a condition where employees believe and are willing to accept organizational goals that will remain or will not leave the organization.

Greenberg and Baron (2012:160) state that organizational commitment is the degree to which employees in their organization and wish to remain, members, which contains an attitude of loyalty and willingness of employees to work optimally for the organization where the employee works. Zurnali (2012:127) states that organizational commitment is a psychological state that characterizes the employee's relationship with the organization or its implications that affect whether employees will remain in the organization or not.

According to Kaswan (2015:125), the definition of organizational commitment is as follows: "The extent to which employees are dedicated to their employing organizations and are willing to work on their behalf and the likelihood that they will maintain membership. Organizational commitment according to Allen and Meyer (1990), is a psychological state that binds employees in an organization, thereby reducing employee turnover in the organization. Furthermore, according to McShane and Glinow (2010), organizational commitment is the emotional bond of employees in the form of attachment to the organization, identified with the organization and involved in the organization. This definition is related to effective commitment because emotional attachment is related to loyalty to the organization

Based on the description above, it is synthesized that organizational commitment is partisanship of organization members to the organization, which is related to loyalty, and a strong desire to survive in the organization.

**Research methods*****Framework***

According to Sugiyono (2017: 60) argues that "The framework of thinking is a conceptual model of how theories relate to various factors that have been identified as important so thus the framework of thinking is another understanding, a most basic understanding and being foundation for every thought or some form of process from the whole of the research to be conducted.

1. Effect of Transactional Leadership Style on Organizational Performance

Leadership style is the process of influencing others. Besides leadership also means the ability to influence, move, and direct action on a person or group of people for a particular purpose. To influence these leaders to apply a different style in each situation. The characteristics of transactional leadership are a contingent reward and by-exception management. In contingent, rewards can be in the form of awards from the leadership because the task has been carried out, in the form of bonuses or increased income or facilities. This is intended to give appreciation and praise to subordinates for their efforts. Also, the leader deals with subordinates, by focusing on aspects of mistakes made by subordinates, delaying decisions or avoiding things that are likely to influence the occurrence of mistakes. Organizational performance cannot be separated from the role of its leader. According to Wibawa (2010: 88), the role of superior leadership in contributing to employees to achieve optimal performance.

2. Effect of Employee Competence on Organizational Performance

Employees will be motivated if their competencies match what is expected by the company. These competencies will have an impact on the level of confidence in work. Employees with high competence will tend to show their ability through achievement in the company. According to Mathis and Jackson (2012: 102), competence is a basic characteristic that can be linked to an increase in individual or team performance. In the world of work, competence is needed to find out what type of work is right for someone. If the competency of an employee is known then the company can help to develop personally through training or certain training. Also, the competency of an employee can be a clue for the company to know the extent to which he can present themselves and provide optimal results for the company. According to Spencer (2003: 90), the relationship between employee competence and performance is very close and very important, its relevance is strong and accurate, even if employees want to improve their performance they should have competencies that are following their job duties. Competence can cause or be used to predict someone's performance meaning that if you have high competence, it will have high performance as well.

3. Effect of Transactional Leadership Style on Organizational Commitment

Leadership theory (Kreitner and Knichi, 2010:310) assumes that a manager's leadership style can be developed and improved systematically. For a leader in dealing with situations that require the application of his leadership style can go through several processes such as understanding his leadership style, diagnosing a situation, applying leadership style that is relevant to the demands of the situation or changing the situation to suit his leadership style. This will encourage the emergence of good faith or commitment of members of the organization. Suhana (2007:13) examines the effect of leadership and relationship-oriented leadership behaviors on organizational commitment. His findings show that relationship-oriented leadership behavior which includes building trust, inspiring, visioning, encouraging creativity and emphasizing development positively influences employee affective commitment, while task-oriented leadership behavior also influences organizational commitment, even though the level of influence is lower.

4. Effect of Employee Competence on Organizational Commitment

Competence must be increased, and employees must be more qualified in various fields of specialization, organizations without strong positions in the industry often face serious problems in competing with other companies and cannot gain competitive advantage. HR must have new competencies to carry out their roles effectively and strategically. Thomson and Strickland (2004:91) place core competencies and competitive abilities as key components of building organizations. Furthermore, Forrier, Selsm, and Stynen (2009:12) suggest that competency development is an important feature of



competency management which includes all activities carried out by organizations and employees to maintain or improve employee functional, learning and career competencies

5. Effect of Organizational Commitment on Organizational Performance

Commitment is a person's attitude in identifying himself with the organization along with its values and goals, and the desire to remain a member to achieve goals. If employees feel that their attitudes and values are in line with the values set in the organization it will encourage employees to achieve organizational goals, this is important in efforts to improve performance. Employees who have high organizational commitment will provide maximum effort voluntarily for the progress of the organization. Luthans (2012:250) stated that there are results from the organizational commitment that shows a positive relationship between organizational commitment and desired results such as high performance. Employees who are committed to the organization have the potential to improve individual, group and organizational performance. According to Mathis and Jackson (2012:122), organizational commitment influences organizational turnover and performance.

6. Effect of Transactional Leadership Style and Employee Competence on Organizational Performance through Organizational Commitment

Leadership style is one of the elements needed by an organization or company to achieve its shared goals. The existence of leadership can also make individuals or groups work more effectively and efficiently to achieve the desired goals or conditions. Leadership is also an obligation of a person who has the responsibility and power to move others to do something together to achieve certain goals. The leadership process can occur when there are a desire and active involvement between superiors and subordinates to achieve common goals. So that with good leadership, it can affect how employees can loy themselves to the company, because with good leadership also employees can feel that the company is his and can increase their commitment. Robbins (2013:54) states that performance is positively influenced when the leader compensates for things lacking in employees in work situations. In theory, according to Tohardi (2010:207) that the success or failure of leaders is determined by the attitude and attitude that appears to be able to listen, communicate, make decisions and motivate subordinates.

Someone's competence against the organization or company is very important especially on one's performance while working. Every company wants its employees to have a high commitment. High competence can encourage employees to work well. Organizational commitment shows one's confidence and support and loyalty to the values and goals to be achieved by the organization. Wright (2012:75) supports that the higher one's commitment to his task, the higher the performance that will be generated, which leads to a higher level of assessment.

The same thing was stated by Rivai (2012:81) which states that organizational commitment significantly influences performance. The higher organizational commitment of employees will increase performance. A strong organizational commitment will cause individuals to try to achieve organizational goals, think positively and try to do the best for the organization. This happens because individuals in organizations will feel they have an organization. While low organizational commitment will cause the individual to only be concerned with himself or his group so that in the end the performance of the individual will be low in the organization. The low performance of individuals on their organizations due to the influence of low competence will indirectly lead to difficult to achieve success in organizational performance

Population and Sample

Sugiyono (2017:85) said that the population is a generalization area consisting of objects/subjects that have certain quantities and characteristics determined by researchers to be studied and then conclusions are drawn. The population taken in this study was all employees of the Center for Standard Formulation at the National Standardization Agency as many as 50 people.

Sugiyono (2017:116) gives the sense that the sample is part of the number and characteristics possessed by the population. Arikunto (2012:117), states that the sample is part of the population. The sample used in this study was obtained by sampling technique (sampling technique) Nonprobability Sampling with Saturated or Census Samples. According to Riduwan (2012: 64) saturation sampling is a sampling technique if all populations are used as samples and also known as a



census. Furthermore, Arikunto (2010:134), stated that if the subject is less than 100, it is better taken all so that the research is a population study. The sample used by the author in this study was an employee at the Center for Standard Formulation at the National Standardization Agency. The sample taken in this study is the number of employees at the Center for Standard Formulation as many as 50 people.

Data Collection Technique

In this study, the data collection techniques used was using a questionnaire. This method is done by providing a list of questions, and then the list of questions is withdrawn by the researcher to be used as primary data for this study. Data for this purpose is filtered through a list of questions presented using a Likert Scale.

Data Processing Techniques

For research analysis to produce true information, because the data received is still raw material, then the data must be processed first. A questionnaire depends on the quality of the data used in the test. Research data will not be useful if the instruments to be used to collect research data do not have high validity and reliability.

Data Analysis Technique

So that the data collected can be useful, it must be processed and analyzed in advance so that it can be used as a basis for decision making. Analysis of the data used in this research is quantitative analysis. Sofyan (2013:129) said that quantitative research data analysis activities include processing data and presenting data, performing calculations to describe data and testing hypotheses using statistical tests. To test the effect of mediation variables used the path analysis method (Path Analysis). Path analysis is an extension and multiple linear regression analysis or path analysis is the use of regression analysis to estimate the causality relationship between variables (causal models) that have been predetermined based on theory. Ghozali (2011:249) says path analysis is determining the pattern of relationships between 3 or more variables and cannot be used to confirm or reject a hypothesis.

Research Results and Discussion

a. Hypothesis Testing One

Hypothesis one states there is an impact of transactional leadership style and employee competence on organizational performance through an organizational commitment to employees at the Center for Standard Formulation at the National Standardization Agency. The test results show R square of 0.967; p-value <0.05 and F count 474.212 > F Table 3.195. The results showed that the transactional leadership style and employee competencies have a strong influence on organizational performance through organizational commitment. This means that transactional leadership styles and employee competencies can be used as predictors to predict organizational performance, thus hypothesis 1 is tested.

b. Hypothesis Testing Two

Hypothesis one states there is an impact of transactional leadership style on organizational performance on employees at the Center for Standard Formulation at the National Standardization Agency. The test results show the influence of the transactional leadership style on organizational performance by 0.280, this means that there is a fairly strong positive influence between the transactional leadership style with organizational performance. The level of significant or probability of $p = 0.017$ ($p < 0.05$) indicates that the transactional leadership style has a positive and significant effect on organizational performance, thus hypothesis 2 is tested.

c. Hypothesis Testing Three

Hypothesis three states that there is an impact of employee competence on organizational performance in employees at the Center for Standard Formulation at the National Standardization Agency. The test results show the effect of employee competence on organizational performance of 0.976, this means that there is a positive influence with a fairly strong level of employee competence with organizational performance. The level of significant or probability of $p = 0,000$ ($p < 0.05$) indicates that employee competence has a positive and significant effect on organizational performance, thus the third hypothesis is tested.

d. Hypothesis Testing Four

Hypothesis four states that there is an impact of organizational commitment on organizational performance for employees at the Center for Standard Formulation at the National Standardization Agency. The test results show the effect of organizational commitment on organizational performance by 0.266, this means that there is a very strong positive influence between organizational commitment and organizational performance. The level of significant or probability of $p = 0.037$ ($p < 0.05$) indicates that organizational commitment has a positive and significant effect on organizational performance, thus hypothesis four is tested.

e. Hypothesis Testing Five

Hypothesis five states there is an impact of transactional leadership style on organizational performance through an organizational commitment to employees at the Center for Standard Formulation in the National Standardization Agency. The test results show that transactional leadership style can directly influence organizational performance and can also indirect effect (indirect effect), that is, from the transactional leadership style variable to organizational commitment as intervening then to organizational performance variables. The magnitude of direct influence is 0.280 while the magnitude of indirect effect through the organizational commitment variable is 0.219. The total effect (total effect) of 1,091. The analysis shows that organizational commitment is proven as an intervening variable that mediates the transactional leadership style variable on organizational performance because the total effect is greater than the direct effect ($1.091 > 0.280$), thus the five hypotheses are tested. This means the value of the indirect effect is greater than the value of the direct effect, this result shows that indirectly X_1 through X_3 has a significant effect on Y .

f. Hypothesis Testing Six

Hypothesis six states that there is an impact of employee competence on organizational performance through an organizational commitment to employees at the Center for Standard Formulation at the National Standardization Agency. The test results show that employee competence can directly affect organizational performance and can also indirect effect (indirect effect), namely from employee competency variables to organizational commitment as intervening then to organizational performance variables. The magnitude of the direct effect is 0.976 while the magnitude of the indirect effect is through the variable organizational commitment of 0.047. The total effect (total effect) of 0.411. The analysis shows that organizational commitment is proven as an intervening variable that mediates employee competency variables on organizational performance because the total effect is smaller than the direct effect ($0.047 < 0.411$), thus hypothesis six has not been tested. This means the value of the indirect effect is smaller than the value of direct influence, this result shows that indirectly X_2 through X_3 has a significant effect on Y .

g. Direct Effects and Indirect Effects

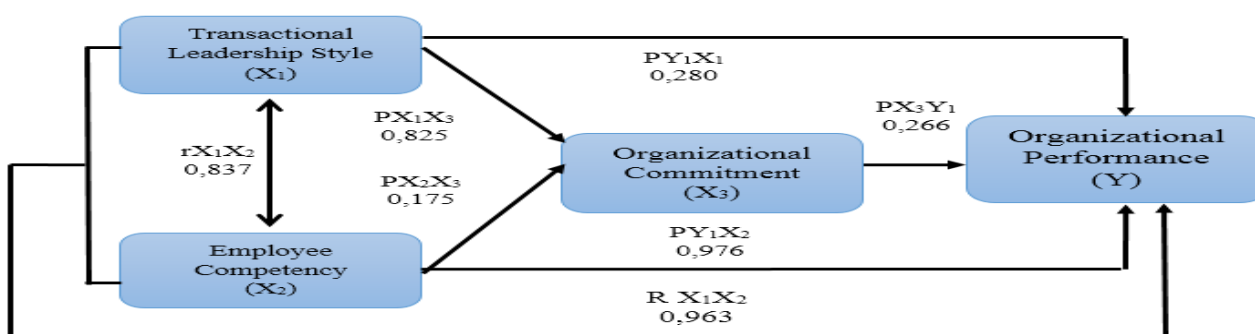
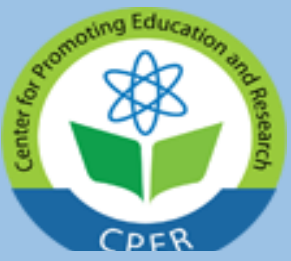


Figure 1. Structural Equation



The structural equation is as follows:

1. Sub structural 1: $X_3 = b_1X_1 + b_2X_2 + \epsilon_1$

$$X_3 = 0,825X_1 + 0,175X_2 + 0,217\epsilon_1$$

2. Substructural 2: $Y = b_1X_1 + b_2X_2 + b_3X_3 + \epsilon_2$

$$Y = 0,280X_1 + 0,976X_2 + 0,266X_3 + 0,182\epsilon_2$$

Table 2. Summary of Effects of X1, X2, and X3 on Y

Independent Variable			Coefficient	Effect		
	Mediation	Dependent Variable		Direct	Indirect	Total
X1	-	Y	0,280	0,280	-	0,280
X1	-	X3	0,825	0,825	-	0,825
X2	-	Y	0,976	0,976	-	0,976
X2	-	X3	0,175	0,175	-	0,175
X3	-	Y	0,266	0,266	-	0,266
X1	X3	Y	-	0,280	0,266	0,280 + 0,266 = 0,546
X2	X3	Y	-	0,976	0,266	0,976 + 0,266 = 1,242

Discussion

Description of Organizational Performance, Transactional Leadership Style, Employee Competency, and Organizational Commitment

a. Organizational Performance

Overall average organizational performance score of 4.23, which means that respondents agree that organizational performance in the National Standardization agency tends to be high judged by the output, the results of business links with achievement and clear information. The biggest contribution to the formation of organizational performance in the National Standardization Agency is clear information indicators.

b. Transactional Leadership Style

Leadership style is one of the elements needed by an organization or company to achieve its shared goals. The existence of leadership can also make individuals or groups work more effectively and efficiently to achieve the desired goals or conditions. Leadership is also an obligation of a person who has the responsibility and power to move others to do something together to achieve certain goals. The leadership process can occur when there are a desire and active involvement between superiors and subordinates to achieve common goals. So that with good leadership, it can affect how employees can loy themselves to the company, because with good leadership also employees can feel that the company is his and can increase their commitment. Robbins (2013: 54) states that performance is positively influenced when the leader compensates for things lacking in employees in work situations. In theory, according to Tohardi (2010: 207) that the success or failure of leaders is determined by the attitude and attitude that appears to be able to listen, communicate, make decisions and motivate subordinates.

Overall the average score of transactional leadership style is 4.06 which mean that respondents agree that the transactional leadership style of employees in the National Standardization Agency tends to be highly valued by indicators of contingent reward, active exception management, and passive exception management. The biggest contribution forming the transactional leadership style in the National Standardization Agency is the passive exception management indicators.



c. Employee Competence

Someone's competence against the organization or company is very important especially on one's performance while working. Every company wants its employees to have a high commitment. High competence can encourage employees to work well.

Overall the average competency score of employees is 4.31 which means that respondents agree that the competency of employees in the National Standardization Agency tends to be high judged by the ability of the task, ability to manage tasks, action skills, cooperation skills, and task adaptation skills. The biggest contribution to forming employee competence in the National Standardization Agency is an indicator of action skills.

d. Organizational Commitment

Organizational commitment shows one's confidence and support and loyalty to the values and goals to be achieved by the organization. Wright (2012: 75) supports that the higher one's commitment to his task, the higher the performance that will be generated, which leads to a higher level of assessment. The higher organizational commitment of employees will increase performance. Strong organizational commitment will cause individuals to try to achieve organizational goals, think positive and try to do the best for the organization. This happens because individuals in organizations will feel they have an organization. While low organizational commitment will cause the individual to only be concerned with himself or his group so that in the end the performance of the individual will be low in the organization. The low performance of individuals on their organizations due to the influence of low competence will indirectly lead to difficult to achieve success in organizational performance

Overall the average organizational commitment score of 4.14, which means that respondents agree that organizational commitment in the National Standardization agency, tends to be high judged by affective commitment, ongoing commitment, and normative commitment. The biggest contribution to the formation of employee competence in the National Standardization Agency is an indicator of affective commitment and normative commitment.

e. The Influence of Transactional Leadership Style on Organizational Performance

The results showed that the transactional leadership style has a positive effect on organizational performance, so the second hypothesis that wants to test the effect of the transactional leadership style on organizational performance is accepted. It can be concluded that the higher the transactional leadership style that is applied, the higher the level of organizational performance.

The transactional leadership style has 3 indicators in this study, namely contingent reward, passive exception management, and active exception management. Improving performance at the Center for Standard Formulation at the National Standardization Agency is inseparable from the influence of contingent fees imposed by the leadership, with a low average respondent response rate of 4.11, motivating employees by promising a bonus, or promotion is a common practice by agencies at this time so that employee performance increases.

The promotion of one's position is a motivation for employees who excel so that they can improve their performance in institutions. But in fact, it is not uncommon for the leaders of the Center for Standard Formulation at the National Standardization Agency to appoint an employee position given to a friend or colleague who is close to the leader, this will have an impact on the performance of the organization if the employees appointed by the leadership do not fit their fields.

Passive exception management or what can be said is passive monitoring of the leadership of employee performance, where the leadership of the passive type only provides policies or solutions when the problems that occur in the agency are already serious. This is also applied by the leadership of the Center for Standard Formulation at the National Standardization Agency, where several times the leadership applies a passive exception to the employees who are less close or less familiar so that the leadership only supervises without making more communication.

Each Standard Formulation Center employee at the National Standardization Agency already has its respective duties and expertise at work. So that even if the leadership does not interfere in carrying out their duties, the employee is still able to complete the task. Even though the tasks given are always completed, the lack of control and interaction between the employee and the head of the Standard Formulation Center at the National Standardization Agency has an impact on the lack of



communication between the employee and the leader, this results in less than optimal employee performance and impacts on the decline in organizational performance.

The process of active exception management or active work monitoring carried out by the leadership of employee performance is implemented by the leadership of the Standard Formulation Center in the National Standardization Agency.

It aims to provide warnings and sanctions to employees in case of errors in work. Even though the strategy is used to ensure compliance with work standards for employees, the lack of harmonious relationships between leaders and employees makes leaders less optimal in terms of active work monitoring. Where communication between leaders and employees is not well established or tenuous, this has a direct impact on agency performance. This supports previous research.

f. Effect of Employee Competence on Organizational Performance

The results showed that employee competence has a positive effect on organizational performance; good employee competency is very important benefits for the survival of an organization, the higher the level of competency of an employee, the ability to complete work will be better. Employees who have high competence will have good confidence not to make mistakes at work and be able to finish the job well.

Performance is a system used to assess and find out whether an employee has carried out his work as a whole, or is a combination of work results (what a person must achieve) and competence (how someone achieves it). Competence is the ability of an individual to complete a given task, this is related to knowledge, skills, and professionalism. Competence as an employee characteristic in terms of motivation, skills, self-image, nature, social role, or knowledge required to support performance and success. This supports previous research.

g. Effect of Organizational Commitment on Organizational Performance

The results showed that organizational commitment has a positive effect on organizational performance, the better the commitment of employees to the organization, the performance of public organizations produced will also increase. Employee performance will increase along with the amount of commitment to the organization and will have an impact on the achievement of organizational performance.

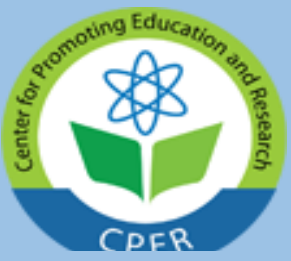
Where employees who are committed to the organization will have maximum performance at work and employees will also have attitudes that support the achievement of organizational performance. A strong commitment to the organization can support the organization to increase efficiency and productivity and this commitment is assessed based on employee loyalty and engagement in the organization. This supports previous research.

h. Effect Of Transactional Leadership Style On Organizational Performance With Organizational Commitment As A Mediator

The indirect effect of the transactional leadership style on organizational performance through Organizational Commitment shows that the influence of the transactional leadership style will affect Organizational Commitment, where leadership in motivating employees by rewarding and recognizing the achievements achieved can develop the high potential of employees. With the high potential for employee performance, organizational performance can be improved. But indirectly the transactional leadership style has an influence when mediated by the Organizational Commitment variable. In increasing organizational commitment, motivation from leadership is needed to be able to arouse employee morale in achieving goals. Organizational Commitment itself is a management process that can improve agency competitiveness. Where if the practice is applied in the institution properly and correctly following the procedure will affect the performance of the organization.

i. Effect of Employee Competence on Organizational Performance with Organizational Commitment as a Mediator

The phenomenon of HR Competency in the scope of agencies many of its employees do not yet fully have adequate HR competencies, this is evidenced by the non-maximum performance of the Agency. Minimal competence within agencies can be seen due to the lack of some employees in understanding tasks or lack of mastery of science and technology. Because of that the Center for Standard Formulation at the National Standardization Agency. Implementing the Education and Training program through the online system, it is expected that with the education and training program the level of effectiveness of employee performance can be improved. Organizational Commitment also influences Employee Performance for Agencies



even within the Standard Formulation Agency in the National Standardization Agency. The lack of commitment is based on the lack of willingness to work hard and also the lack of concern for agencies that occur within the Central Standard Formulation Agency in the Agency National Standardization.

Thus, from the presentation of the results of the analysis and discussion above, this study has answered hypotheses about the impact of transactional leadership styles and employee competencies on organizational performance through an organizational commitment to employees at the Center for Standard Formulation at the National Standardization Agency.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the previous hypothesis testing, it can be concluded that:

1. This study consists of a description of several variables, namely: 1) Organizational performance is the level of achievement of the implementation of an activity in realizing organizational goals, with output indicators, results, business links with achievement and explanatory information; 2) The transactional leadership style is a way a leader directs and controls his subordinates by exchanging rewards so that subordinates obey and can complete the tasks given, with indicators: affective commitment, ongoing commitment, normative commitment; Competence is as a basic characteristic possessed by an individual who is causally related in meeting the criteria needed in occupying a position, with indicators: task ability, ability to manage tasks, action skills, skills in cooperation, adaptation skills, and organizational commitment variables are members alignments organization to its organization, which is related to loyalty, and a strong desire to stay within the organization, with indicators: contingent reward, active exception management, passive exception management.
2. The transactional leadership style has a significant positive effect on organizational performance at the Center for Standard Formulation at the National Standardization Agency.
3. Employee competence has a significant positive effect on organizational performance at the Center for Standard Formulation at the National Standardization Agency.
4. Transactional leadership style has a significant positive effect on organizational commitment at the Center for Standard Formulation at the National Standardization Agency.
5. Employee competence has a significant positive effect on organizational commitment at the Center for Standard Formulation at the National Standardization Agency.
6. Organizational commitment has a significant positive effect on organizational performance at the Center for Standard Formulation at the National Standardization Agency.

Suggestion

Based on the above conclusions, further suggestions can be proposed as follows:

1. Based on the lowest indicator score on the transactional leadership style variable that is an indicator of active exception management, leadership/position holders should be expected to support the implementation of work while maintaining and enhancing positive cultural values, commitment, and effective leadership style with conditions which exists
2. Based on the lowest indicator score on the employee competency variable, which is an indicator of the ability to manage tasks, employees should improve their competency so that they have better competence. Efforts to improve employee competency can be done by increasing knowledge and skills at work. Besides, the emphasis on attitude and productive work behavior can also improve employee competence in working.
3. Based on the lowest indicator score on the organizational commitment variable, which is a normative commitment indicator, it should be done by giving an understanding to each employee about the importance of integrity that is realized in the form of attitudes and behavior in the workplace such as the consistency between speech and behavior,

obeying the principles, carrying out obligations diligently, able to control actions and thoughts and able to behave following applicable values and norms

4. Based on the lowest indicator score on the organizational performance variable that is the output indicator the company should pay attention to factors related to organizational performance, including education and training, compensation factors, and other factors that theoretically and empirically can improve employee performance including the provision of adequate work facilities to meet the needs of employees at work
5. Other researchers are expected to research factors that affect performance in the scope and number of large samples.

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