Organizational Commitment Model and Leadership Style to Improve Managerial Performance on Manufacturing Company in Banten Province

Elvin Bastian
Sultan Ageng Tirtayasa University, Indonesia

DOI: https://doi.org/10.56293/IJMSSSR.2022.4655

Abstract: The purpose of this study is to investigate the impact of organizational commitment and leadership style on managerial performance. Where is the importance of the two exogenous components in the context of building managerial performance? The degree to which a manager is able to push and increase the competitive performance of other businesses determines the success of a company. This study is a sort of quantitative research, and information was gathered from respondents, specifically middle managers who work in manufacturing enterprises in Banten Province, utilizing primary data and questionnaires. Structured Equation Modeling (SEM), partial Least Square (PLS) Path Modeling, and analysis tools SmartPLS 2.0 are the analytical techniques employed. The findings of this study show that commitment organization has a significant impact on managerial performance and leadership style.

Keywords: Commitment Organization, Leadership Style, Managerial Performance, and Manufacture.

1. Introduction

A company's strong success will undoubtedly be aided by top-notch managerial abilities from all levels of managers. The manager's job is to motivate the team members to work toward the established company objectives. The corporation enforces greater competitive pressure on performance improvement by supporting managers in their ability to make wise choices under more challenging circumstances. Organizational enterprises need effective management to plan, organize, lead, and control the different efforts of the organization's members and use all of the organization's resources to accomplish goals. (2015) Robins.

Managerial performance adds value to the management improvements that can be made (Yunita, 2018). Wulandari and Riharjo (2016) suggested that The three fundamental pillars of the manager's job are technological, conceptual, and human factors. Putri and Adiguna (2014) define managers who develop as persons who utilize authority effectively, have the capacity to define precise goals, and apply fundamental techniques to guarantee the accomplishment of those goals.

The effectiveness and persistence of organizational commitment studies has increased (Allen and Meyer, 2017). "Affective" relates to an employee's attitude toward the company, while "continuance commitment" is the mental toughness that keeps them in a company. The degree of organizational effectiveness is determined by that level of employee commitment. 2017 (Allen and Meyer). Terry (2008) defined leadership as an action that directs people toward accomplishing organizational goals. According to Arnold (2000), leadership is the process of delegating power, taking responsibility for outcomes, setting a positive example, motivating others, demonstrating care, taking part in decision-making, sharing information, mentoring, and cultivating leadership traits that give others power. Continued Northouse (2004) claims that a leader is anyone who motivates a group of individuals to work toward a common objective. Organizational leaders must actively seek out new ideas and pay attention to the opinions of people both inside and outside the organization (Stamm, 2009). Business, politics, education, and social groups all require leadership to be successful (Bennis & Nanus, 1985; Burns, 1978). The general manner in which a leader acts A leader's actions both obvious and covert to his followers describe a constant set of attitudes, ideas, abilities, and attributes that guide their conduct.
The Banten Central Statistics Agency (BPS) reports a decline in IBS in Banten. This decline will have an impact on the industry's capacity to absorb labor. According to statistics, labor absorption fell by 18.63% in the first quarter of 2016 from 25,663 to 20,881 persons. In the meantime, there were a total of 750 and 7,144 employees who were sent home or had their employment terminated (PHK). In Serang and Tangerang Regencies, layoffs predominated. (Bitstream Banten.2021).

The declining growth of the manufacturing industry in Banten was caused by several factors, one of which was the problematic managerial performance of companies in Banten, this also had an impact on company production and employee welfare. Some examples of managerial performance cases in the province of Banten, namely in 2018 the financial performance of PT Krakatau Steel suffered a loss of IDR 1.07 trillion or US$ 77 million. Just like the previous year, in 2017 it posted a deeper loss of 10.38%, worth US$ 86 million. The thing that caused this was there was erroneous decision-making from the management of PT Krakatau Steel which resulted in the company's managerial performance decreasing over time. (www.Kompasiana.com).

Many studies have examined managerial performance, but there are still many differences in research results. Several studies have shown that budgetary participation has a significant effect on managerial performance, such as in research conducted by (Putri and Adiguna, 2014) and Moheri (2015). While research by (Sumarno, 2005) and (Medhayanti and Suardana, 2015) shows that budget participation hurts managerial performance. McInness (2016) suggests that future research should examine how participation affects performance without the mediating effect of motivation. Other accounting researchers examine how cognitive factors explain the effect of participation on performance. According to Brownell (1988), budgeting participation offers knowledge that lessens job ambiguity and boosts performance. Mia (1989) discovered that work difficulty influenced the connection between participation and performance.

This study investigates the relationship between organizational commitment and leadership style characteristics in light of the aforementioned description. Because management success is greatly influenced by leadership as well. As the problem study, which the study will test and analyze The questions at hand are whether leadership has an impact on management performance and whether organizational commitment has an impact.

2. Literatur Review

2.1. Contingency Theory

Utilizing a contingency strategy is this study. According to contingency theory, the organizational context in which a control is applied affects the design and control system (Fisher, 1998). Otley (1991) contends that management accounting theory is an effort to pinpoint the ideal accounting-based control system for every circumstance. According to accounting principles, management will always try to modify its system so that it is more effective under specific circumstances. As a result, it is necessary to identify the most significant contingent variables and calculate their impact on the design of the control system.

More continued the theory of contingency assumes that leadership is a process of a leader's ability to exert influence depending on the group task situation (group tasks situation) and the levels of leadership style, personality, and approach that suit the group. A person becomes a leader not because of his personality traits, but because of various situational factors and the interaction between the leader and the situation (Manely et al, 2013).

By using the contingency approach in analyzing the relationship between budgetary participation and managerial performance. By adding organizational commitment and leadership style, it has a positive and significant influence on the relationship between budgetary participation and managerial performance. The contingency theory approach was adopted to evaluate the relationship between budgetary participation, organizational commitment, and leadership style on managerial performance.

2.2. Commitment Organization on Managerial Performance

Commitment organization is bond linkages individual with the organization (Mathiew and Zajac, 1990) so individuals feel own the organization thereby can increase performance managerial. Research results from
Setyarini (2013) obtained proof that commitment organization is influential positive and significant to performance managerial. Commitment organization is a dimension of behavior important that can be used to evaluate trend employee for endure as a member organization (Sopiah, 2008). Wulandari and Riharjo (2016) with results that budgeting participatory influential positive on performance managerial. Sari (2014) shows that commitment organization's influence is positive on performance managerial. Riketa (2002). When the manager has committed to something organization, they will do it accept objective organization and involvement in more lots effort to reach goals and improve their performance.

Whereas Hapsari (2010) defines commitment organization as a sense of identification (belief) to the organization of the value), and involvement (Willingness to try as good maybe for the sake of it the organization concerned) stated by an employee to the organization. Gustika (2013) contends that the following hypothesis is true given the various empirical evidence presented above:

**H1**: Commitment Organization influential positive on Managerial Performance.

### 2.3. Leadership Style on Managerial Performance

Leadership style owns a very important role because can give impact positively nor impact negatively on led performance. Pamungkas (2014) in his research shows that style leadership also matters significantly to the connection between participation budget with performance managerial. The more tall level style of leadership so performance managerial will the. Based on the results study by Cape (2017) that style of leadership is influential and significant to performance managerial.

The importance of behavior leaders in motivating employees has been tested by researchers, such as Rynaldhi (2016) states that leadership is influential and positive to performance managerial. Leaders or good managerial must put style leadership by the situations and conditions company as well as the employees they lead matter that aims to be employee-led and feel comfortable with the job they do without existing pressure (Febricia, 2018).

Leadership in an organization is a factor in the success of nope organization, the leader through his leadership can give motivation employees with attention and compliance need his employees Novilia (2010).

Good leadership is a very helpful company work more effectively and efficiently in reaching the desired goal. Leader or good managerial must put style their leadership by the situations and conditions company as well as the employees they lead matter. They aim to be employee-led and feel comfortable with the job they do without existing pressure. Based on the explanation the so proposed hypothesis is as follows:

**H2**: Leadership Style influential positive on Managerial Performance.

---

**Figure 1. Research Framework**

![Research Framework Diagram]
3. Research Methods

The sampling technique is based on the non-probability sampling method, i.e., a sampling technique that employs a purposive selection strategy and does not offer equal opportunities or opportunities for each element or member of the population to be picked as a sample. Purposive sampling was employed by researchers since not all samples met the criteria they had established. As a result, in order to create a representative sample, the researcher purposefully picked the sample based on a set of criteria.

The following criteria are suggested for choosing the sample in this study: a) A middle manager employed by a large Banten-based manufacturer. Large manufacturing firms covered under Republic Regulation No. 46/M-DAG/PER/9/2009 regarding Trade Business Licenses, as well as those employing more than 300 people. b) Middle managers, such as HRD managers, marketing managers, purchasing managers, finance managers, and production managers, who are in charge of planning, monitoring, and making decisions. b) Middle managers with a minimum of two years' worth of managerial experience.

4. Result and Discussion

4.1. Descriptive Statistics

An analysis of descriptive statistics on this research as follow.

Table 1. Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable (KO) with KO1 indicator</th>
<th>Mean</th>
<th>Median</th>
<th>Min</th>
<th>Max</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>GK1</td>
<td>3.833</td>
<td>4.000</td>
<td>2.000</td>
<td>5.000</td>
<td>1.035</td>
</tr>
<tr>
<td>GK2</td>
<td>3.750</td>
<td>4.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.074</td>
</tr>
<tr>
<td>GK3</td>
<td>3.800</td>
<td>4.000</td>
<td>2.000</td>
<td>5.000</td>
<td>1.092</td>
</tr>
<tr>
<td>GK4</td>
<td>3.983</td>
<td>5.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.084</td>
</tr>
<tr>
<td>GK5</td>
<td>3.850</td>
<td>4.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.276</td>
</tr>
<tr>
<td>GK6</td>
<td>3.900</td>
<td>4.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.179</td>
</tr>
<tr>
<td>KM1</td>
<td>4.017</td>
<td>4.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.103</td>
</tr>
<tr>
<td>KM2</td>
<td>3.833</td>
<td>4.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.098</td>
</tr>
<tr>
<td>KM3</td>
<td>3.888</td>
<td>4.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.170</td>
</tr>
<tr>
<td>KM4</td>
<td>3.771</td>
<td>4.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.057</td>
</tr>
<tr>
<td>KM5</td>
<td>3.817</td>
<td>4.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.147</td>
</tr>
<tr>
<td>KM6</td>
<td>3.683</td>
<td>4.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.258</td>
</tr>
<tr>
<td>KO1</td>
<td>3.767</td>
<td>4.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.131</td>
</tr>
<tr>
<td>KO2</td>
<td>3.733</td>
<td>4.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.230</td>
</tr>
<tr>
<td>KO3</td>
<td>3.700</td>
<td>4.000</td>
<td>1.000</td>
<td>5.000</td>
<td>1.069</td>
</tr>
</tbody>
</table>

Source: Primary Data (2023)

Variable (KO) with KO1 indicator has an average of 3,767. The KO2 indicator has an average of 3,733. Indicator KO3 has an average of 3,700. The KO4 indicator has a ratio of 3,983. The KO5 indicator has a ratio of 4,033. The KO6 indicator has a rating of 4,000. The minimum value of this variable is 1 and the maximum value is 5. The standard deviation of the KO1 indicator is 1.131. Indicator KO2 equals to 1.250. Indicator KO3 equals 1.069. Indicator KO4 equals to 1.190. Indicator KO5 equals to 0.912. Indicator KO6 equals to 0.894. The Leadership Style Variable (GK) with the GK1 indicator has an average of 3,833. The GK2 indicator has an average of 3,750. Indicator GK3 has an average of 3,850. Indicator GK4 has an average of 3,900. The minimum value of this variable is 1 and the maximum value is 5. The standard deviation
of the GK1 indicator is 1.035. The GK2 indicator is 1.074. The GK3 indicator is 1.092. GK4 indicator of 1.204. GK5 indicator of 1.276. The GK6 indicator is 1.179. Managerial Performance Variable (KM) with KM1 indicator has an average of 4,017. The KM2 indicator has an average of 3,833. The KM3 indicator has an average of 3,883. The KM4 indicator has an average of 3,717.

The KM5 indicator has an average of 3,817. The KM6 indicator has an average of 3,683. The minimum value of this variable is 1 and the maximum value is 5. The standard deviation of the KM1 indicator is 1.103. The KM2 indicator is 1.098. KM3 indicator of 1.170. The KM4 indicator is 1.097. The KM5 indicator is 1.147. KM6 indicator of 1.258.

Testing the validity of the data in this study is to use the PLS program with the outer model, namely Convergent Validity is assessed by the Average value Variances Extracted (AVE) for each construct where the value must be greater than 0.5. Another way is to compare values square root of average variances extracted (√AVE) as a construct (latent variable) with a correlation between other constructs in the model. If the squared AVE value of each construct is greater than the correlation value between the construct and the other constructs in the model, it is said to have a discriminant value validity the good one. (Ghozali, 2012)

Table 2. Average Variances Extracted (AVE)

<table>
<thead>
<tr>
<th>Information</th>
<th>Average variances extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment</td>
<td>0.764638</td>
</tr>
<tr>
<td>Leadership Style</td>
<td>0.726819</td>
</tr>
<tr>
<td>Managerial Performance</td>
<td>0.721187</td>
</tr>
</tbody>
</table>

Source : output SmartPLS (2023)

It can be seen that each construct (variable) has an AVE value above 0.5. This shows that each construct has a good validity value from each of its indicators or the questionnaire used to describe it Organizational Commitment, Leadership Style and Managerial Performance can be said to be valid.

Table 3. Correlations of Latent Variables

<table>
<thead>
<tr>
<th>NO</th>
<th>km</th>
<th>KO</th>
<th>PA</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>1.000000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Km</td>
<td>0.970658</td>
<td>1.000000</td>
<td></td>
</tr>
<tr>
<td>KO</td>
<td>0.921632</td>
<td>0.924229</td>
<td>1.000000</td>
</tr>
</tbody>
</table>

Source : output SmartPLS (2023)

The results obtained state that the AVE root is smaller when compared to the latent variable correlation, this can mean that the statements in the questionnaire are still valid because all the constructs in the estimated model meet one of the applicable criteria.

The reliability test is intended to measure the internal consistency of a questionnaire which is an indicator of a variable or construct. A questionnaire is said to be reliable if one's answers to statements produce the same answers from time to time (consistent or stable over time). Data is said to be reliable if it is composite reliability is greater than 0.7 (Ghozali, 2012).

Table 4. Composite reliability

<table>
<thead>
<tr>
<th>Information</th>
<th>Composite reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment</td>
<td>0.951161</td>
</tr>
</tbody>
</table>

Reliable
Leadership Style | 0.940976 | Reliable
Managerial Performance | 0.939390 | Reliable

Source: output SmartPLS (2020 3).

It can be seen that each construct or latent variable has a composite value reliability above 0.7 of the independent variables Organizational Commitment, and Leadership Style. Managerial Performance dependent variable. This shows the consistency and stability of the instruments used are high. in other words, all the constructs or variables of this study have become fit measuring instruments, and all the questions used to measure each construct have good reliability.

One criterion used to evaluate the Outer Model in PLS is see Convergent Validity. Convergent validity of the measurement model with reflective models indicator rated based on individual item reliability testing used standardized loading factor which describes magnitude correlation between every indicator with the construct. A loading factor value above 0.7 is stated as the ideal size or valid as measuring indicators _ construct (Ghozali, 2012).

Convergent validity from the measurement model with reflexive indicators was assessed based on the correlation between item scores/components scores estimated by software pls. The following can be seen in Figure 4.2, namely, the research model carried out. Then it can be seen as a whole the correlation of each variable in Figure 5, namely the picture which states the relationship between, Organizational Commitment, Leadership Style, and Managerial Performance.

4.2. Model Evaluation

Figure 2. Full Model Structural Partial Least Square

Can be seen in Figure 2 where is the outer value loading from the Organizational Commitment variable indicator shows the Outer Model value or correlation with the variables as a whole has met Convergent validity. As shown in Figure 4.2 where the outer loading starting from the indicator (KO1) to the indicator (KO6) is more than 0.5.
Furthermore, the results of processing using smart PLS can be seen in Figure 4.3 where the value of outer loading from the Leadership Style variable indicator shows the Outer Model value or correlation with the variables as a whole has fulfilled Convergent validity. This can be known by looking at the outer value loading indicators (GK1) to (GK6) have values above 0.5. Processing results using smart PLS can be seen in Figure 2 where the outer value loading from the managerial performance variable indicators shows the Outer Model value or correlation with the variables has fulfilled Convergent validity. This can be known by looking at the outer value loading indicator (KM1) to indicator (KM6) has a value above 0.5.

Hypothesis test

The inner model according to Ghozali (2012) is a description of the relationship between latent variables based on the substantive theory inner model which is sometimes also called inner relation, structural model, and substantive theory. Testing of the inner model or structural model is carried out to see the relationship between the constructs, the significance value, and the R-Square of the research model. The structural model is evaluated using R-Square for the dependent construct (Ghozali, 2012). The limit for rejecting and accepting the proposed hypothesis is ±1.96 where if the T-statistic value is greater than the T-table (1.96) then the hypothesis is accepted, conversely, if the T-statistic value is smaller than the T-table (1.96) then the hypothesis is rejected. As for the inner model (Path The coefficients in this study are listed in the following table.

### Table 5. Path Coefficients

<table>
<thead>
<tr>
<th></th>
<th>Original Sample</th>
<th>Sample Mean</th>
<th>Standard Deviation</th>
<th>Default Error</th>
<th>T-Statistics</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>GK -&gt; KM</td>
<td>0.452015</td>
<td>0.478581</td>
<td>0.120398</td>
<td>0.120398</td>
<td>3.754331</td>
<td>Terms</td>
</tr>
<tr>
<td>KO -&gt; KM</td>
<td>0.178566</td>
<td>0.167151</td>
<td>0.063049</td>
<td>0.063049</td>
<td>2.832182</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Processing results using SmartPLS can be seen in Table 6. The relationship between KO and KM is 0.178566 and is significant with a T-statistic more than T-table (2.832182 > 1.96). The relationship between GK and KM is 0.452015 and is significant with a T-statistic more than T-table (3.754331 > 1.96).

In assessing the structure of the PLS model, it can be seen based on the R-Square value for each latent variable. The value of R-Square in the processing of research data is presented in Table 4.12. It is known that the R-Square value of the dependent variable Managerial Performance is 0.962153. The higher the R-square, the bigger it is these independent variables can explain the dependent variable so that the better the structural equation while the rest is explained by other variables outside the variables examined in this study (Ghozali, 2012).

### Table 6. R-Square

<table>
<thead>
<tr>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>GK</td>
</tr>
<tr>
<td>KM 0.962153</td>
</tr>
<tr>
<td>KO</td>
</tr>
</tbody>
</table>

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The limit for rejecting and accepting the proposed hypothesis is ±1.96, where if the T-statistic value is greater than T-table (1.96) then the hypothesis is accepted, conversely, if the statistical T value is smaller than T-table (1.96) then the hypothesis rejected (Ghozali, 2012).
The Effect of Organizational Commitment on Managerial Performance

In this study, H1 states that Organizational Commitment has a positive effect on Managerial Performance. Based on the results of data processing using the software SmartPLS obtained from the calculation results presented it is known that the parameter coefficient value of the variable Organizational Commitment is 0.178566 and the t-statistic value of 2.832182 is greater than the t-statistic value of 1.96 (significant at p 0.05). Thus Hypothesis 1 is accepted.

So it can be concluded that Organizational Commitment has a positive and significant effect on Managerial Performance. Organizational commitment is an internalized belief among staff members that is part of their mental existence, as evidence that makes employees permanent or stay in an organization. If the manager is not fair and does not carry out his obligations properly, the employees will not be comfortable working at the company as in the case in the previous chapter. Because employees who believe that the procedural and distributive fairness of the high budgeting system will show a strong commitment to the organization.

This research is in line with Killian Osikhena’s research Ogiedu & James Odia (2018) and Adenuga Abiola Oluwalope & Ojediran Sunday (2017).

The Effect of Leadership Style on Managerial Performance

The H2 hypothesis states that Leadership Style has a positive effect on Managerial Performance. Based on the results of data processing using the software SmartPLS obtained from the calculation results presented it is known that the parameter coefficient value of the variable Leadership Style is 0.452015 and the t-statistic value of 3.754331 is greater than the t-statistic value of 1.96 (significant at p 0.05). Thus Hypothesis 2 is accepted. So it can be concluded that Leadership Style has a positive and significant effect on Managerial Performance.

The leadership style of a leader is like the overall pattern of a leader's actions, both visible and invisible to his subordinates, and describes a consistent combination which means the better. The leader sets an example to his followers in an effort to achieve organizational goals. This research is in line with Thi’s research Thu Nguyen, Lokman Mia, Lanita Winata, and Vincent Chong (2016).

5. Conclusion

Organizational Commitment Participation has a positive and significant effect on Managerial Performance. Thus the better the Organizational Commitment shown by employees in a company, the more Managerial Performance will increase because it has been implemented it correctly. This research is in line with previous studies, namely Killian & James (2018) and Adeguna & Ojediran (2017), both of which have the results that Organizational Commitment has a positive effect on Managerial Performance. This also proves that Organizational Commitment can also affect Managerial Performance.

Leadership Style has a positive and significant effect on Managerial Performance. Thus the better the Leadership Style in a company, the better the application of Managerial Performance in a company because it has become an example of a good leader. This study succeeded in proving that Leadership Style as an additional variable can influence managerial performance because the results show a positive relationship.

It is hoped that further research can be carried out using interview methods or direct observation of respondents, using other variables, or adding variables that can affect managerial performance. For further research, it is recommended to use other types of industry to be used as samples.

Limitations from the study located on: This study used the questionnaire method as a research instrument. Where many manufacturing companies in Banten are working from home due to the Covid-19 virus outbreak, so many refuse to be used as research samples; Difficulties were also felt because they had to replace the questionnaire with a Google media form, so the author needs to find and collect the company's e-mail address and contact person himself to be able to contact and ask for permission; Another limitation is that most of the respondents are busy middle managers, causing delays in returning the questionnaires.
References


