

## IMPACT OF TRANSFORMATIONAL LEADERSHIP, CHARACTERISTICS OF JOB, AND CAREER DEVELOPMENT ON EMPLOYEE ENGAGEMENT

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### ABSTRACT

*At the company's business development, there is a matter of applying leadership behaviors, characteristics of jobs and career development, thus resulting in employee engagement problems. Employee engagement is very important for the progress of the company's business, because employee engagement can have an impact on job satisfaction, performance, and intentions to quit that will ultimately affect the company's business processes. This study aims to examine the effect of transformational leadership, job characteristic, and career development on employee engagement. The method of this study is survey. The population of this study are all staff of the Finance Company Head Office (129 employees), with sampling method is census, which means that all members of the population used as a sample. The method of analysis used in this study is multiple linear regressions. The result showed that transformational leadership, job characteristic, and career development simultaneously are having significant influence to the employee engagement. Partially, Transformational Leadership and Job Characteristics having significant influence to the Employee Engagement, while Career Development is not having significant influence to the Employee Engagement.*

*Keywords : Transformational Leadership; Job Characteristic; Career Development; Employee Engagement.*

### INTRODUCTION

In the development of its business, companies need human resources (leader) who is able to work optimally, have a role and contribute to the sustainability and growth of teamwork within the organization. Mills (2005: 10) says that without leadership, an organization will grow very slowly or even no

progress and disoriented. In wheeler financing companies studied are problems related to transformational leadership style adopted by the leaders, especially for the head unit level up to the department head, which is associated with the presence of a discipline which is one of the indicators of transformational leadership.

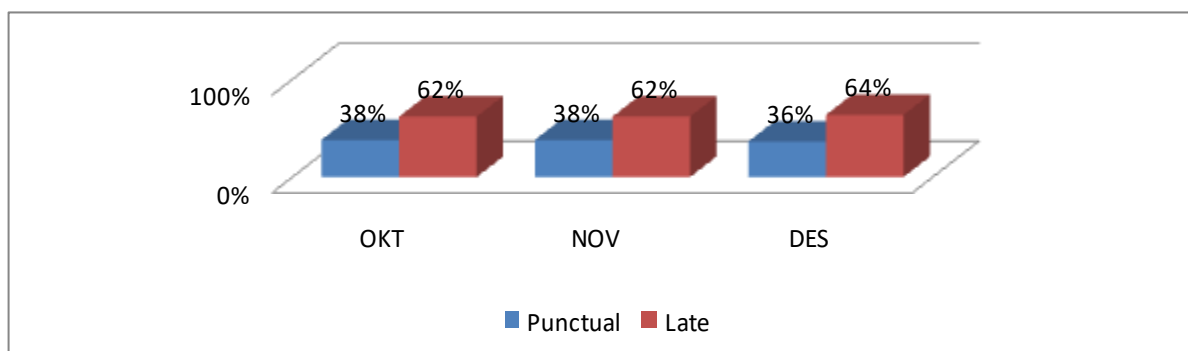


Figure 1 Percentage discipline time attendance leaders 2015

Figure 1 show that there are leader discipline problems is evident from the presence of a leader in the precision of 3 months (the period from October to December 2015) of more than 50% of leaders, delayed / no discipline in terms of attendance and even increase by 2% in December.

Another phenomenon that occurs in finance companies is namely the issue of job characteristics. Duties are varied and poses a challenge can make the employee disengagement. This was confirmed Whittington and Galpin (2010: 14-24), that work was enriched (enriched job) will increase employee engagement. In this company work characteristics have not been clearly defined. Employees just do what would normally have been done by the former employee or requested

by its leaders without any certainty what exactly and should be done by the company's standards.

A good leader and a challenging job is not enough to make employees feel bound to achieve optimal performance, there are other needs that need to be met, namely the need to be increased in a career (Alias, Noor Hassan, 2014: 227-242). Something similar is said Whittington and Galpin (2010: 14-24), there are several factors that influence engagement to work optimally, in addition to leadership and enriched job: HR Value Chain (one of which career development). Related to that in 2015, the company opened significant opportunities for the advancement of its employees, but the opportunity is still not felt by most employees in staffing levels at headquarters (shown in Figure 2).

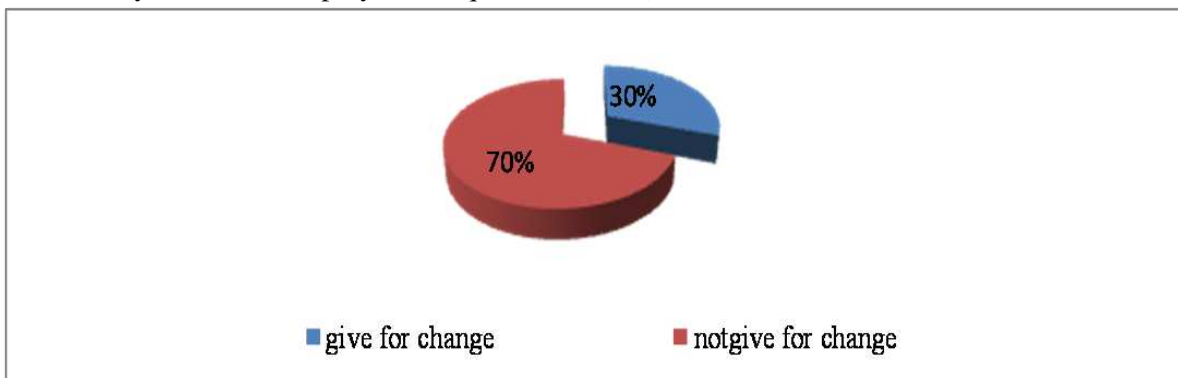


Figure 2 Comparison of percentage number of employees gives the opportunities promotion campaign not given opportunity

There only about 30% of employees who can feel the opportunity to be promoted to the higher level. In addition, employees who have passed the selection process to a higher level, not necessarily immediately be able to occupy a higher position because wait no positions (higher) is empty, so that by 2015 the number of employees who resign are still quite a lot.

These three important variables above will affect the level of employee engagement (Whittington and Galpin, 2010: 14-24). Macey

and Schneider (2008: 3-30) suggests, have engaged employees are a competitive advantage and is not easily imitated by competitors. As for problems related to employee engagement seen through the impact of employee engagement is low, the number of employees who resign approximately 20-40% of the number of company employees and employees who resign trend unlikely to change significantly from year to year.

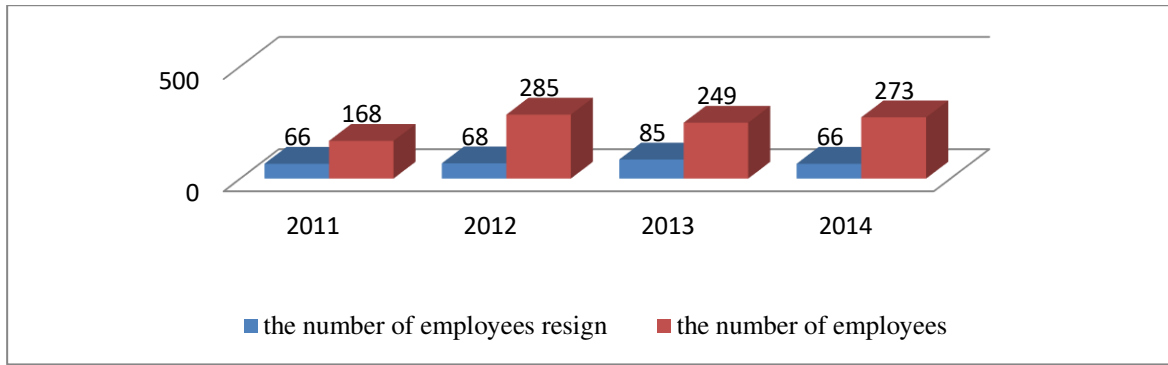


Figure 3 Number of employees resigned in corporate financing

In addition, the problems arising from employee engagement which contained approximately 23% (30 employees), who do not achieve good performance (PA assessment categories namely C and D).

This study entitled "Impact of Transformational Leadership, Career Development and Job Characteristics to Employee Engagement in Corporate Financing". The aim of research to determines the effect of transformational leadership, job characteristics, and career development on employee engagement either partially or simultaneously, as well as make suggestions for the company to assist in the development of the company.

### THEORY AND HYPOTHESIS

Bass and Riggio (2006: 4) define transformational leadership as a leadership in which the leader is able to motivate his subordinates to do more of their intentions and more than they might think. Schultz (2006: 201) defines transformational leadership as leadership style in which leaders do not force the perception of their subordinates, but free to act to change or alter the views of their subordinates. Robbins and Judge (2007: 387), transformational leadership is a leadership style in which leaders are able to inspire and be able to give the effect of a very deep and remarkable for his subordinates. In conclusion, that transformational leadership is a leadership in which the leader is able to motivate, inspire and direct subordinates and is able to change the view their subordinates to do things more than their subordinates think, by making a more challenging objectives in order to achieve better performance.

Aspects of transformational leadership by Mangkunagara (2014; 14) quotes from Podsakoff *et al* (1996): 1). Fostering the Acceptance of Group Goals, the behavior of leaders who encouraged his subordinates to work together to achieve the goals it has set, 2). Provides Individualized Support, the attitude of the leaders themselves who indicated that he was very concerned about the subordinates and give attention to the feelings and needs of subordinates. 3). Provides an Appropriate Model, the behavior of leaders who set an example for his subordinates to remain consistent with the values of leadership. 4). Intellectual Stimulation, leader behavior that encourages subordinates to always reconsider on old assumptions and rethink new ways to achieve optimal performance. 5). High Performance Expectation, the attitude of leaders who reflect the expectations of the subordinates to achieve the quality of work, excellence and high performance. 6). Identifying and articulating a vision, leader behavior that aims to identify new opportunities for the organization and trying to develop, articulate and inspiring subordinate to the vision of the future.

Luthans (2008: 425), there are four aspects of transformational leadership: charisma, inspiration, intellectual stimulation, and individual consideration. The previous study showing the relationship and the positive impact of transformational leadership on employee engagement is the study of Christian, Garza, Slaughter (2011), Tims, Bakker, and Xanthopoulou (2011), Salanova *et al* (2011), Ghadi and Fernando (2013), Plansoongnern *et al* (2011), Mercy (2013), Sugiharto & Devie (2015), Rahmi (2014), Ciakaren and Devie

(2014), Ariwi (2013). Based on theory and previous research can be formulated the first hypothesis (H1): Transformational Leadership is expected to affect Entanglement Employees.

Schultz & Schultz (2006: 226) states the characteristics of the work is a theory of motivation that characteristics specific job precedes psychological condition that can increase motivation, performance and satisfaction of the employees who have a need to develop. Lussier (2014: 200), the characteristics of the job as a model for the design or enrich the work that focuses on the core dimensions of employment, psychological state employees, and the needs of employees for growth. Stoner & Freeman (2006), the characteristics of the job as the nature of the task that consists of responsibility, variety of tasks, and the level of satisfaction obtained from the characteristics of the work itself. In conclusion, the characteristics of the job is the nature of the task that consists of responsibility, variety of tasks and the level of satisfaction obtained to be used as an alternative specialization of work by diagnosing, increasing employment and take into account the work system and employee preferences, as well as a model that focuses on the psychological state of the employee and the needs of employees for growth.

Components job characteristics according to Kreitner & Kinicki (2009: 152) is skill variety, task identity, task significance, autonomy, and feedback. The previous study showing the relationship / positive effects of job characteristics on employee engagement is the research conducted by Christian, Garza, Slaughter (2011), Ram and Prabhakar (2011), Slatten and Mehmetoglu (2011), Sungkit and Meiyanto (2015), Deviyanti and Sasono (2015). Grounded theory and previous research, further defined the second hypothesis (H2): Job Characteristics thought to affect Entanglement Employees.

Hariandja & Hardiwati (2007: 219), a career is a whole office, position or employment in which a person can possess as long as he works in an organization or organizations. Ismail (2010: 141), career shows rising levels of responsibility, authority, and a person's income. Meanwhile, career development is a process of getting the skills, experience, and education to achieve career goals. (Lussier, 2009: 263).

Career development can be defined as a long-term procurement of knowledge, interests, cognitive and psychomotor skills, values, beliefs, and talents of existing and maintenance employees are productive along the career path (Peterson et al, 2005: 56). Sirait (2006: 169) says that career development is a personal improvements carried out by someone in order to achieve personal career planning. Concluded, career development is a process of getting the skills, experience and education or long-term procurement of knowledge and talent or private improvements to achieve career goals.

London (2014: 61) identified seven anchor career (career anchor), namely: technical aspect, managerial aspect, job security and long-term attachment to the organization, the need build or create an enterprise, being independent of organizational constraints, challenges, balancing career and lifestyle.

Research shows the relationship / positive influence between career developments on employee engagement is the study of Alias, Noor, Hassan (2014), Sundaray (2011), Plansongnern *et al* (2011), Harry (2014), and Gustomo Wulandari (2011). On the basis of theory and previous research can be formulated third hypothesis (H3): Career Development is expected to affect Entanglement Employees.

## RESEARCH METHODS

The population of the entire research staff Financing Company employees a total of 129 people, consideration of the number of employees who resigned greatest in staffing levels. The sampling technique use Non Probability Sampling, meaning that all members of the population used as a sample (Sugiyono, 2012: 96). This method is used by Arikunto (2005: 95) that if the total population of 100-150 and in data collection researchers used questionnaires, should be the subject of a number of it's taken everything.

The scale of employee engagement is based on elements of employee engagement according to Macey and Schneider (2008: 3-30). Scale transformational leadership is based on aspects transformational leadership according Mangkunagara (2014: 14). The scale used to the characteristics of the work is based on five core job characteristics according to Kreitner & Kinicki (2009: 152). The scale used for career

development based on the anchor's career (career anchor) in London (2014: 61).

To test the reliability of data researchers use Cronbach Alpha analysis. A measuring instrument said to be reliable when the value of the coefficient of reliability is approaching the number 1. As for testing the validity of the data, the researchers used a technique item total correlation. An item is said to be valid if the value of the validity of a minimum of 0.2 (Groth and Marnath (2006) in Oktaviani, 2014: 55).

technique, which is used to determine the level of influence of several independent variables on the dependent variable together.

## RESULTS AND DISCUSSION

The study was conducted to 129 employees staffing levels in existing finance companies in West Jakarta, Mangga Dua area, through data collection is from March to June 2015. Of the 129 questionnaires distributed, only 100 questionnaires can be processed further. The following descriptive respondents by division, the period of employment, and respondent demographics (age, gender, and education):

Table 1 Respondents descriptive research

	Classification	Number of Respondents
<b>Division</b>	AR & Remedial	8
	Credit & Portfolio	2
	Finance & Accounting	19
	HRGA	24
	IT & Bispro	12
	Corporate Management	2
	Marketing	1
	Marketing Development & Support	13
	Operation	19
<b>Working Period</b>	< 1 year	43
	1-2 years	18
	> 2 years	39
<b>Age</b>	21-25	62
	>25-30	14
	Classification	Number of Respondents
<b>Gender</b>	Male	47
	Female	53
<b>Education</b>	D3	17
	D4	1
	S1	49
	S2	3

Here are descriptive statistics of each study variable, in the form of average value, maximum value, minimum value, and the value of standard deviation (SD):

Table 2 Scores of research variables

Variable	Minimum	Maximum	Average	Standard Deviation
<i>Employee Engagement</i>	3,13	4,47	3,7195	0,27567
Transformational Leadership	1,42	4,92	3,7150	0,61342
Job characteristics	3,00	5,00	3,7700	0,34712
Career Development	2,25	4,50	3,4658	0,44509

From Table 2, indicated that the average value of each variable declare each variable (employee engagement, transformational leadership, job characteristics, and career development) has the average value is quite

good (with the average value of the tool measure is 3). As for the value of standard deviation for all variables indicate that the value / score of all variables have little variation (standard deviation value of less than 20% of the average value).

On the validity of the test results scale employee engagement, obtained 15 valid items of 20 items with a value range of validity of .259-.670. The validity of the test results on the scale of transformational leadership to do as much as 2 times the process, and obtained 12 valid items of 16 items tested. The validity ranged between 0.349 until 0.734. The validity of the test results on the scale of job characteristics obtained 8 valid items of 17

items were tested with validity value ranging between 0.288 - 0.704. Meanwhile, validity of the test results on the scale of the career development process done 3 times, and obtained 12 valid items of 19 items tested with the validity of between 0.299 to 0.691.

From the reliability test results above, it can be concluded that the measuring instrument is declared reliable all variables, the value of employee engagement scale reliability coefficient of 0.831, 0.851 transformational leadership scale, the scale of job characteristics 0.779 and 0.825 scale career development.

The results of multiple linear regression tests are shown in Table 3 as follows:

Table 3 Regression model R

R	R Square
0,488	0,238

Based on the results of correlation in Table 3, it can be seen that the correlation coefficient R value of 0.488, which means that there is a significant correlation between the independent variables (transformational leadership, job characteristics and career development) with the dependent variable (employee engagement).

While the coefficient of determination (R Square) of 0.238, which means that the contribution of transformational leadership, job characteristics, and career development of 23.8% on employee engagement, and the remaining 76.2% due to other factors.

Here are the results of multiple linear regression significance tests:

Table 4 Result of multiple linier regression significance test

	Sum of Squares	Degree of Freedom	Mean Square	F	Sig
<b>Regression</b>	1,792	3	0,597	10,003	0,000
<b>Residual</b>	5,732	96	0,060		
<b>Total</b>	7,524	99			

The results showed that there is a significant effect of transformational leadership on employee engagement. These results are consistent with research Tims *et al* (2011: 121-131), Christian *et al* (2011: 89-136), Salanova *et al* (2011: 2256-2266), Ghadi and Fernando (2013: 532-550), Rahmah (2013: 200-210), Sugiharto and Devie (2015: 11-22), Rahmi (2014: 330-350), and Ciakaren and Devie (2014: 228-237 which stated that the leadership has the influence and the correlation is very significant as well able to predict the level of engagement of an employee. This means that the better the transformational leadership style adopted by the leader or boss, the higher the level of employee engagement of an employee.

Whittington and Galpin (2010: 14-24) says that when leaders are fully engaged in a variety of manners leaders who combine reward contingencies and transformational behavior, it will have a positive impact on employee engagement (employee engagement). The results of Tims *et al* (2011: 121-131) also emphasized the importance of transformational leadership, every day by leaders. Changes / fluctuations in the implementation of transformational leadership of the leader will affect his subordinate engagement. While Salanova *et al* (2011: 2256-2266) said that through transformational leadership, employees will feel more engaged so as to produce a performance that exceeds the standards.

In addition, the results showed that there is significant influence of job characteristics on employee engagement. These results are consistent with previous studies of Ram and Prabhakar (2011: 47-61) and Cristian *et al* (2011: 89-136) stating that the job characteristics have influence and a positive relationship on employee engagement. In general, job characteristics have a significant effect on employee engagement.

The results also show that there is no influence of career development on employee engagement. This means that the hypothesis is rejected. This result does not correspond with the research Alias *et al* (2014: 227-242) and Sundaray (2011: 53-59) states that there are significant career development on employee engagement. This is in line with research Plansoongnern *et al* (2011: 1578-1583) that career advancement opportunities will increase employee engagement. In accordance with the definition of employee engagement that employee engagement exists when employees are motivated to contribute to the success of the

organization and is willing to implement policies / discretionary such as extra time, the ability of the mind and effort (Kenexa in Vance, 2006: 3).

Research has found there is a very significant influence together of transformational leadership, job characteristics, and career development on employee engagement. When these variables are combined and applied properly by the company, it will increase employee engagement in employees. As proposed by Whittington and Galpin (2010: 14-24) that in order to build and improve employee engagement is needed factors builders are HR Value Chain (including career development), behavior of transformational leaders, and an increase in job characteristics. In figure 4 is shown integrated model, that when these factors (leadership, job characteristics, HR Value Chain, and other factors) works to build engagement, and engagement grows, it will generate an output in the form of in-role and extra-role performance on employees.



Figure 4 Integrative model of employee engagement

## CONCLUSION

The results of this study can be summarized as follows: 1). Transformational leadership influence employee engagement significantly, 2). Job characteristics significantly influence employee engagement, 3). Career development does not affect employee engagement, 4). Transformational leadership, career development and job characteristics

together a very significant influence on employee engagement

Researchers further also examine related differences in the level of employee engagement in several companies in other fields, so it will get information and more comprehensive results about the factors that contribute to employee engagement.

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