Influence of Leadership, Competence and Innovation on the Performance of Bank Indonesia Employees in Money Management Department (DPU)

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Authors’ contributions

This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.

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ABSTRACT

Objective: This study aims to determine the effect of leadership, competence, and innovation on employee performance.

Methodology/Technique: The study was conducted using primary data obtained from a survey of 160 employees of Bank Indonesia Department of Money Management (DPU). The data analysis method used is SEM with Lisrel 8.80 statistical software.

Findings: Results show that leadership had no positive and significant effect on employee performance, while competency, and innovation had a positive and significant effect on the employee performance of Bank Indonesia. Department of Money Management (DPU).

Novelty: Data processing proves that leadership, competence, and innovation simultaneously affect the performance of Bank Indonesia employees (DPU), but leadership does not have a significant impact on employee performance, it shows that the performance of Bank Indonesia employees (DPU) prioritizes the system. From the results of competencies and innovations that show a positive and significant impact, it shows that the achievement performance of DPU employees which is driven by competence and innovation possessed by DPU employees is more dominant and also encourages the birth of breakthroughs that can make the work process more effective and efficient.
Keywords: Performance; leadership; competence; innovation.

JEL Classification: J21, J24, J28.

1. INTRODUCTION

Competence is related to employee performance, but there is no relationship between leadership and employee performance [1,2]. Reliable competence is an important thing that must be fulfilled by employees of Bank Indonesia, especially the DPU because in carrying out their work, DPU employees have a lot of contact with the community and other outside parties to be able to cooperate in supporting the smooth payment system, including with the Banking, Indonesian National Army (TNI), Indonesian Police (POLRI)-criminal investigation unit to the courts and educate various agencies, universities, and schools to the community in a small scope, so good competence from BI employees is needed to be able to support the smooth running of tasks and work programs that have been planned, in line with this according to previous research conducted by Sri Rahayuningsih [3] which states that competence has a positive and significant influence on the performance, but Anak Agung Ngurah Bagus Dhermawan [4] showed different results which stated that competence and compensation had no significant effect on the performance of the employees of the Bali Provincial Public Works Office. Furthermore, the 3rd (third) factor that affects performance here is innovation.

Innovation, in terms of carrying out its duties, the DPU is also required to be a dynamic and innovative work unit where this is shown by the existence of several programs where the program encourages all employees to be able to provide innovative ideas to create effective and efficient performance, the program becomes a forum for employees to be able to participate and be creative for the progress of BI and DPU in particular, one of which is the Change Agent (GA) program [5-8], provide refreshment through innovation both in terms of work programs and activity designs which of course have a positive impact on the progress of the DPU, this is in line with previous research by Regina Jesica Kumaat [9] with research results stating that Education, Training, and Innovation have a positive and negative impact significant effect on Employee Performance at the Manado City Food Security and Extension Implementation Agency (BPPKP) both simultaneously and partially, while in the research of Febiola Sandra [10] it is inversely proportional to the results which state that innovation does not have a significant impact on the performance of companies and the handicraft industry in Indonesia.

Based on the background, phenomena, and research gap described above, the researchers decided to conduct further research on “Influence of Leadership, Competence and Innovation on the Performance of Bank Indonesia Employees in Money Management Department (DPU)”. So that this research can be carried out more focused, perfect, and in-depth, the authors view that the research problems raised need variable limitations. Therefore, the authors limit themselves to only dealing with “The Influence of Leadership, Competence, and Innovation on the Performance of Bank Indonesia Employees of the Money Management Department (DPU)”, for measuring the effect of each variable is to use a questionnaire distributed using google form media and focused on only to permanent employees of the DPU working unit for the period March – June 2020.

2. REVIEW OF LITERATURE

2.1 Performance

According to Colquitt et al. [11] in Tjiptogoro “performance is the value of a combination of behaviors that make a positive or negative contribution to the achievement of company goals”. "Performance is the result and behavior that has been achieved in completing the tasks and responsibilities that have been given in a period".

2.2 Leadership

Robbins and Judge [12] and Rivai and Mulyadi [13] describe leadership in a group as involving power towards a goal. Yukl [14] explains that leadership must motivate, and enable others to contribute to the success and success of the organization.

2.3 Competence

Wibowo [15] and Marwansyah [16] explain that employee competence is a combination of attitudes or character, abilities, skills, and
knowledge that are consistent for a job function [17-21].

2.4 Innovation

Innovation in this research is the process of finding and implementing new ways or technologies that can create useful benefits for business processes. Wiratmo [22] explains that innovation can improve products or services. Farisi [23] uses innovation for business. Drucker [24] in Wawan Dewanto et al. innovations are used to create competitive advantage. Gupta and MacDaniel (2002) in Wawan Dewanto et al. (2014:2) explain that innovation results are clear and planned. Suryana (2014) explains that innovation is creativity that is implemented in business processes.

2.5 Methodology

This research was conducted at Bank Indonesia, Jakarta. The method of taking respondents was determined by the purposive method with a total of 160 respondents calculated by Hair et al. (1998). The basic method used is quantitative [25]. The analysis used is SEM with the help of a Likert scale [26]. The framework of the hypothesized problem is given in Fig. 1.

3. RESULTS

In the analysis of the initial path diagram, it was found that the results of the GOF values were still not appropriate, so the researchers made improvements to the model, which according to DR. Kusnendi [27] in his book entitled "Model - Model Structural Equation of One and Multigroup Sample With Lisrel" there are three strategies for Model Improvement: (Trimming and Modification Indices) including Strictly Confirmatory: testing of this model is carried out to ensure whether the model is accepted or rejected, Alternative (Competing) Models (AM): testing this model is carried out by formulating several models, and the model with the best fit is the model chosen to explain the phenomenon under study and Model Generating (MG): testing this model is formulated in one particular theory, then the model is tested if the test results are not good, then the model can be improved or modified to obtain a model with the best level of suitability. Considering one of the model improvement strategies (Trimming and Modification Indices), the researchers selected the 4 highest indicators from each variable, and the following results were found in Fig. 2.

The next test step is to consult the results of the Goodness of Statistics Final Model (Standardized) in Table 1. Goodness of Fit Index Statistics SEM to find out whether the Final Model (Standardized) is fit.

To find out whether the indirect effect of exogenous variables on endogenous variables through mediating variables is significant or not, it can be done by detecting the influence of direct media. Mackinnon [28] states that a variable is said to be an intervening or mediator if the exogenous variable affects the mediator and the mediator affects the endogenous one. In addition, Imam Ghozali also argues that the determination of the intervening variable depends on the theoretical form, but in this study, the innovation mediating variable turned into an exogenous variable because there was no effect on endogenous variables [29-31]. The results of the hypothesis in this study can be seen in Table 2.

Fig. 1. Hypothesized model
Table 1. Results of hypothesis testing for the Fit. Model Equation Model

<table>
<thead>
<tr>
<th>Goodness of Fit</th>
<th>Cut off value</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probabilitas Chi Square</td>
<td>Expected small</td>
<td>0</td>
<td>Good Fit</td>
</tr>
<tr>
<td>df</td>
<td>≥ 0</td>
<td>98</td>
<td>Good Fit</td>
</tr>
<tr>
<td>GFI</td>
<td>≥ 0.90</td>
<td>0.71</td>
<td>Bad Fit</td>
</tr>
<tr>
<td>AGFI</td>
<td>≥ 0.90</td>
<td>0.60</td>
<td>Bad Fit</td>
</tr>
<tr>
<td>CFI</td>
<td>≥ 0.90</td>
<td>0.87</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>TLI / NNFI</td>
<td>≥ 0.90</td>
<td>0.84</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>NFI</td>
<td>≥ 0.90</td>
<td>0.84</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>IFI</td>
<td>≥ 0.90</td>
<td>0.87</td>
<td>Marginal Fit</td>
</tr>
<tr>
<td>RMSEA</td>
<td>≤ 0.08</td>
<td>0.019</td>
<td>Good Fit</td>
</tr>
<tr>
<td>RMR</td>
<td>≤ 0.05</td>
<td>0.035</td>
<td>Good Fit</td>
</tr>
</tbody>
</table>

Table 2. Results of hypothesis testing for the Fit. Model Equation Model

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Hypothesis Statement</th>
<th>Criteria (t_{value})</th>
<th>Results (t_{value})</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Leadership has no significant effect on employee performance.</td>
<td>t_{value} ≥ 1.96</td>
<td>-1.06</td>
<td>Hypothesis rejected</td>
</tr>
<tr>
<td>H2</td>
<td>Leadership has no significant effect on innovation.</td>
<td>t_{value} ≥ 1.96</td>
<td>0.64</td>
<td>Hypothesis rejected</td>
</tr>
<tr>
<td>H3</td>
<td>Leadership has no significant effect on performance through innovation mediation.</td>
<td>t_{value} ≥ 1.96</td>
<td>0.64</td>
<td>Hypothesis rejected</td>
</tr>
<tr>
<td>H4</td>
<td>Competence has a significant effect on performance.</td>
<td>t_{value} ≥ 1.96</td>
<td>3.12</td>
<td>Hypothesis accepted</td>
</tr>
<tr>
<td>H5</td>
<td>Competence has a positive and significant effect on innovation.</td>
<td>t_{value} ≥ 1.96</td>
<td>7.74</td>
<td>Hypothesis accepted</td>
</tr>
<tr>
<td>H6</td>
<td>Competence has a significant effect on performance through innovation mediation.</td>
<td>t_{value} ≥ 1.96</td>
<td>7.73</td>
<td>Hypothesis accepted</td>
</tr>
<tr>
<td>H7</td>
<td>Innovation has a positive and significant effect on performance.</td>
<td>t_{value} ≥ 1.96</td>
<td>4.96</td>
<td>Hypothesis accepted</td>
</tr>
<tr>
<td>H8</td>
<td>Competence has a significant effect on innovation, competence has a significant effect on performance through innovation mediation.</td>
<td>t_{value} ≥ 1.96</td>
<td>4.96</td>
<td>Hypothesis accepted</td>
</tr>
</tbody>
</table>
By looking at Table 2 it can be concluded that:

H1: Leadership has no significant effect on performance. This can be seen from the results shown that meet the criteria for t table ≥ 1.96 with a value of -1.06 ≤ 1.96.

H2: Leadership has no significant effect on employee innovation. This can be seen from the results showing that they do not meet the criteria for t table 1.96 with a value of 0.64 ≤ 1.96.

H3: Leadership has no significant effect on performance through innovation mediation. This can be seen from the results showing that they do not meet the criteria for t table 1.96 with a value of 0.64 ≤ 1.96.

H4: Competence has a positive and significant effect on performance. This can be seen from the results showing that they do meet the criteria for t table ≥ 1.96 with a value of 3.12 ≥ 1.96.

H5: Competence has a positive and significant effect on innovation. This can be seen from the results showing that they do not meet the criteria for t table ≥ 1.96 with a value of 7.74 ≥ 1.96.

H6: Competence has a positive and significant effect on performance through innovation mediation. This can be seen from the results showing that they do not meet the criteria for t table 1.96 with a value of 0.64 ≤ 1.96.

H7: Innovation has a positive and significant effect on performance. This can be seen from the results showing that they do not meet the criteria for t table ≤ 1.96 with a value of 4.96 ≥ 1.96.

H8: Competence has a positive and significant effect on innovation, competence has a positive and significant effect on performance and competence has a positive and significant impact on performance through innovation mediation. This can be seen from the results shown that meet the criteria for t table ≥ 1.96 with a value of 4.96 ≥ 1.96.

3.1 The Effect of Leadership on Performance

Leadership does not have a positive and significant effect on employee performance, this is illustrated by the very good and strong organizational structure of Bank Indonesia, the staffing system which has also been made very well planned and integrated to personnel issues and regulations as well as very good Standart Operating Procedure (SOP) [32-34]. To minimize errors in both people and the system, all Bank Indonesia employees know and understand the steps and limitations in their work and organization, which according to the researcher makes the leadership variable in this study not have a positive and significant influence on employee performance [35-39]. Although according to Asep Saefullah and Ahmad Rusdiana [40] “Leadership is one of the determining elements of organizational success, especially in the direction of change", and According to Hani Handoko (2012:294) "leadership is the ability that a person has to influence others to work. Achieve the goals and objectives, with these results showing that in a strong organization, a very good and integrated system and regulations and Standart Operating Procedure (SOP) that have been made and planned to the smallest thing can make the leadership factor not have a positive and significant effect in this research. The results of this study are in line with the results of research by Utari (2015) "which states that leadership does not have a positive and significant effect on performance".

3.2 The Effect of Competence on Performance

Competence has a significant effect on the performance of DPU employees because this study shows the t-value of 6.59 > 1.96 so H0 is accepted and H1 is accepted. The DPU as a critical work unit whose performance can be directly felt by the community through the fulfillment of good quality currency in the community has certainly made regulations and Standart Operating Procedure (SOP) so that they can direct and serve as work guidelines for their employees, especially in the cashier sector so that in their work all steps and limitations have been determined [41-46]. Competence according to Spencer & Spencer (1993) (in Manopo 2011:30) “is several individual characteristics related to the reference criteria for expected behavior and the best performance in a job or situation that is expected to be met”. The existence of the results of this study, competence has a positive and significant effect on performance, which is also reinforced by the results of a previous study revealed by Anisa Putri Sutrisno, et al. [47] who stated in her research that competence had a significant effect on employee performance at PT. Telekomunikasi Indonesia Tbk Witel Bandung. However, there is a difference of opinion expressed by Septiyani (2013), that individual competence does not have a significant effect on employee performance partially.
3.3 The Effect of Innovation on Performance

Innovation has a positive and significant effect on performance, this is proven in this study with a t-value of 2.57 > 1.96 so that H0 is accepted and H1 is accepted. This means that more innovations in both ways of working or systems that can simplify and increase work productivity will automatically improve the performance of a company. Wita (2000) explains performance as a link between behavioral variables (process), outputs, and outcomes (value-added or impact). In this study, it is supported by previous research conducted by Hafizah, et al. [48] which confirmed that from the results of his research, innovation had a positive and significant effect on the performance of PT. PLN (Persero) Bangka area.

4. CONCLUSION

Based on the results of research that has been carried out as well as in the discussion of previous chapters regarding the Influence of Leadership, Competence, and Innovation on the Performance of Bank Indonesia Employees in the Money Management Department, the authors can draw several conclusions and provide several suggestions as input to Bank Indonesia, especially the Money Management Department (DPU) as follows:

- The results show that there is no positive and significant influence of leadership on performance. This is based on the good system that has been implemented and accommodates all information, both in terms of staffing needs to the existing provisions and regulations at Bank Indonesia.
- There is no positive and significant influence of leadership on innovation. This is based on innovation, both for the needs of the work unit and for oneself, which is very open at Bank Indonesia, but in this case, innovation is a place to show personal talents which ultimately has an impact on the assessment of each individual.
- There is no positive and significant influence of leadership on performance through innovation mediation. This is based on the fact that in terms of innovation, especially at the forefront of the Department of Money Management (DPU), namely cashier employees, in terms of their work, everything has been regulated in detail in Standard Operating Procedure (SOP), which is unlikely to innovate.
- There is a positive and significant effect of competence on performance. Qualified competence is an absolute must for every cashier employee at DPU, in addition to administrative work, physically managing cashiers is also required always being ready to carry out cash activities up to 3T areas (remote, outermost, and frontier).
- There is a positive and significant influence of competence on innovation. Competence is a basic thing that must be possessed by all Bank Indonesia employees, with adequate understanding and competence in each field and work, it will certainly be able to encourage the birth of innovation against the shortcomings of their work.
- There is a positive and significant effect of competence on performance through innovation mediation. This is manifested by the completion of all daily work and activities thanks to innovation in terms of making work more effective and efficient.
- There is a positive and significant influence of competence on innovation. Innovation will certainly have an impact on work, where individuals and work units will receive the results from the implementation of these innovations.
- There is a positive and significant influence between competence on performance, competence on innovation, competence on performance through the mediation of innovation, and innovation on performance.
- From the results shown in the first hypothesis that leadership has no positive and significant effect on performance and innovation. It can be concluded that leadership in the DPU, especially cashiers, does not have a major impact on employee performance and innovation.
- Innovation can mediate competence in business performance. It can be interpreted that the more innovations that are carried out optimally, the performance will increase as expected. In addition, innovation is also carried out by keeping up with the times.

The results of the research that have been carried out, the competence of each employee of Bank Indonesia, especially the DPU is very much needed to support the strategic programs that
have been launched and can also encourage the birth of ideas and innovation inputs to make it easier for each work process, considering that the work of critical work units such as DPU, especially in the cashier sector, requires innovations to carry out their duties so that they can be faster and more efficient [49-52]. The role of leadership, competence, and innovation in a system (simultaneous) has a significant effect on performance, but individually, leadership has no significant effect, this shows that the achievement of Bank Indonesia's employee performance puts more emphasis on competence and innovation, so that leadership in here can be pushed into a decision-making function and the determination of each policy in all matters according to its function and position.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

REFERENCES


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