

The Effect of Transformational Leadership on Social Competence, Self-Efficacy, Work Engagement, and Individual Performance

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Abstract

The purpose of this study is to examine and explain the effect of transformational leadership on social competence, self-efficacy, work engagement, and individual performance as scientific information for private hospitals in South Kalimantan Province dealing with the management of human resources that are expected to contribute to the development of effective and efficient organization. As many as 216 people became the sample of the study, and they came from nine hospitals in four regencies / cities in South Kalimantan Province, Indonesia. Data was collected through questionnaires and interviews. Technical analysis of the data was done using GSCA. The results showed that of the eight hypothesized that there are three hypotheses that do not have significant influence, social competence to performance, work engagement and performance of the self-efficacy; and five hypotheses showed a significant effect. The five hypotheses include transformational leadership significant effect on the social competence, self-efficacy, work engagement; and individual performance; self-efficacy significant effect on individual performance.

Keywords: Transformational leadership, Social Competence, Self Efficacy, Work Engagement, and Individual Performance.

1. Introduction

Private hospitals are strategic institutions in support of public health programs; in addition to going to state hospitals, the public puts private hospitals as the top choice to get health services. Private hospitals are known to be more professional in providing services, but the problem is that advancement of a private hospital greatly depends on how the management is executed, given the fact that private hospitals run and hold their responsibilities independently, thus errors in management can stop private hospitals from operating. Increasingly severe competition with other private hospitals, as well as with state hospitals funded by the government, has become a major challenge faced by private hospitals.

Managing a hospital cannot be separated from the leadership style applied; the general styles of leadership according to Burns (1978) can be divided into two, namely transactional and transformational leadership. Transactional leaders are those who lead through social exchanges. For example, politicians lead by "exchanging one thing for another thing: work using voice or subsidy through contribution in political campaigns. Transactional leaders also offer financial rewards for productivity or no rewards for the lack of productivity. Transformational leadership are those leaders who change, who look for potential motives in followers, who seek to satisfy higher needs, and who are fully involved with their followers. The result of transformational leadership is a reciprocal relationship that transforms followers into leaders and may convert leaders into moral agents. Leadership is a complex concept that requires understanding of how people relate to others in different contexts and situations.

Transformational leadership has broad implications on social competence, self-efficacy, work engagement and ultimately the performance of individuals in an organization. Walumbwa et al. (2008) assert that there is a relationship between transformational leadership and performance mediated by self-efficacy. Leadership style affects the performance of on-duty nurses. Transformational leadership significantly influences work engagement. Nielsen et al. (2009) in their study find a significant relationship between self-efficacy and transformational leadership.

2. Materials and Methods

The Effect of Transformational Leadership on Social Competence

Transformational leadership is a means to build good rapport between superiors and subordinates. Social competence is a person's social behavior that indicates his or her ability to integrate feelings, thoughts and actions in the context of a particular culture (Bosacki, 2008 in Topping et al). Saxe (2011) states transformational leadership can influence the social competence of subordinates. This can be seen through the ability to manage relationships, to understand the thoughts, feelings, and perspectives of subordinates. Based on theoretical and empirical studies, the first research hypothesis can be formulated as follows:

H1: Transformational Leadership brings significant effect on Social Competence.

The Effect of Transformational Leadership on Individual Performance

Shhosseini et al. (2012), and Thamrin (2012) state transformational leadership influences work performance. Transformational leaders are those who stimulate and inspire their followers, both to achieve something great and, in the process, to develop their own leadership capacity. Transformational leaders help their followers to evolve and make them become the new leader in a way that responds to the needs of individual followers. They empower the followers in a way that harmonize larger goals into individual goals of their followers, leaders, groups, and organizations. Transformational leadership can transform followers to exceed their expected performance, as they are able to achieve the satisfaction and commitment of followers over the group or organization. Based on theoretical and empirical studies, the second research hypothesis can be formulated as follows:

H2: Transformational Leadership brings significant effect on Individual Performance.

The Effect of Transformational Leadership on Self-Efficacy

Through the managerial concept of transformational leadership, known as individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence, leaders can actually promote the productivity of their subordinates who have high confidence on their capacity and on themselves to take action and to succeed. Salanova et al. (2011) in find the relationship between transformational leadership and self-efficacy, which reinforces previous findings by Walumbya et al. (2008) that transformational leadership is able to strengthen self-efficacy of employees. Based on theoretical and empirical studies, the third research hypothesis can be formulated as follows:

H3: Transformational Leadership brings significant effect on Self-Efficacy.

The Effect of Transformational Leadership on Work Engagement

Work Engagement is a concept recently introduced to describe the positive impact of engagement to work on quality of life. Schaufeli et al. (2002) introduce the concept of work engagement—engagement is aimed to capture the positive state, emotion, and mind characterized by vigor, dedication and absorption. The application of transformational leadership in accordance with the interests of subordinates will be able to improve morale and motivation of employees who are highly engaged to their work. Based on theoretical and empirical studies, the fourth research hypothesis can be formulated as follows:

H4: Transformational Leadership brings significant effect on Work Engagement.

The Effect of Social Competence on Individual Performance

Social competence includes social perception (i.e. accuracy in understanding others), impression management (i.e. the ability to induce reactions that benefit others), social adaptation (i.e. the ability to adapt to different social situations), and expression (i.e. the ability to express emotions and feelings in an appropriate manner); all of which are highly desirable in interaction (Baron and Markman, 2003). Fulfillment of social needs, such as acceptance of peers and superiors who give a positive impression as well as their ability to control themselves in a variety of situations encountered, both with co-workers, bosses, and patients, can encourage employee morale, which in turn can improve their performance. Based on theoretical and empirical studies, the fifth research hypothesis can be formulated as follows:

H5: Social Competence brings significant effect on Individual Performance.

The Effect of Self-Efficacy on Individual Performance

Self-efficacy is expressed as confidence in one's ability to control demanding situation. Perception of self-efficacy is the influence of behavioral and cognitive, motivational, and emotional processes in difficult subjective events. The concept of belief of a person's ability relates to a specific domain. Bandura (1994) defines self-efficacy as an individual's beliefs about their capabilities to produce designated levels of performance that have influence over events that affect their lives. Self-efficacy beliefs determine how people feel, think, and motivate themselves and also how they behave. People with high levels of self-efficacy have a stronger form of self-confidence about their ability to mobilize the motivation, cognitive resources, and actions necessary to successfully carry out tasks (Stajkovic and Luthans, 1998). Based on theoretical and empirical studies, the sixth research hypothesis can be formulated as follows:

H6: Self-Efficacy brings significant effect on Individual Performance.

The Effect of Work-Engagement on Individual Performance

Work engagement is defined as something filled with positive values associated with work and mind characterized by vigor, dedication and absorption (Schaufeli and Baker, in Gill, 2007 and Schreuder and Coetze,

2007). Further asserted by Schreuder and Coetzee, engagement refers more to something that is similar and holds the affective and persuasive characters, and cognitive statements that are not focused on a particular object, specific events, behavior, or individual. With high work engagement, employees can improve performance on a task they are responsible to. Such encouragement is needed for employees to achieve high levels of performance; thus, leaders need to pay attention to the suitability of the work and the ability of employees. Based on theoretical and empirical studies, the seventh research hypothesis can be formulated as follows:

H7: Work-Engagement brings significant effect on Individual Performance.

The Effect of Work-Engagement on Self-Efficacy

Work engagement can be defined as sharing conceptual similarities in doing the work, an attitude that is important in the discussion related to the quality of work (Jari *et al*, 2008). Work engagement is marked with vigor, which refers to high levels of energy, endurance, and willingness to invest effort in one's work. Dedication, accompanied by feelings of enthusiasm and significance, refers to the strong involvement in one's work. This is the concept of absorption closely related to "flow", a state of optimal experience when one is fully concentrated on achieving goals and is able to block everything else out of their consciousness. Ivancevich *et al*. (2006) cite the research conducted by Gist & Mitchell and Bandura & Locke, in which Gist and Mitcell reveal that self-efficacy is related to performance on the job, career choice, learning and achievement, and ability to adapt to new technologies. Meanwhile, Bandura and Locke mention that individuals with high self-efficacy tend to show higher levels of motivation and better performance. Based on theoretical and empirical studies, the eighth research hypothesis can be formulated as follows:

H8: Work-Engagement brings significant effect on Self-Efficacy.

3. Results and Discussion

There are eight hypotheses to test using the GSCA Program. The results of the testing can be seen in Table 1.

Table 1. The Results of Hypothesis Testing

No	The Relationship Between Variables		Path Coefficients	CR	Note
1.	Transformational Leadership (X1)	Social Competence (Y1)	0.57	11.05*	Significant
2.	Transformational Leadership (X1)	Individual Performance (Y4)	0.539	8.41*	Significant
3.	Transformational Leadership (X1)	Self Efficacy (Y2)	0.243	3.76*	Significant
4.	Transformational Leadership (X1)	Work Engagement (Y3)	0.497	9.38*	Significant
5.	Social Competence (Y1)	Individual Performance (Y4)	0.049	0.60	Not Significant
6.	Self Efficacy	Individual Performance (Y4)	0.743	11.93*	Significant
7.	Work Engagement (Y3)	Individual Performance (Y4)	0.077	1.58	Not Significant
8.	Work Engagement	Self Efficacy (Y2)	-0.092	1.26	Not Significant

The graph showing the results of hypothesis testing is presented as follows:



Figure 1. The Results of Hypothesis Testing

The results of hypothesis testing can be explained as follows:

1. Transformational Leadership has significant effect on Social Competence.

The results of GSCA shows a path coefficient of 0.570 and CR = 11.05 * (significant). Positive path coefficient means that the more acceptable the transformational leadership applied by leaders, the higher the social

competence of their subordinates (nurses) will be.

A leader is a crucial figure to shape the personality of subordinates, given that the leader is very interested in the work of their subordinates. Through their leadership style, superiors can make subordinates to have the passion and motivation to work, otherwise less pleasing behaviors shown by superiors to subordinates can also dampen the spirit and motivation of their subordinates. Superiors can choose to stimulate their subordinates in doing their tasks, such as entrusting more tasks to subordinates. In an organizational structure, both superiors and subordinates have their own places, but it does not necessarily mean that superiors master everything; therefore, superiors should be aware that each of their subordinates has something that can be utilized for the betterment of the organization. By giving credence of performing complete tasks to subordinates, superiors make subordinates feel that their skills and abilities are valued.

Social competence refers to the skills needed by subordinates to be socially accepted and fulfilled, and this requires superiors to show optimistic attitude to subordinates, so that subordinates can follow the good attitude in establishing their relationship with fellow co-workers and superiors. Fulfillment of social needs of subordinates will be achieved if subordinates build good communication and social interaction both with superiors and colleagues; therefore, subordinates should be able to socialize well with others, and it is important that subordinates are able to adjust to the work environment, such as stated by Baron and Markman (2003)—that social competence covers social perception (i.e. accuracy in understanding others), impression management (i.e. the ability to induce reactions that benefit others), social adaptation (i.e. the ability to adapt to various social situations), and expression (i.e. the ability to express emotions and feelings in an appropriate manner).

2. Transformational Leadership has significant effect on Individual Performance.

The results of GSCA shows a path coefficient of 0.39 and $CR = 8.41 *$ (significant). This means that transformational leadership applied by leaders affects individual performance of their subordinates (nurses). Transformational leadership means that the leader is able to inspire subordinates, ensuring subordinates that they have a great ability to be able to complete the work beyond the boundaries of their existing capabilities. Bryman and Cramer (1997) state transformational leaders increase their follower's tendency to work harder in at least three ways. Firstly, these leaders are able to convey the importance of specific objectives and how these objectives should be achieved. Secondly, they encourage their followers to transcend their personal interests for the good of the organization, and thirdly, they stimulate and satisfy the needs of their followers such as self-esteem and self-actualization. A transformational leader is also described as a leader who conducts a series of approaches to the subordinates and who tries to understand the problems faced by subordinates, and then they help their subordinates to face the problems. A leader who becomes the pride and example for subordinates can stimulate the morale of subordinates, and among the major motivation in the work, in addition to the achievement of good performance, is that leaders can also teach subordinates to be the next leaders through transformational leadership.

3. Transformational Leadership has significant effect on Self-Efficacy.

The results of GSCA shows a path coefficient of 0.243 and $CR = 3.76 *$ (significant). Positive path coefficient means that the more acceptable the transformational leadership applied by leaders, the higher the self-efficacy of their subordinates (nurses) will be.

Through the act of entrusting tasks to subordinates, superiors help to improve subordinates confidence in solving problems, complicated tasks which require precision. Subordinates will be motivated to work with maximum abilities, when their superiors can show that what is done by subordinates is not for the benefit of superiors, but for the sake of the organization, in this case the hospital where the nurses work. Therefore, subordinates should also believe in their leaders' abilities. Strong confidence of subordinates in completing the work according to the standards set must be supported by the leaders, so that the subordinates feel that their performance to raise the organization is appreciated by their superiors. The superiors should not hesitate to give praise to those who can finish the tasks properly, for praise from superiors is considered very valuable and can encourage them to attain higher achievement.

Subordinates' confidence in their ability to be able to complete the job better than their colleagues needs to be managed well by superiors through transformational leadership so that there is healthy competition among subordinates. Subordinates who have high enthusiasm on their ability to work better than their co-workers have to be supported so they can develop ideas that can facilitate the achievement of work, and be given good advice on how to work can be performed with a high success rate; the guidance and support from superiors can become the inspiration in development of ideas and problem-solving to increase the confidence subordinates to work better. State transformational leadership motivates employees to do a job or task better than what subordinates want and even higher than what has been predicted earlier; this suggests that leaders encourage subordinates to believe and trust themselves that they can do the job better.

With high self-efficacy of subordinates, it is not difficult for superiors to create a rivalry among them. Superiors can encourage weak subordinates to achieve great achievement as their colleagues do, and also maintain high morale of subordinates who have attained high achievement to be further enhanced by involving them to

complete work on a certain difficulty level. Superiors can encourage better levels of self-efficacy of subordinates and provide guidance to subordinates to be able to work in accordance with the vision and mission of the organization. Superiors should be able to involve subordinates to carry out the vision and mission of the organization, and of course in this case superiors should be able to be a figure that becomes an example for subordinates. Achieving the vision and mission of the organization is the main objective of the organization, as through the achievement of the vision and mission, the organization can be improved and developed. Without the hard work of all members of the organization, including subordinates, it will be impossible to achieve the vision and mission of the organization.

4. Transformational Leadership has significant effect on Work Engagement.

The results of GSCA shows a path coefficient of 0.497 and CR = 9.38 * (significant). Positive path coefficient means that the more acceptable the transformational leadership applied by leaders, the higher the work engagement of their subordinates (nurses) will be.

Through the nature of this high engagement work, superiors can continue to encourage them to excel in their work and provide guidance and direction so that the great potential can be of many advantages. Superiors may involve subordinates to complete some work with a higher degree of difficulty, and when subordinates can demonstrate their ability to finish the task, then superiors can have subordinates to complete more difficult tasks. According to Bass (1985), transformational leaders are those who can increase the commitment of their followers. This commitment goes beyond self-interest and develops into behaviors that benefit the organization as a whole. Conger (1999), describes this by stating that transformational leaders are able to motivate their subordinates to the level of performance that can exceed their expectations and those of their leaders. Bass (1985) further argues that involving the whole personnel implies that the leader can influence followers to move from the lower level to a higher level. Subordinates through the variable of work engagement, are also encouraged to help co-workers when experiencing difficulties in completing the work; it is shown that subordinates have a high degree of solidarity towards their colleagues, and this will make them realize that team work is needed to achieve the objectives of the organization, so that the possibility of good team work will be higher.

At the indicators of dedication and the variable of work engagement, subordinates feel the great necessity to be able to complete the work under such difficult situation. Superiors in this case can help subordinates to outline the work in simple way and to develop ideas; so subordinates do not feel alone when they complete the work, but feel that they are supported by their supervisors or co-workers. Therefore, this will make completion of hard work is easy to do. Superiors are also strongly advised to inspire subordinates; subordinates thus will not experience shortage of inspiration in completing the work because they are inspired by superiors and they can look for ways or solutions that are used to complete the work with a high degree of difficulty. Through this kind of inspiration, subordinates can stimulate or motivate co-workers to work better. Another trait of work engagement is the attitude of enjoying the work by subordinates. Subordinates must enjoy the completion of the work step by step. This comfortable feeling must be maintained by the management, especially by superiors so that subordinates do not feel completing work as burden, but rather as a form of pleasure. When subordinates enjoy the work they do, it will be easier for superiors to involve subordinates to work in accordance with the vision and mission of the organization.

5. Social Competence has significant effect on Individual Performance.

The results of GSCA shows a path coefficient of 0.049 and CR = 9.60 * (not significant). Negative path coefficient means that increasing social competence on nurses does not affect their performance.

The fulfillment of such social competence, such as acceptance of peers and superiors who give a positive impression, as well as their ability to control themselves in a variety of situations encountered, both with co-workers, superiors, and the patients, does not have significant influence on the performance of the nurses. It can be explained that the increase in performance marked by the seriousness of nurses in carrying out the work, such as meeting the specified targets, avoiding mistakes when running the job, meeting the quantity and the standards in completing the work, can be caused by other variables.

6. Self-Efficacy has significant effect on Individual Performance.

The results of GSCA shows a path coefficient of 0.743 and CR = 11.93 * (significant). Positive path coefficient means that increasing self-efficacy also means increasing performance.

Self-efficacy is characterized by a strong belief in the ability of subordinates in resolving problems of high degree of difficulty. It is the form of positive confidence subordinates have. High self-efficacy will facilitate subordinates in resolving some of problems at work. Subordinates are expected to have great confidence so that they are able to achieve a certain level of completion of the work in order to develop the skills and capacities they have. Stajkovic and Luthans (1998) stated that people with high levels of self-efficacy have stronger form of self-confidence about their ability to mobilize the resources of cognitive motivations, and actions needed to successfully carry out the task. This opinion explains that a person who has high self-efficacy will be able to complete the work with the aim to improve the performance of their work, in other words, self-efficacy of a person or group of persons to affects performance. This is in line with the opinion of Bandura (1994), stating that

self-efficacy is individual's beliefs about their capabilities to produce the performance needed.

7. Work Engagement has significant effect on Individual Performance.

The results of GSCA shows a path coefficient of 0.259 and CR = 2.89* (significant). Positive path coefficient means that increasing work engagement also means increasing performance.

High involvement of subordinates in carrying out the work will have an impact on their performance, and the vice versa—low involvement of subordinates will also decrease performance.

Schaufeli et al. (2002) state work engagement is the power which refers to energetic work, which is enough to drive hard work, even in difficult situations. Supervisors deem it is necessary for subordinates to accomplish the task given, therefore subordinates as a member of an organization has an obligation to complete the task properly. Subordinates can use the passion and dedication they have to complete the task given to them; that the completion of tasks is associated with achieving good performance is a concept that needs to be understood by subordinates.

8. Work Engagement has significant effect on Self-Efficacy.

The results of GSCA shows a path coefficient of -0.092 and CR = 1.26* (not significant). Negative path coefficient means that increasing work engagement does not affect self-efficacy. The study found no significant effect of the two variables, although both show positive behavior, but each of which can stand independently on their own without any mutual support one another. Work engagement is indicated with the spirit, dedication and high absorption, while self-efficacy is an attitude characterized by the belief that subordinates can complete the work. The results of the study indicate that these two variables do not affect each other.

5. Conclusion

A functional structure made up of holons is called holarchy. The holons, in coordination with the local environment, function as autonomous wholes in supra-ordination to their parts, while as dependent parts in subordination to their higher level controllers. When setting up the WOZIP, holonic attributes such as autonomy and cooperation must have been integrated into its relevant components. The computational scheme for WOZIP is novel as it makes use of several manufacturing parameters: utilisation, disturbance, and idleness. These variables were at first separately forecasted by means of exponential smoothing, and then conjointly formulated with two constant parameters, namely the number of machines and their maximum utilisation. As validated through mock-up data analysis, the practicability of WOZIP is encouraging and promising.

Suggested future works include developing a software package to facilitate the WOZIP data input and conversion processes, exploring the use of WOZIP in the other forms of labour-intensive manufacturing (e.g. flow-line production and work-cell assembly), and attaching a costing framework to determine the specific cost of each resource or to help minimise the aggregate cost of production.

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