

The Effect of Leadership Style, Trust, and Work Ethic As Mediation, on The Work Engagement of AI's Companies

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Abstract

The objective of the research purpose is to analyze if there is an effect of the leadership style, trust, and work ethic, towards work engagement especially to the service department. Due to the fact that complaints increased from customer and impact to less satisfactory. A quantitative approach, with path analysis is using in this research. This research using survey research designs with questionnaire for employees in the service section from the labor level to the Supervisor position. Total samples 78 people taken from 100 populations. It was discovered from the results, that work ethic has a positive and important influence on working engagement that decrease the level complaints, which makes this research special since no related research has been done so far.

Keywords: leadership style, trust, work ethic, work engagement

Abstrak

Tujuan dari penelitian ini adalah untuk menganalisis apakah terdapat pengaruh gaya kepemimpinan, kepercayaan, dan etika kerja terhadap keterlibatan kerja khususnya pada bagian service. Karena keluhan dari pelanggan meningkat dan berdampak kurang memuaskan. Pendekatan kuantitatif, dengan analisis jalur, dan desain penelitian survei menggunakan kuesioner yang digunakan untuk menguji hipotesis bagi karyawan bagian layanan dari tingkat tenaga kerja hingga posisi Supervisor. Jumlah sampel 78 orang diambil dari 100 populasi. Dari hasil penelitian diketahui bahwa etos kerja berpengaruh positif dan penting terhadap komponen keterlibatan kerja sehingga mengurangi jumlah keluhan, yang menjadikan penelitian ini istimewa karena selama ini belum ada penelitian terkait yang dilakukan.

Kata kunci: gaya kepemimpinan, kepercayaan, etika kerja, keterlibatan kerja

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INTRODUCTION

In the service-based business world, excellence in service is always prioritized. These services must be provided in an optimal and sustainable manner. The most pressing issue for a company's leaders is that the service is substandard. As a result of this subpar service, performance will suffer. Aside from poor performance, it will harm a company's credibility in the eyes of its customers. As a company with a service business sector for products sold or after sales, optimal service or customer satisfaction must be a priority and become an indicator of progress and an agreement on how to keep this business sector going. Several customers have written warning letters expressing their dissatisfaction with the services provided by the service department for their purchased products. The performance of this department will have an impact on the overall performance of the company (see Table 1).

Table 1. Number of Complaints for three years (2017-2019)

Year	1	2	3	4	5	6	7	8	9	10	11	12	Total	Dev	%
2017	6	9	10	12	12	14	21	12	11	12	12	13	144		
2018	10	21	11	12	13	13	14	14	15	12	12	11	158	14	10%
2019	11	14	23	12	22	12	14	15	16	20	15	16	190	32	20%

Along with receiving various types of customer complaints, company leaders must learn how to anticipate and look for these problems so that they do not occur, or at least reduce the number of these complaints. If problems are discovered in the company, there are several potential losses that a business or organization may face, including further lowering the work ethic of the employees. This is a significant gap that our special issue aims to fill. We gain a better understanding of basic sense making practices of organizational actors involved in "leading" and "following," as well as how identity issues are linked to the desire to become a leader, the style that a leader adopts, influence strategies used, and power use, by studying how ethics are embedded in leadership and identity issues. This issue is aimed at scholars who are interested in "ethics and leadership," "ethics and identity," and "identity and leadership" (Eubanks et al., 2012; Den Hartog & Belschak, 2012).

Furthermore, it is not impossible for a poor quality management system to be the source of this problem. Product knowledge, response to need, question resolution, quick service, quick connection to the right person, and efforts to reduce queuing time were discovered to be factors that are positively associated with overall satisfaction (Paul et al., 2016). This study emphasizes the importance of organizations focusing on employee engagement as well as customer service. Employee efforts and customer behavior will result in a mixed bag of benefits for the organization. It is clear that the most appropriate leadership styles that promote service-oriented employee engagement and behavior can be fostered to the greatest extent possible within the organization to promote better service performance. The low levels of dissonance factors or differences between preferred and experienced instrumental leadership styles act as a complement to employee engagement. Mariappanadar (2018) shows that leadership style has a significant impact on employee engagement with the company. Transformational and transactional leadership, in particular, positively predict

psychological capital and employee job involvement; compared to transactional leadership, transformational leadership has its own strengths in terms of stronger predictions for psychological capital and employee job involvement; positive employee psychological capital predicts job involvement.

According to Guridno (2020), the leadership style and organizational culture had a direct and positive effect on job satisfaction and there was a direct and positive impact on job satisfaction as well as a direct and indirect impact on employee performance on management style and organizational culture. Management can use research findings to improve organizational efficiency by identifying the factors that influence employee performance." Leadership style and organizational culture have a direct and positive effect on job satisfaction, and management style and organizational culture have both direct and indirect effects on employee performance. By recognizing what factors influence employee performance, management can use research findings to improve organizational efficiency (Sharma et al., 2016). The causes usually arise from the leadership style and the level of employee trust in the leadership or in the company, so that a poor work ethic will result in a poor attachment to the company. Victor & Hoole (2017) found that there is a moderate-to-strong positive relationship between the three constructs, and that rewards are able to predict trust and engagement. Thus, adaptation readiness is concerned with investigating actual experiences with adaptation planning in order to determine whether human systems are prepared and ready to 'adapt' (Ugwu, 2013).

Performance will suffer as a result of this subpar service. It will harm a company's credibility in the eyes of its customers, in addition to poor performance. As a company with a service business sector for products sold or after sales, optimal service or customer satisfaction must be a priority and become an indicator of progress as well as an agreement on how to keep this business sector running. Extensive research is required to understand the effectiveness of performance management systems (PMS) in organizations, particularly from the perspective of employees. The organization appears to assume the existence of relevant concepts and operational measures that either do not exist or have not been adequately defined (Dewettinck & van Dijk, 2013; Andersen et al., 2014).

As a result, the primary objectives of this research is to determine whether Leadership Style, Trust, and Work Ethics have an impact on engagement, particularly in the service department, in terms of the development and advancement of after-sales services, because there is an impact on increasing the number of complaints received for three consecutive years. The research objectives are designed to test the leadership style, trust influence on work ethic, and work engagement, then, the impact of Work Ethic have an impact on employee Engagement

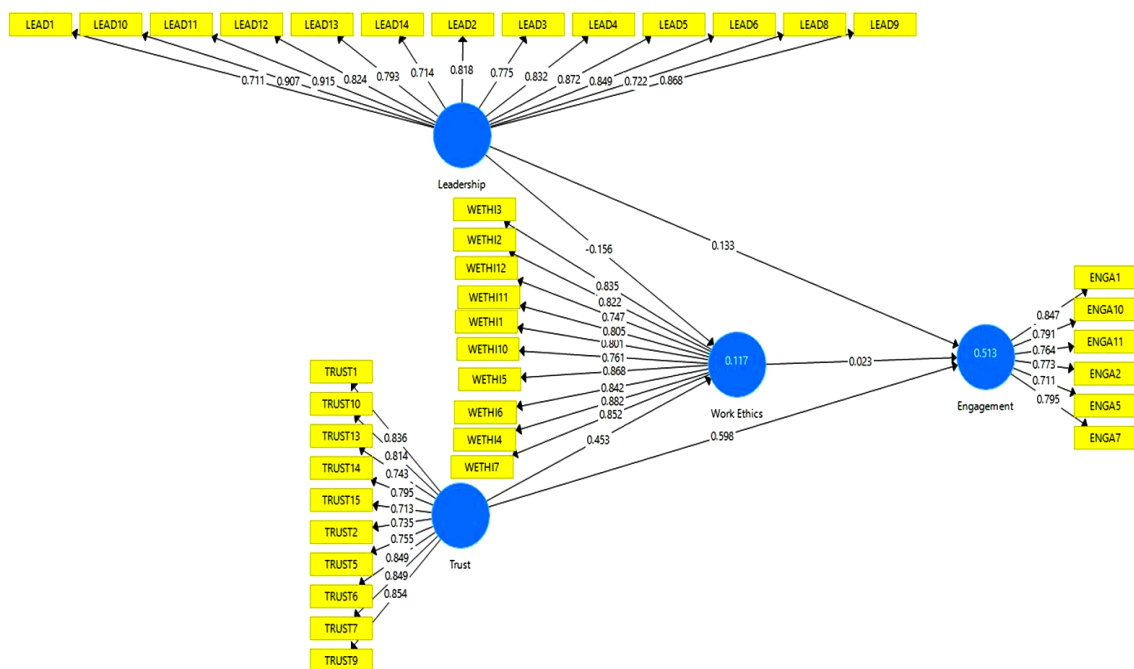
METHOD

The research system is defined referring to the research findings that have been conducted, and then reciting and paying attention to the aforementioned supporting theories, an analysis of this research method used is path analysis. It is developed as follows based on the conclusions of the analysis formulated and testing model shown. Position and

research objectives, carried out at PT. Als and employees who work at the supervisor level amount to seventy-eight (78) people. By using a formula called Slovin with the Likert scale measurement method is used, to measure attitudes, opinions, perceptions of a person about social phenomena (Sugiyono, 2008). Smart PLS version 3.0 software is used to analyze and process data. As the PLS is suitable for this study because it requires a relatively small sample size and makes minimal data assumptions (Hair et al., 2011).

Convergent validity test is done by looking at the loading factor value of each indicator on the construct. The factor-loading limit used in confirmatory research is 0.7, while the factor-loading limit used in exploratory research is 0.6 and the factor-loading limit used in production research is 0.5. Figure 1 shows the estimation results of the PLS model.

Figure 1. Overall Model Estimation

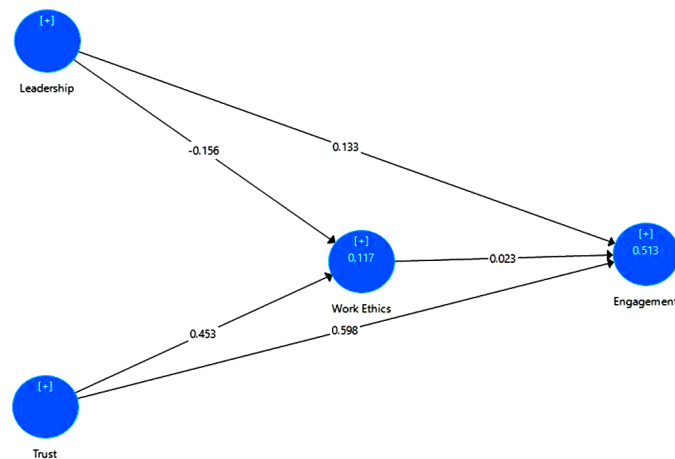


Source: Internal data is processed

RESULTS AND DISCUSSION

The results of the analysis there result as some certain indicators that have been removed because they have a load factor below 0.7 so that they are considered invalid and must be removed from the model, then invalid indicators are dropped from the model. The estimation results show in Figure 2. Load factor values above 0.7 are owned by all variables. The estimation results are in the image, so that the model has met the criteria for convergent validity. Convergent validity can also be measured from the AVE value of each construct. Apart from seeing the value of the loading factor of each predictor, if the AVE value of each construct is > 0.7 then the model is declared to meet the convergent validity (see Table 2).

Figure 2. Valid Model Estimation Discussion



Source: Internal data is processed

In Table 2, the values of the AVE of all constructs are good. Where the dimensions and variables have exceeded 0.5 can be seen, this means that it shows that all indicators in each construct have met the convergent validity criteria as a condition. This means that each variable is valid for analysis in the next submission process.

Table 2. Average Variance Extracted (AVE)

Latent Variable	Average Variance Extracted (AVE)
Engagement	0.611
Leadership Style	0.669
Trust	0.634
Work Ethic	0.677

Source: internal Data Proceed

Table 3. Discriminant Validity

Latent Variable	Engagement	Leadership Style	Trust	Work Ethic
Engagement	0.781			
Leadership Style	0.614	0.818		
Trust	0.712	0.797	0.796	
Work Ethic	0.247	0.205	0.329	0.823

Source: internal Data Proceed

Discriminant validity / Discriminant validity is used to ensure that each latent variable definition is different from other variables. If the AVE square value of each exogenous construct (the value on the diagonal) exceeds the correlation between that construct and the other constructs (values below the diagonal), the model has strong discriminant validity. The findings obtained from the discriminant validity test show in Table 3. The results of the discriminant validity test show that all constructs have a square root value of AVE, can be seen in Table 3, and are above the correlation value with other latent constructs, so it can be concluded that the model has fulfilled the discriminant validity.

The Cronbachs Alpha value, the Composite Reliability value of each construct, the construct reliability can be evaluated. Composite reliability is recommended and the Cronbachs alpha value is greater than 0.7, but due to the low loading factor limit (0.5) in the production test, the composite reliability is low and the Cronbachs alpha value is still feasible as long as the validity and validity criteria overlap. Discrimination has been achieved. The reliability test in Table 4 shows that all constructs have a value of composite reliability > 0.7 and a Cronbachs alpha value > 0.7. This result means that the required reliability has been met by all constructs.

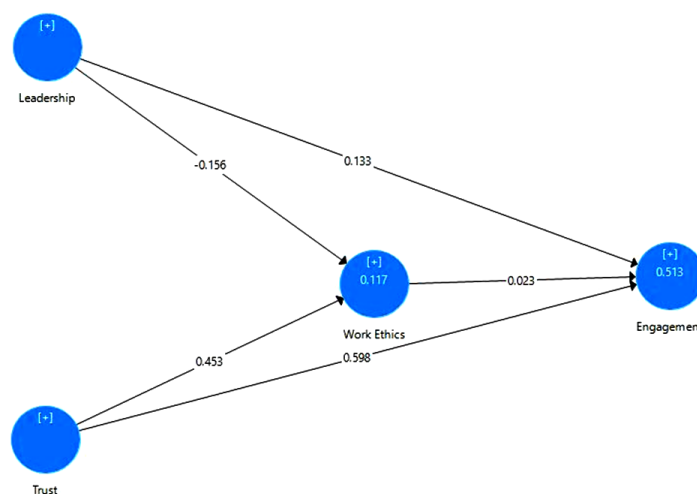
Table 4. Composite Reliability

Latent Variable	Cronbach's Alpha	Composite Reliability
Engagement	0.874	0.904
Leadership Style	0.958	0.963
Trust	0.935	0.945
Work Ethic	0.947	0.954

Source: Data Proceed

In analyzing the effect of exogenous variables on endogenous variables, the direct effect significance test is used. Figure 3 shows the estimation results of the model. The p value of Leadership / Leadership towards Work Ethic / Work Ethic is negative with a value of -0.156, and it conclude that Leadership has a negative impact on the Work Ethic/ Work Ethic, meaning that the relationship between leadership and work ethics is inversely proportional, which is made clear by the Ethics of Leadership. The p value of Trust on Work Ethic shows the value of 0.453, so it is concluded that Leadership has a negative impact against the Work Ethic.

Figure 3. PLS Model Estimation Model Valid Discussion



The p value of Leadership on Work Engagement shows the value of 0.133, so it is conclude that Leadership has a negative impact towards Work Engagement, meaning that there is a directly proportional relationship between Leadership and engagement. The p value

of trust on work engagement has value of 0.00, and then it is conclude that Leadership has an impact negative to Work Engagement. The p value of Work Ethic on Work Engagement shows validity and also influences with a value of 0.023, so it is concluded that Work Ethic has an impact but negative to Work Engagement.

Table 5. Value of Significance Test Results

	R Square	R Square Adjusted	Conclusion
Engagement	0.513	0.502	Positive and Significant
Work Ethics	0.117	0.104	

Source: Data Proceed

The R Square value of Engagement of 0.513 is shown in Table 5 means that the variable is Engagement can be explained by the Work Ethic variable 53.13%, while the remaining 48.7% is explained by other variables. Meanwhile, the R Square Work Ethic value is 0.117, which means that the Work Ethic work behavior variable can be explained by the Engagement variable being 11.7%, the remaining 88.3% is explained by other variables.

Table 7. Indirect Effect

Engagement	Engagement
Leadership	-0.004
Trust	0.010
Work Ethics	

Source: Data Proceed

For all paths, the t-statistic value is above 1.96 and all path coefficients are positive. This means that it can be assumed that the assumption that the main effect of the independent variable on the dependent variable must be important has been fulfilled in order to carry out the mediation effect test. To understand the effect of hypothesis testing for mediating effects, can be seen in Table 7.

Table 8. Specific indirect effect

	Specific Indirect Effects
Leadership -> Work Ethics -> Engagement	-0.004
Trust -> Work Ethics -> Engagement	0.010

Source: Data Proceed

Table 8 show that Leadership according to Work Ethics has a negative and important effect on commitment. From the Total Effects Value in Table 9, Leadership on Engagement does not have a direct effect on Work Ethics and the research from Malik & Khan (2019) mentioned that leadership has an impact on engagement through relational identification and positive emotions, while Leadership does not have a direct effect on Work Ethics. But with the previous research by Eriyanto et al. (2015), mentioned that leadership style

significantly influences the work ethic. Likewise, Trust has a positive effect on Engagement and similarly has a significant positive effect on Work Ethics. With the mediating results of the Work Ethics variable that shows that Work Ethics has a positive effect, this mediating effect can only be called quasi-mediating. Complete mediation occurs if the cumulative effect on work ethics in interactions is considered insignificant (Abdillah & Hartono, 2014).

The research reveals that leadership style itself has a direct influence on Employee Engagement and Service Orientation of employees; three associations are significantly influenced under the influence of Employee Engagement mediation. Batista-Taran et al. (2009) mentioned that transformational leaders seem to be more self-confident to lead the way toward a culture of engagement. While all the leadership-engagement, leadership-service orientation and engagement-service orientation relationships are significant; the mediation effect accentuates the importance of employee engagement in the organization (Popli & Rizvi, 2017). The results show that an integrated approach in developing and instilling a leadership style that encourages Employee Engagement can be the basis for leadership development programs, especially in service sector organizations.

Table 9. Total Effect

	Engagement	Leadership	Trust	Work Ethics
Engagement				
Leadership	0.129			-0.156
Trust	0.609			0.453
Work Ethics	0.023			

An interactive model, rather than an additive model best predicts engagement, because employees who feel a good fit for their organization and who trust their organization are most involved with their work. Furthermore, engagement mediates the relationship between interaction and task performance (Alfes et al, 2016). The results showed that organizational trust and psychological empowerment were predictors of job involvement. There is a moderate effect of empowerment on the relationship between trust and engagement (Ugwu et al., 2014). Another study conducted by Engelbrecht (2017) investigates how employees' job involvement in the organization is influenced by the trustworthiness of the integrity of the leader as well as ethical leadership.

The unique discovery in this company is that the work ethic applied in the company collides with the work ethic prevailing in the culture of the local community, who in fact are the employees of the company. So, the Work Engagement that is expected to improve through the company's Work Ethics does not occur. The international standard work ethic does have an influence but it is very little and insignificant, so even if work ethics is needed as an intervention, it should adopt the philosophy of the work ethic of local culture. Workplace ethics culture had a positive effect on the work engagement dimensions of vigor, dedication, and absorption via the mediation of perceived ethical leadership. Workplace ethics culture is an informal control system of an organization that includes the experiences, assumptions, and expectations of managers/leaders and employees about how the organization prevents unethical behavior and encourages ethical behavior (Kaptein, 2009).

It is certain that the research results show that work ethics with international standards is not needed to bridge leadership and trust in the work attachments of PT ALS employees. This is a new thing because in previous studies there was no research on work ethics in the service industry on working engagement and this is a state of the art of this research. With the concept that has been described, at the end of this research, a Work Ethic finding can be concluded that combines two international and traditional cultures by embracing it in the variable of the Work Ethic Acculturative which is a multicultural work ethic value system which contains two or more combined cultures which are considered a good ethos for a social interaction in a certain area. In This case, we have to avoid the turn over intention due leadership style that impact to work engagement. Ethical leadership has a direct and indirect effect on affective commitment and turnover intention (Demirtas & Akdogan, 2015; Brown et al., 2005). The indirect effect of ethical leadership shapes perceptions of the ethical climate, which leads to greater affective organizational commitment and less intention to leave.

CONCLUSION

When the results of the variable Leadership Style have an effect on the variable Work Ethics, but not significantly on the variable Engagement. The variable Trust on Work Ethics has a positive relationship. This indicates that the trust variable shows positive results on Work Ethics. Finally, it will result in greater engagement or attachment to the organization. When the results of the variable Leadership Style have an effect on the variable Work Ethics, but not on the variable Engagement. The variable Trust on Work Ethics has a positive and significant relationship. Finally, it will result in greater engagement or attachment to the organization.

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