ABSTRACT

The study is designed to determine and analyze the impact of the relationship between competence and leadership style with the performance of employees in the operation department of Mining Company in the east of Indonesia. This research was conducted at PT Vale Indonesia Tbk, PT Freeport Indonesia and PT Newmont Indonesia as representative of mining companies which apply competency certification in the east of Indonesia. The population in this study is 105 workers. Sampling technique used is purposive sampling. These results indicate that the recognition does not affect the relationship between competence and transformational leadership style on employee’s performance. Employees are more motivated to work optimally to achieve good performance which is supported by superiors that act as a motivator for performance improvements. Therefore it is suggested that the superior always gives recognition in the form of praise or other simple expressions further to encourage his subordinates to work optimally. It is suggested that if the frequency of motivation practice increases there will be better superiors and subordinates relationship.

Keywords: Competency Certification, Leadership Style, Performance

INTRODUCTION

Performance is regarded as a person’s success in executing a job. The role of human resources is related to staff performance thus deemed essential in developing people in the organisation (Moeheriono, 2012). Worker performance can influence the organizational competence. As stated by Gilley et al (1999), "Competencies are useful in staff recruiting and selection. Competencies are also used in determining the training and development activities in which employees must participate to acquire adequate levels of performance mastery.” It signifies that a performance is affected by the competence of each individual which is determined by the training and development of human resources to achieve the desired level of performance.
Previous researches have confirmed that competence significantly affects the workers’ performance at the level of managerial positions at ABC Islamic Bank (Fitran 2012). The other study conducted by Xu and Ye (2014) reports that only companies with a competitive advantage can compete in the global market. Research conducted by Tjiptohadi & Agustine (2003) states that "in order to survive, companies are rapidly changing from a labor-based business towards a knowledge-based business". Thus, it is evident that human resources play a very important role in realizing the company’s which is goal primarily associated with free trade competition.

According to Stajkovic (2014), recognition is an official statement, approval, or a genuine appreciation (and not false praise). In his study, it is mentioned that the recognition given by the employer in the form of a sincere compliment will trigger employees positive behavior in the future. One reason to grant recognition to employees during a study shows that employees who get appreciated will get positive feedback about him/herself and the ability to contribute to business (Daniels, Darling et al., Nelson, Gostick & Elton 2013).

Based on a survey of 200,000 employees, Tessema et al., (2013) determined that if the recognition is carried out properly then it can increase profits and the level of customer service. It also strengthens the correlation between employees and job satisfaction. A study about the granting of recognition only 50 percent of managers state that they only grant recognition to high-performing employees (Tessema et al., 2013). Leadership is one of the critical factors for a successful organization. The role of leader is necessary not only to play an active role in encouraging and channeling creative ideas of employees, but also to act positively for the betterment of the company. Kurniawan (2012) tells that performance is an organization’s ability to achieve its goals by using resources effectively and efficiently.

Effective transformational leadership is vastly indispensable to be known, understood, managed, and even created with the aims to improve performance, achieve goals and be able to create organization’s competitive strength. This study is conducted in PT Vale Indonesia Tbk, PT Freeport Indonesia and PT Newmont Indonesia. Both companies are representatives of mining companies to employees and have implemented BNSP competence certification. This study aims further to determine and analyze the effect of certification of competence and leadership style with employee performance as a moderating variable.
LITERATURE REVIEW

Resource Based View (RBV)

Grand Theory of this study is the Resource Based View (RBV) (Wernerfelt, 1984). RBV is a theoretical concept that can be trusted because it was triggered by research in economics which observes the factors that affect the company's competitive strength (Hasbi & Surya, 2015). The resource-based view (RBV) emphasizes the firm’s resources as the fundamental determinants of competitive advantage and performance. It adopts two assumptions in analyzing sources of competitive advantage (see for instance Barney, 1991 and Peteraf and Barney, 2003). First, this model assumes that firms within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control. Second, it assumes that resource heterogeneity may persist over time because the resources used to implement firms’ strategies are not perfectly mobile across firms (i.e., some of the resources cannot be traded in markets and are difficult to accumulate and imitate).

Resource heterogeneity is considered a necessary condition for a resource pack to contribute to a competitive advantage. The Resource Based View perceives that employees’ knowledge and company’s intellectual capital will be the key for future performance (Lanvin et al, 2013: 20).

Performance (kinerja)

The word performance is derived from the word job performance and also called actual performance or achievement that has been achieved by an employee as stated by Moehriono (2012: 69). According to Emmyah (2009: 32), etymologically, the word kinerja comes from the word performance. Performance comes from word to perform that has multiple entries, namely (1) to conduct, (2) to meet or to run, (3) to execute a responsibility, (4) to do what is expected by someone. From these inputs, it can be interpreted that performance is executing an activity that enhances the work in accordance with its responsibilities to achieve the expected results.

Competence

Boyatzis concepts of competence and implementation quoted Spencer and Spencer (1993: 9) suggests that the fundamental characteristics of an individual are related to the effectiveness or performance. According to Palan (2007: 5), there are two terms that appear in the work, related to performance
are competency and competence. These terms arise from two different schools of thought about the concept and suitability in work.

Prihadi (2004: 83) describes these two terms, which are interchangeable. He refers to the terms contained in the Indonesian dictionary, namely 'an ability to do something or for a task'. The common definition accepted by the public is the definition of competence as a basic characteristic of someone who has a causal correlation with the reference criteria of effectiveness and/or excellence in a job or a particular situation. Description of five types of characteristics can be seen in the Iceberg Model below.

![Image of the Iceberg Model](source: Spencer & Spencer (1993))

Figure 1.

The Iceberg Model

Spencer and Spencer (1993: 34) classify dimensions and individual competence into three components, namely: (a) intellectual competence, (b) emotional competence, and (c) social competence. It seems Spencer and Spencer has perceived competence components from human dimension aspects and inter-personal relationships, but they do not produce spiritual competence components.

**Competence Recognition**

Basically, the competence is a person's ability to do anything right. For it is ability, the competence is developed through the process of learning. Dreyfus and Dreyfus
(1980: 19) introduce the theory of the stages of human competence development that categorizes into five groups: beginner, competent, proficient, expert, and master.

**Leadership dan leadership styles**

One of the fundamental qualities sought in organization’s employees is the ability to lead others. Attitude and leadership attitude of a leader to influence his/her subordinates is exceptionally decisive in the achievement of organization’s goals. When leaders feel motivated, enthusiastic, and active, they are more likely to give energy to their subordinates and convey a sense of effectiveness, competence, optimism and excitement as stated by Robbins & Judge (2008: 342).

**CONCEPTUAL FRAMEWORK**

The conceptual framework of this study is as shown below:

![Conceptual Framework](image)

**Hypotheses**

Based on the research paradigm, the author compiles the following hypotheses:

H1: Competence and transformational leadership style will have significant influence on employee’s performance

H2: Recognition moderates the relationship between competence and transformational leadership style on employee’s performance.
Subhi (2014: 8) describes a performance is influenced by three variables, namely individual, psychological and organizational variables. Individual variables consist of willingness and skills, family background, social and demographic levels. Psychological variables consist of perception, attitude, personality and motivation. Furthermore, organizational variables consist of resources, leadership, structures and appropriate reward systems.

**RESEARCH METHODOLOGY**

**Approach of Research**

The study follows postivist research philosophy and quantitative research epistemology to undertake this research. This study is causal research, the type of research where researchers aims to determine the multi causative factors connected with the research problem. In causal study, it is necessary to determine the causal relationship between the variables by employing correlational analysis and regression.

**Population and Sample Techniques**

This research is conducted in PT Vale Indonesia Tbk, PT Freeport Indonesia and PT Newmont Indonesia as representatives of mining companies to employees who have been certified competence by BNSP (National Professional Certification Board). Population of this study consists of 105 employees who are certified and they are from PT Vale Indonesia Tbk, PT Freeport Indonesia and PT Newmont Indonesia. Sampling technique used in this study is purposive or judgemental sampling.

**Data Source**

This study employs two data sources, namely primary data and secondary data. Primary data is data obtained directly from the list of questions provided in the form of questionnaires to employees who have assessed by Professional Certification Institute (LSP) PT. Vale, LSP Perhapi (Association of Indonesian Mining Expert) at PT Freeport and Newmont. Secondary data was taken from the documents related to PT. Vale, LSP Perhapi in PT Freeport and PT Newmont. Based on primary data collected through questionnaires, the obtained data by age of respondents can be seen in the following table:
Table 5
Distribution of Respondents by Age

<table>
<thead>
<tr>
<th>Age (Year)</th>
<th>Total Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 25</td>
<td>1</td>
<td>0.95</td>
</tr>
<tr>
<td>25 - 30</td>
<td>14</td>
<td>13.33</td>
</tr>
<tr>
<td>31 - 40</td>
<td>69</td>
<td>65.71</td>
</tr>
<tr>
<td>&gt; 40</td>
<td>21</td>
<td>20.00</td>
</tr>
<tr>
<td>Total</td>
<td>105</td>
<td>100</td>
</tr>
</tbody>
</table>

Data collection technique

Data collection instruments used in this study is a list of questions and statements in the form of questionnaires. This technique is conducted by delivering or distributing questionnaires to a sample of respondents who provides answers to the questions or statements. The scale used in this questionnaire is Likert scale. Validity and reliability of the instrument and the scale is met with the standardized requirements, with the support of factor analysis and chronbach alpha.

Data analysis technique

In this study the existing data are analyzed quantitatively. Quantitative approach emphasizes quantitative analysis on the numerical (numbers) data processed using statistical methods. Multiple linear regression analysis is selected for the dependent variable is affected by more than one independent variable or explanatory variables. For analysis and hypothesis testing, data is processed statistically using a statistical program called SPSS (Statistical Program / Package for Social Science) version 23.0.

RESULTS

The correlation between competences and performance variables is equal to 0.816; between leadership style and performance variables is 0.678; and between recognition and performance variables is 0.659. To identify F table in hypothesis testing in regression model, the degree of freedom (df) is denoted as or df2 and in F table the value is symbolized as N2 by using the following formula:
Where \( n \) = number of observations in the period of data.

Where \( k \) = number of variables (independent and dependent).

This test is performed by using a confidence level of 5% or 0.05 hence we can test using the formula. In \( df_1 = 3-1 = 2 \) and \( df_2 = 105 - 3 = 102 \), then the value of \( F \) table is 3.09.

Based results, the \( F \) count are greater than \( F \) table (79.040 > 4.74) with a significant level below 0.05 is 0.000. The simultaneous test in the regression analysis is thus concluded as the competence, leadership style and recognition variables, when tested together or simultaneously, resulted significant effect on employee performance improvement.

The competence regression coefficient is 0.593, has positive value. Hence competence has positive influence on employee performance. The positive effect can be interpreted as an increase in competence will also increase employee performance. Furthermore, in order to determine whether the effect is significant or not, the regression coefficient for competence variable is examined by comparing \( t \) count and \( t \) table. If \( t \) count > \( t \) table, and hence competence has significant effect on employee performance.

The value of \( df \) is determined using \( N-2 \) (\( N = \) number of respondents) and the result = 1.984. Based on the results of the regression and Table \( t \), it is found that \( t \) count is 7.471 and \( t \) table value is = 1.983, which means \( t \) count > \( t \) Table, it can be interpreted that the competence has significant effect on employee performance.

The leadership style regression coefficient is 0.124 and positive hence this variable has a positive effect on employee performance. The positive effects can be interpreted that the better leadership style will also increase the performance of employees. Furthermore, to determine whether the effect is significant or not, the regression coefficient value of leadership style is examined by comparing \( t \) count and \( t \) table. Since \( t \) count > \( t \) table, the leadership style has a significant effect on employee performance.

To identify \( t \) table, the value of \( df \) is determined using \( N-2 \) (\( N = \) number of respondents) and the result = 1.984. Based on the results of the regression calculated using SPSS and Table \( t \), it is found that \( t \) count is 1.984 and \( t \) Table =
1.983, which means t count > t Table, it can be interpreted that leadership style has significant effect on employee performance.

The result further shows that the regression coefficient of recognition is 0.106 and has a positive value. Hence this variable has positive effect on employee performance. The positive effects can be interpreted as; better recognition will increase the performance of employees. Furthermore, to determine whether the effect is significant or not, the regression coefficient value of recognition is examined by comparing t count and t table. If t count > t table, recognition variable has a significant effect on employee performance. To identify t table, the value of df is determined using N-2 (N = number of respondents) and the result = 1.984. Based on the results of the regression calculated using SPSS and Table t, it is found that t count is 1.845 and t Table = 1.983, which means t count > t table. Hence it can be interpreted that recognition variable has significant effect on employee performance.

**DISCUSSION AND IMPLICATIONS**

This study indicates that there is direct effect between competence and employee performance. The results of the calculations have obtained value probability T count in the coefficient table is 0.000, which is less than the error rate (alpha) 0.05 (predetermined). Thus, it can be concluded that the independent variables have significant effect on the dependent variable. Value of probable t count of the competence variable is 0.000 smaller than 0.05. Hence the competence as independent variable significantly influences the dependent variable which is employees’ performance at alpha 5%, or in other words, competence influences employee performances on a confidence level of 95%. The regression coefficient of competence is positive which means when competence increases, the amount of the employee’s performance will also increase and vice versa. This implies higher employee competency will result in the increasing performance. On the other hand if the employee is less competent, his/her performance will not be optimal that could eventually lead to lower productivity.

The results of this study indicate that competence has a significant effect on employees’ performance. This is because the required competence through Competence Standards that exists in the company. These results are consistent with research by Emmyah (2009), Arcynthia (2012), Fitran (2012), Xu and Ye (2014), Ierhasy et al (2014) and Kartika (2014), which conclude that the competence variables can significantly affect employees’ performance. Therefore recognition is not moderating variable but it is an independent variable just like competence and leadership style variables that significantly influence employees’ performance. The results of this study have never been
examine before and a preliminary study to see the effect. Most studies utilize non-monetary reward variable as another name of the recognition variable. As stated by Mulyadi in Dalmy (2010), the performance-based reward system is a control tool used by employees to motivate their personnel to achieve company’s objectives by displaying appropriate behavior of the company’s expectations.

CONCLUSION AND SUGGESTION

Based on the results and the discussion it can be concluded that recognition does not affect the correlation between competence and transformational leadership style on employee performance. Hence in this study, recognition does not constitute a moderating variable. Based on respondents’ statements about recognition, the results show that employees are encouraged to work optimally to achieve good performance. Instead of that leader’s support is acting as a motivator for the improvement of work performance. Therefore, it is recommended that a leader shall frequently grant rewards in the form of praise or other simple expression through body language to encourage his/her subordinates to work optimally, if the frequency is amplified, and it can result it the better relationship between superiors and subordinates.

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