

The Role of Leadership, Self-Efficacy, Organizational Commitment on Employee performance of SMEs During Digital Era

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Abstract. This study aimed to examine the impact of leadership, self-efficacy, and organizational commitment on SME employee performance in the digital era. This approach to research is quantitative. This study was carried out in a retailer. 400 employees of SMEs comprised the study's population. Simple random sampling is the sampling technique employed. Through social media, online quizzes are used as a data collection method. In this study, a Likert scale with a 1–5 rating scale was used as the assessment tool. Data analysis utilizing the data processing program SmartPLS and structural equation modeling (SEM). Validity, reliability, determination testing, and hypothesis testing are data processing barriers. The conclusion that leadership has no discernible impact on improving the performance of SMEs employees will be discussed in light of the findings of the analysis given in the preceding section. This indicates that improving the leadership of the SMEs head will not significantly affect raising the performance of SMEs employees, and self-efficacy will not significantly affect SMEs employees' performance. Employee performance in SMEs is significantly impacted by organizational commitment. This suggests that leadership, self-efficacy, and organizational commitment all have a substantial impact on how well SMEs employees perform. The more the organizational commitment, the greater the impact on enhancing the performance of SMEs employees.

Keywords: Leadership, self-efficacy, organizational commitment, employee performance, SMEs, digital era

1. Introduction

Employees are the most critical factor in determining a SMEs' growth in the contemporary digital era. Employees that meet the needs of SMEs and are capable of performing the tasks assigned by SMEs are necessary for SMEs to achieve their goals. Every SME, according to [1], constantly works to raise employee performance in the hopes that the improved performance will inspire the SME to achieve its organizational goals. Performance, particularly good performance, is a solid indicator of an employee's aptitude. One of the capitals for SMEs to reach their goals is the performance of these personnel [2]. Therefore, SMEs executives should pay attention to staff performance.

[3], [4] demonstrate that leadership has a favorable and significant impact on staff performance. Leaders help employees become fully human and find meaning and calling in working

to achieve higher goals. Leaders encourage the creation of a harmonious work environment so that employees love and are committed to their work which leads to increased employee loyalty and productivity. [5], [6] claim that leadership has a big impact on how happy employees are at work and how well they get along with coworkers. Leadership influences organizational citizenship behavior by influencing employee job satisfaction and quality of work life.

Commitment to an organization is considered capable of showing an individual's strong belief and support for the goals and objectives of the organization [2], [4]–[7]. Employees who have high organizational commitment will also be able to have a positive outlook and always try to do the best for the benefit of the organization. Organizational commitment has a major impact on work performance [2], [6], [7]; the rest is driven by other variables. In addition to the level of confidence in the organization as evidenced by a commitment, a sense of self-confidence (self-efficacy) contained in each individual will also be able to influence the quality improvement and individual development. [3], [8] mention that individuals who have high levels of confidence in their capacity to accomplish difficult tasks should also be more inclined to set and pursue difficult tasks that are competitive in nature, which are typical manifestations of ambition. The association between self-efficacy and work performance is important and can have an impact [2], [7]. Self-efficacy is one of the human variables that influence stress and pressure in the workplace or in a position. An individual's level of self-efficacy varies depending on the particular field they work in.

[2], [4]–[7] assert that self-efficacy and organizational commitment are tightly linked, with employees who have high self-efficacy also having higher levels of commitment to their work. High self-efficacy people are dedicated to finding solutions and won't give up even if their current approach does not work. [2], [5]–[7] all claim that improving self-efficacy significantly affects the level of organizational commitment. [2], [7] indicate that self-efficacy has a favorable impact on university lecturers' organizational commitment. Self-efficacy has an impact on organizational commitment [2].

2. Literature Review

2.1 Leadership

Leadership is the capacity to persuade a group towards the accomplishment of a purpose or goal [9], [10]. Leadership is the capacity to persuade a group of people to realize a vision or set of objectives. Leadership is the process of influencing others to set organizational goals, inspiring followers to behave in a way that advances those goals, and improving the group and its culture. It has an impact on how followers interpret events, how activities are planned to accomplish goals, and how cooperative relationships are preserved. By administering and managing the organization, leadership ensures that the presence of the leader is not only a symbol of existence or, at the at least, is not a problem, but also has a beneficial effect on organizational growth. Leadership is a behavioral pattern and the capacity of a leader to carry out a role to influence, direct, inspire, and encourage a person or group in carrying out their duties and responsibilities towards achieving organizational goals with the following indicators: (1) challenging the process, (2) launching a shared vision, (3) enabling others to act, (4) serving as an example, and (5) boosting the spirit [11]–[13].

2.2 Self-efficacy

Self-efficacy specifically refers to a person's confidence in their capacity to alter environmental control. Self-efficacy is described by [14]–[16] as a person's confidence in his capacity to plan and carry out actions to achieve the goals established. It also aims to evaluate the intensity and strength of all situations and activities. Self-efficacy is the degree to which a person feels capable of carrying out a task. According to the definition given above, self-efficacy is the confidence a person has in his or her capacity to plan and carry out actions or tasks in order to accomplish a goal. According to the self-efficacy idea, a person's thoughts, feelings, motivations, and behaviors are influenced by how others perceive his or her skills. stated that it will be challenging to change once emotions of efficacy have developed. Self-efficacy beliefs are significant predictors of behavior. It is a person's belief to perform tasks at a given level that influences personal activities towards task success [17]. The kind of activities people must complete, external incentives (rewards) they receive from others, their status or responsibilities in their surroundings, and knowledge of their own abilities are all self-efficacy markers.

2.3 Organizational Commitment

Building commitment is crucial to the organization's success in attaining its objectives. Someone who has a commitment will build awareness and responsibility and a sense of belonging to the achievement of organizational goals, with the hope that someone who has a high commitment to the organization will continue to strive to develop responsibility under any conditions and circumstances. The above sense of belonging and sense of responsibility must be embedded and applied in organizational life for all members who will become organizational commitments. Organizational commitment is a person's determination to remain loyal to work to achieve organizational goals [18]. Here it is seen that basically commitment reflects loyalty and willingness to work in achieving organizational goals. Commitment is a form of loyalty or loyalty between individuals and the organization to achieve the goals the organization wants to achieve [11]–[13]. Organizational commitment is defined by [11], [13] as: 1) an identification with organizational goals, 2) a sense of involvement in organizational tasks, and 3) a sense of loyalty to the organization. The following are indications of organizational commitment factors [19]. Loyalty to the organization, participation in the organization, acceptance of its goals and ideals, adherence to its rules, and organization responsibility are the first three. Organizational commitment is a real attitude and desire carried out by an SMEs employee personally to remain in the organization with direct involvement in work activities with willingness to work hard, willingness to work together, have loyalty in the form of a sense of belonging and responsible for the interests and goals of the organization [11], [13]. With the following indicators: (1) Loyalty to the organization, (2) Take an active role in the organization, (3) Accept organizational goals and values, (4) Comply with organizational regulations, (5) Responsible for the organization.

2.4 Performance

Because employee performance affects an organization's success, [11], [13] claim that performance in organizational institutions is the primary factor in achieving organizational goals.

Raising employee performance will help an organization achieve its stated vision and mission. Employee performance is the accomplishment of a person as determined by the standards and requirements established by the organization. Performance is the degree of success in achieving results after putting particular duties into action [11], [13]. The success of carrying out a task in accordance with his area of responsibility in order to accomplish goals is related to a person's performance. Performance is defined as "a set of quality processes and work outputs of SMEs personnel in carrying out the tasks allocated to them based on skills, experience, sincerity, and time in the learning process [17], [20].

2.5 The Relationship Between Leadership and Performance

The most crucial role of a leader, according to [21], [22], is to inspire followers. Transformational leadership is thought to have an impact on SMEs in non-financial ways, such as work satisfaction and staff performance. Transformational leaders inspire their followers to go above and beyond what is expected of them by changing their thoughts and attitudes. To achieve this unexpected performance, transformational leaders exhibit the influence of idealism, inspirational motivation, intellectual stimulation, and individual consideration.

H1: Leadership has a significant and positive effect on and Performance

2.6 The Relationship Between Self-efficacy and Performance

A person works harder and consistently produces the greatest work when they have faith in their own abilities and the fact that success is always reached. Thus, it is possible to assert that self-efficacy can enhance personal performance. There is a link between self-efficacy and performance on the individual level. There is a positive and significant association between self-efficacy and individual performance, according to studies by [21]–[23].

H2: Self-efficacy has a positive and significant effect on Performance

2.7 The Relationship Between Organizational Commitment to Performance

To achieve the goals that have been set in the organization, it takes someone who is committed to building awareness and responsibility and a sense of belonging [23]. This can pave the way for increased performance towards success. In line with that, [21], [22] suggested that success in doing a job is largely determined by performance. In addition, organizational commitment implies something that is more than just loyalty but is passive in the organization, but more than that, organizational commitment reflects a person's active loyalty to his work. This is what can be a performance measure, in particular SMEs employee performance, as well as explaining the relationship of organizational commitment to performance.

H3: Organizational Commitment has a positive and significant effect on Performance

3. Research Method

This approach to research is quantitative. This study was carried out in a retailer. 400 employees of SMEs comprised the study's population. Simple random sampling is the sampling technique employed. Through social media, online quizzes are used as a data collection method. In this study, a Likert scale with a 1–5 rating scale was used as the assessment tool. Data analysis utilizing the data processing program SmartPLS and structural equation modeling (SEM). Validity, reliability, determination testing, and hypothesis testing are data processing barriers. Employee performance of SMEs is the dependent variable, while the independent variables of this study include leadership, self-efficacy, and organizational commitment. The following are the study's hypotheses:

H1: Leadership has a significant and positive effect on and Performance

H2: Self-efficacy has a positive and significant effect on Performance

H3: Organizational Commitment has a positive and significant effect on Performance

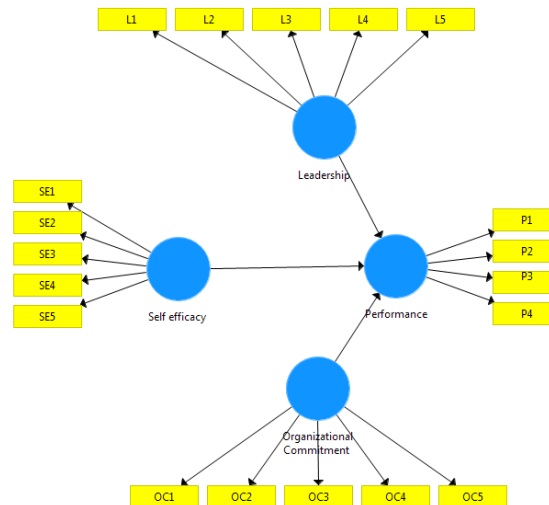


Fig 1. Research Model

4. Result and Discussion

4.1 Convergent Validity

It is known that each of the study variable indicators has a value of outer loading > 0.7 based on the information shown in Fig. 1. It seems that certain indicators still have an outside loading value of less than 0.7, though. [24] claim that the outer loading value of 0.5 to 0.6 is adequate to satisfy the convergent validity criterion. 5 No indicator variable has an outer loading value below 0.5, as shown by the data above, hence all indicators are deemed practicable or legitimate for research usage and can be used for further investigation.

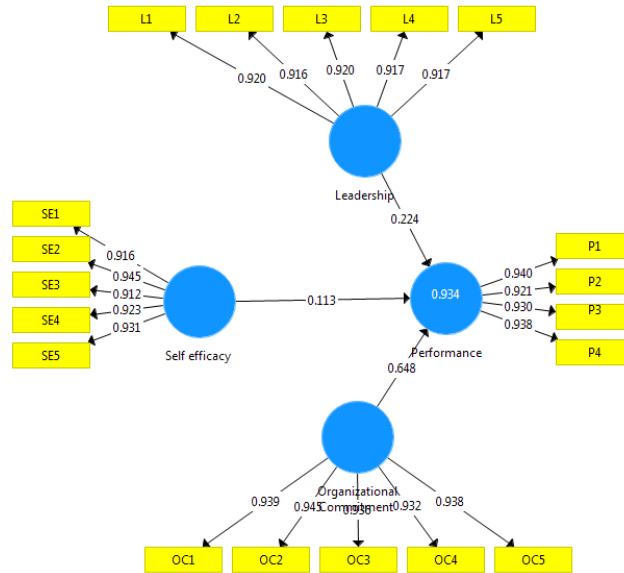


Fig 2. Loading Factors

4.2 Discriminant Validity

Table 1's statistics indicate that all of the variables' AVE values are more than 0.5. With the composite reliability value of all research variables being > 0.7 , it can therefore be said that each variable has excellent discriminant validity. With the Cronbach's alpha value of each study variable being greater than 0.7, these results show that each variable has achieved composite reliability, allowing it to be said that all variables have a high level of reliability. Thus, based on these findings, it can be said that all research variables have a high degree of reliability since they all matched the criteria for Cronbach's alpha values.

Table 1. Reliability Testing

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Leadership	0.723	0.712	0.812	0.645
Self-efficacy	0.813	0.843	0.812	0.667
Organizational Commitment	0.814	0.812	0.921	0.789
Performance	0.812	0.812	0.765	0.576

4.3 Coefficient of Determination

Table 2. R Square

	R Square	R Square Adjusted
Performance	0.934	0.921

It is evident from the data in table 2 that the performance variable's RSquare value is 0.934. According to the calculated figure, 93.4 percent of performance may be attributed to leadership, self-efficacy, and organizational commitment, with the remaining 6.4 percent being explained by additional characteristics not covered in this study.

4.3 Hypothesis Testing

The T-Statistics value and the P-Values value were used to test the hypotheses in this study. If the P-Values are 0.05, the study hypothesis is considered to be accepted.

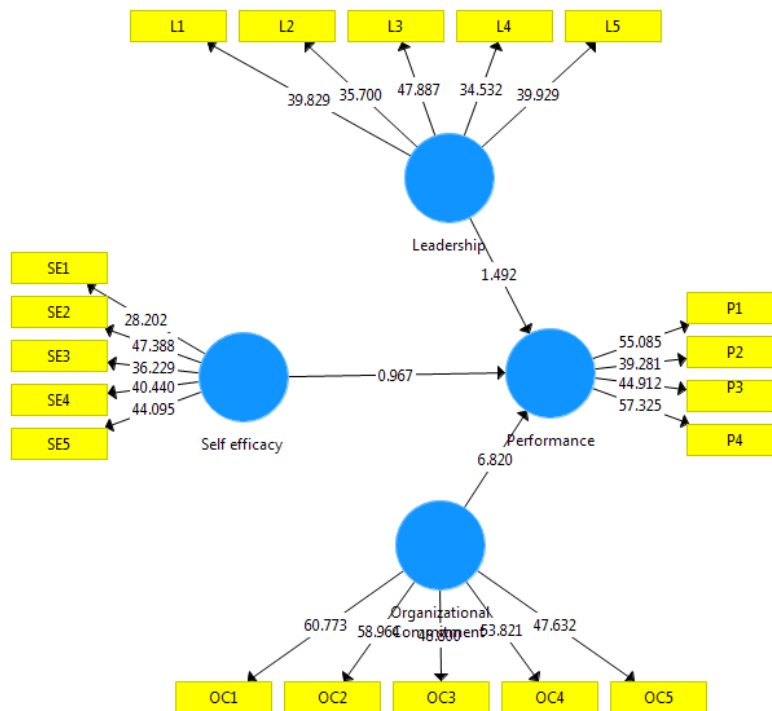


Fig 3. Hypothesis testing

Table 4. Hypothesis testing

Hypothesis	Original Sample (O)	T Statistics	P Values	Result
Leadership -> Performance	0.224	1.492	0.432	Not Supported
Self-efficacy -> Performance	0.113	0.967	0.301	Not Supported
Organizational commitment -> Performance	0.648	6.820	0.000	Supported

4.4.1 The Effect of Leadership on SMEs Employee Performance

Based on the findings of the statistical analysis, it was determined that the T value was 1.492 1.96, leading to the conclusion that the association was inconsequential. Leadership has little to no impact on boosting SMEs' performance. This contradicts the assertion made by [2], [6], [7] that connections based on support have an impact on leadership. The dimensions of personal influence, self-efficacy, and meaningfulness will be included in performance measurements that reflect the impact of the leadership process. Furthermore, leadership will enhance organizational performance and people who can completely develop their skills [14], [15], [25]. The division or team experiences an increase in enthusiasm, activity, and accomplishment. Employees of SMEs gain new knowledge and abilities by being given the chance to view things from various angles, think critically about what they see, and hone their talents. Therefore, SMEs leaders must provide leadership for all current SMEs employees, namely by offering education and training that is appropriate for the employees' fields of work and skill sets so that SMEs employees are able to provide the highest level of service in line with the goals, vision, and mission of SMEs. The leadership must make leadership a priority for all current SMEs employees so that SMEs employees feel empowered and will feel they have the desire to provide the best for SMEs through the attitudes, abilities, and skills of every SMEs employee. SMEs employees must be placed in accordance with the skills and abilities they have so that SMEs employees can complete their duties and responsibilities in accordance with the goals, vision, and mission of SMEs. Because of this, leaders must strengthen leadership in order to boost the performance of SMEs employees by granting them the freedom to fulfill their obligations.

4.4.2 The Effect of Self-efficacy on SMEs Employee Performance

Based on the findings of the statistical study, it was determined that the T value was 0.967 1.96, leading to the conclusion that the association was insignificant. Self-efficacy is said to have a significant impact on how well SMEs employees perform [9], [10], [14]–[16], [25]. An evaluation of a job or work experience combined with a favorable or enjoyable emotional state of a person is known as formulate self-efficacy [2]–[6]. A person's sense of self-worth reflects how they feel about their jobs. This can be seen in the positive attitude of SMEs employees towards work and everything they face in their work environment. Every SMEs employee has a different level of satisfaction according to the values that apply to him. The more aspects of work that are in accordance with the wishes and aspects of the individual self, then there is a tendency for the higher the level of job satisfaction. However, based on observations, it turns out that SMEs' self-efficacy has not been maximally felt by SMEs employees in improving the performance of SMEs employees. This is evident from field observations where self-efficacy in SMEs has not been maximized, as well as the degree of responsibility and discipline, where nearly daily there are SMEs employees who are not only late but also leave the workplace early or are not present at work. There are still SMEs employees who frequently miss work in addition to the attendance rate, and there are also interpersonal difficulties at work. [1], [8] both claim that self-efficacy has a significant impact on SMEs employees' performance. This is in keeping with [3] that there are various markers of self-efficacy, including decreased absenteeism, decreased turnover of SMEs employees, increased work discipline, increased loyalty, and decreased conflict levels. The similar idea—that the performance of SMEs employees is directly related to the self-efficacy of SMEs employees—was previously

made by [3]–[5]. The performance of employees of small and large SMEs was significantly correlated with their self-efficacy, according to research by [4], [5]

4.4.3 The Effect of Organizational Commitment on SMEs Employee Performance

Based on the findings of the statistical research, it was established that there was a significant link because the T value was $6.820 > 1.96$. Employee performance in SMEs is purportedly greatly influenced by organizational commitment. Organizational commitment, according to [11], [12], entails more than a passive loyalty to the organization; rather, it denotes an active relationship between SMEs employees and organizations because high-commitment SMEs employees want to invest more time and responsibility in the success and welfare of the company where they work. Organizational commitment represents a person's allegiance to his work, according to [13], [21], [22]. This is evident in the upbeat outlook that SMEs employees have toward their jobs and every situation they encounter at work. Each employee of SMEs has a unique commitment based on the ideals that apply to him. There is a tendency for the level of organizational commitment to increase the more components of the work that are in accordance with the desires and aspects of the individual self. However, based on observations, it appears that SMEs' organizational commitment to increasing the performance of SMEs employees has not been fully appreciated by SMEs' employees. This is evident from field observations, where organizational commitment in SMEs has not been maximized, and staff carelessness is a result of inadequate commitment to quality for achievement.

5. Conclusion

The conclusion that leadership has no discernible impact on improving the performance of SMEs employees will be discussed in light of the findings of the analysis given in the preceding section. This indicates that improving the leadership of the SMEs head will not significantly affect raising the performance of SMEs employees, and self-efficacy will not significantly affect SMEs employees' performance. Organizational commitment has a big impact on employee performance in SMEs. This suggests that leadership, self-efficacy, and organizational commitment all have a substantial impact on how well SMEs employees perform. The more the organizational commitment, the greater the impact on enhancing the performance of SMEs employees. This indicates that if organizational commitment, self-efficacy, and leadership are able to boost employee performance for SMEs. Given that leadership has a substantial impact on performance, SMEs must maximize it. Given that self-efficacy is strongly tied to the performance of SMEs employees and has a sizable impact on SMEs employees' performance, self-efficacy needs to be given specific attention in order to get the best results. It is necessary to strengthen organizational commitment since the outcomes of the partial test of organizational commitment have an impact on the productivity of SMEs personnel. Because leadership, self-efficacy, and organizational commitment have not been maximized according to the interpretation of the questionnaire findings, the performance of SMEs personnel must be increased.

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