

The Role of Competence and Leadership Style in Improving Employee Performance: Characteristics of Personality as Moderation Variables

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Abstract. The most crucial asset in the organization is human resources. The contribution of their work will greatly determine the success or failure of an organization in achieving its goals. Therefore, understanding of improved performance is a key strategy for organization success. This study aims to analyze the influence of competence and leadership style on employee performance, moderated by the characteristics of employees of PT. Fawwaz MM in the city of Makassar. The research was carried out at PT. Fawwaz MM, a contracting company in the city of Makassar, and the respondents were 32 employees. Data collection methods in this study are surveys using questionnaires. This research is descriptive verification, MRA (Moderating Regression Analysis) is used to test the hypothesis of the data. The results of the analysis showed that simultaneous competency and leadership style had a positive and significant effect on employee performance. While partially it appeared that competence had a positive and significant effect, but the leadership style had a positive but insignificant effect on employee performance. MRA test shows that characteristic personality only as homologiser moderator or moderation potential on the relationship between competency and employee performance as well as the relationship between leadership style and employee performance.

Keywords: Competency, Characteristics of Personality, Leadership Style and Employee Performance

1 Introduction

The role of human resources (HR) in an organization, is very important because the success of the organization is largely determined by how HR shows its performance. Organization that fails to understand various things that affect employee performance, can cause the inability of companies to make appropriate policies and hinder the achievement of organizational goals.

Employee performance is one indicator for companies to consider the role of employees in the company. According to Mangkunegara (2005) performance is the work quality and quantity achieved by an employee in carrying out their duties in accordance with the responsibilities given. Organizational performance is a reflection of employees, where if the employee works well, achieves and contributes the best, this has a positive impact on the activities of a company.

Competence is one of the things that can affect employee performance. As stated by Spencer & Spencer (1993) Competency is a basic characteristic of a person of knowledge, skills, and attitudes that are related to one's performance. This is also consistent with the findings of Muindi, F (2015). Rivai & Basri (2005) said performance is the result or success rate of a person throughout a certain period in carrying out a task compared to various

possibilities, such as work standards, targets or targets or criteria what has been determined in advance has been agreed upon.

Competence is an underlying characteristic of an individual. Competency inherent in the personality of an employee. Good competence can predict behavior and abilities widely in all work situations and conditions faced. The results of interviews with one of the leaders said that there were several employees who were positioned not accordance with their competencies so that the resulting performance did not meet expectations.

Good competence but not based on strong personality traits make the performance of an employee in carrying out their duties and responsibilities less than optimal. This was reinforced by research conducted by Muhaimin et.al (2011), From testing the hypotheses, the role of personality characteristics has a positive and significant influence on performance. The results of interviews with several employees of PT Fawwas MM revealed that there was a lack of coordination between employees during project work so that the work was not well directed. Closed personality traits or working individually are reasons for lack of coordination. Therefore the company must know in advance the personality character possessed by its employees, employee data can be taken into consideration by looking at their abilities, educational background, achievements, and personality so that trust can arise before giving a job. According to Feist & Feist (2008), the embodiment of personality dynamics is the result of the interaction between fundamental biological needs and their disclosure through social actions. Therefore the company must know in advance the personality character possessed by its employees, employee data can be taken into consideration by looking at their abilities, educational background, achievements, and personality so that trust can arise before giving a job. According to Feist & Feist (2008: 215), the manifestation of personality dynamics is the result of the interaction between fundamental biological needs and their disclosure through social actions.

Other things that also affect employee performance are leadership. The leader is expected, to be able to influence, direct, supervise, and motivate other employees with various advantages they have. A leader should have good communication with subordinates, in order to know everything that is an obstacle to employees in achieving goals.

A person's leadership will function if the leader is able to make right decisions. Every decision taken will have an impact on the progress or decline of the company, therefore the leader must be able to have the right solution, and have estimated the various possibilities that will occur before making a decision, and give direction in leading the company.

From the results of research conducted by Rani, M (2009) suggests that leadership style has a positive and significant influence on employee performance. But different things were discovered by Malcalm et.al (2017), who actually found that leadership style did not have an influence on employee performance.

From the description of the background above, the problem that can be formulated in this study is formulated as follows:

1. Does the competence and leadership style affect the performance of employees at PT Fawwas MM Makassar
2. Does The competence and leadership style have simultaneous effects on the performance of employees at PT Fawwas MM Makassar
3. Are personality characteristics able to moderate the relationship between competencies and employee performance at PT Fawwas MM Makassar
4. Are personality characteristics able to moderate the relationship between leadership style and employee performance at PT Fawwas MM Makassar

2 Conceptual Framework and Hypothesis

2.1 Conceptual Framework

2.1.1 Relationship between Competency and Leadership Style on Employee Performance

A competency is an underlying characteristic of an individual that is causally related to terrorism - referent effective and/or superior performance in a job or situation (Spencer & Spencer, 1993). The competencies possessed by each individual will determine how they perform which will ultimately impact on organizational performance. This is in line with the statement (Savanevičienė et al., 2008). Performance of an individual as well as the company performance and success depend on individual competencies. From this understanding, it can be said that competence is a determinant of one's performance

Wahda (2017) said that leadership is a process that influences, directs, motivates and makes others contribute to the achievement of organizational goals. It appears that the role of leaders in an organization is important. The leader's efforts to influence his followers are manifested in different styles and it will have an impact on how his subordinates will behave or not show their performance. This condition is consistent with the statement by Asrar-ul Haq, Muhammad (2016) that leaders use certain styles of leadership to motivate and stimulate their subordinates. Leadership style influences employee motivation and behavior in carrying out their work. This is reinforced by the findings of Babatunde, Osabiya & Ikenga (2015), that leaders use a special style in the lead to motivate and stimulate their subordinates.

2.1.2 Competency and Leadership Style to Employee Performance and Personality Characteristic are Moderating Variables

Personality is inherent in every human being, who is born with nature and characteristics they have. These essential traits and characteristics are called personality characteristics. These individual characteristics will greatly play a role in shaping competencies, in addition to the personality characteristics possessed by each individual will also affect employee performance as explained by Spencer & Spencer (1993). Good competency but not based on strong personality traits makes the performance of an employee in carrying out their duties and responsibilities becomes less than optimal. This was reinforced by research conducted by Muhaimin et.al (2011). Meanwhile, Memon, R & Khalid (2014) said that leadership styles can be defined as leader's style of providing direction, motivating people and implementing plans. It is the result of the philosophy, personality, and experience of the leader. To sum up, personality has a role in determining one's leadership style.

Based on the framework of thought, it can be described in the research paradigm as follows:

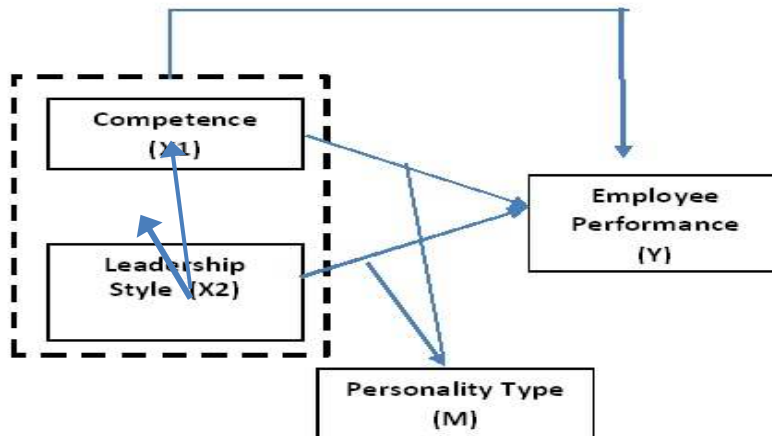


Figure 1. Competency and Leadership Framework

2.2 Hypothesis

Hypotheses in this study are:

1. Competence and leadership style have a positive and significant effect on employee performance at PT. Fawwaz MM Makassar
2. Competence and leadership style have a simultaneous effect on employee performance at PT. Fawwaz MM Makassar
3. Personality characteristics are able to strengthen the influence of competence on employee performance at PT. Fawwaz MM Makassar
4. Personality characteristics can strengthen the influence of leadership style on employee performance at PT. Fawwaz MM Makassar

3 RESEARCH METHOD

This study uses a descriptive verification approach. The population in this study was all employees at PT. Fawwaz MM numbered 32 people outside the leadership. Because the population is relatively small, the researcher uses the census sampling technique, which uses the entire population as a sample in this study.

There are two types of data used in this study, namely quantitative and qualitative data and source of data is primary and secondary data.

Data collection methods in this study are Literature Study, interviews and questionnaires that answer options using a Likert scale.

This study involves two independent variables, namely competence (X1) and leadership style (X2), one moderating variable, namely personality types (M) and one dependent variable, namely employee performance (Y). Competence consists of four dimensions, namely knowledge, skills, attitudes, and experience. Leadership style consists of four dimensions namely directive, supportive, participatory, achievement orientation. Characteristic of personality focus on five personalities, namely, Extraversion, Agreeableness,

Conscientiousness, and openness to experience, while Employee performance consists of three dimensions, namely the quality of work, quantity of work and timeliness of work

Furthermore, the reliability test showed that the instrument used was quite reliable and suitable for use in research because it met the Cronbach Alpha (α) statistical test criteria. A construct of the variable is said to be reliable if it gives Cronbach Alpha > 0.60 (Ghozali, 2005: 41).

Hypothesis testing used in this study is: (1). Descriptive analysis and (2). MRA (Moderating Regression Analysis) using the formulation as

$$Y = \alpha + b_1X_1 + e \quad (1)$$

$$Y = \alpha + b_1X_1 + b_2M + b_3X_1M + e \quad (2)$$

$$Y = \alpha + b_1X_2 + e \quad (3)$$

$$Y = \alpha + b_1X_2 + b_2M + b_3X_2M + e \quad (4)$$

$$Y = \alpha + b_1X_1 + b_2X_2 + e \quad (5)$$

Information:

Y = Employee Performance

X₁ = Competency

X₂ = Leadership Style

M = Characteristics of employee personality

b₁, b₂, b₃ = regression coefficient

4 Result and Discussion

4.1 Validity Test and Reliability Test

The results of the validity test, can be concluded that the overall item questionnaire of competency, personality characteristics, leadership style, and performance can be declared valid. The reliability test results show that all indicators of each competency, personality characteristics, leadership style and performance are declared reliable and are suitable for use in research.

4.2 Descriptive Analysis of Competency (X1), Leadership Style (X2), Employee Performance (Y) and Personality Characteristic (M)

In general, the competence of employees of PT. Fawwaz MM Makassar is already high. Majority have the skills to use the facilities and infrastructure in completing work and employees in the work are greatly helped by the experience they have but employees are still lacking in skills to adjust to new working conditions. The conditions of leadership style at PT. Fawwaz MM Makassar has been good, especially because the majority of employees assume that the current leadership style is an achievement-oriented leader, but the ability of leaders in providing motivation for their employees still needs to be improve. The performance of employees at PT. Fawwaz MM Makassar is high category but facilities and infrastructure that are not in accordance with its function and regularity in work. The personality characteristics of employees at PT. Fawwaz MM Makassar has been categorized as good, especially because the majority of employees have an openness to experience characters that make employees

have high creativity and considerable curiosity. But employees are still rigid so they are less flexible and less able to socialize.

4.3 Discussion

4.3.1 Influence of Competence on Employee Performance at PT. Fawwaz MM Makassar

Table 1: Influence of Competence and leadership style on Employee Performance at PT. Fawwaz MM Makassar

No	Model	Coefficient		t	Sig
		Beta	Standard Error		
1	Constant	-4.677	2.375	-1.989	0.059
2	Leadership style	0.063	0.031	2.010	0.054
3	competence	0.771	0.031	24.625	0.000
R ² : 0.952					
F: 355.905					

a. Dependent Variable: employee performance

Partially, the test results show that competence has a positive and significant influence on the performance of employees of PT. Fawwaz MM Makassar. This can be seen from the table above that the significance value for competence is $0.001 < 0.005$. This means that competence is a determinant of employee performance. Competency explains that knowledge, skills, behavior and work experience are things that need to be considered for the company. This is in line with Zaim, Halil et. al (2015). The findings are positive relationships between competencies and individual performance. Kolibacova (2014) suggests that when the competency rate of one employee is a unit higher than the competency rate of another employee, it can be assumed that his performance rate is 7 to 12.5% higher.

The results of this study are also in line with the theory proposed by Becker & Ulrich (2001) that competencies are related to knowledge, skills, abilities and personality characteristics that are directly related to performance.

4.3.2 Influence Leadership Style on Employee Performance at PT. Fawwaz MM Makassar?

The results showed that the leadership style had a positive but not significant effect on the employee performance of PT Fawwas MM Makassar . This means that the leadership style will have an impact on how the employee shows his performance. This may occur because based on the results of the data describing the conditions of the competence of employees are high so substitute leadership theory applies here. High employee competencies make the leader's role replaced because subordinates are able to direct themselves in performing for the company's progress.

The results of this study are certainly not in line with the research of Memon, R Khalid (2014) and Velu, liron (2017) who actually find that leadership has a significant influence on performance. This is in line with Babatunde, Osabiya & Ikenga(2015), that leaders use

certain styles in their lead to motivate and stimulate their subordinates. This is reinforced by the statement of Asrar-ul Haq, Muhammad (2016) that Leadership style affects the motivation and behavior of the employee in doing their works. In this case, he said that leaders use certain styles in the lead to motivate and stimulate their subordinates.

However, the leadership style can serve as a positive influence or even inhibit or degrade the performances of the employee. The leader's efforts to influence his followers are manifested in different styles and it will have an impact on how his subordinates will behave or act no exception in showing their performance. Thus it can be understood that leadership is very important in encouraging employees to perform better and at the same time become overall determinants of organizational performance as stated by Wahda (2017) who said that leadership is a process of influencing, directing, motivating and making others contribute to the achievement of organizational goals. From this understanding, it appears that the role of leaders in an organization is very important.

4.3.3 Competence and Leadership Style Have A Simultaneous Effect on Employee Performance at PT. Fawwaz MM Makassar

The test results show that competence and leadership style simultaneously have a significant positive effect on the performance of employees of PT. Fawwaz MM Makassar. It appears from the value of F with a level of sig $0,000 < 0,005$. Value of $R^2 = 0.952$. The performance of employees of PT. Fawwaz MM Makassar is able to be explained by the competency and leadership style of the remaining 95.2% which is 4.8% by other variables, therefore to achieve success, PT. Fawwaz MM Makassar must pay attention to various matters that affect employees' performance comprehensively, especially in relation to competence. This is important because based on the findings in this study it appears that competency is the dominant influence on the performance of employees of PT. Fawwaz MM Makassar, although the style of leadership also has a positive but not significant influence.

Competence is a fundamental factor possessed by someone who has more ability, which makes it different from someone who has an average or ordinary ability (Mangkunegara, 2005). The competence of employees of PT. Fawwaz MM Makassar should be the basic capital in working, the better the competency it has, the better the employee's performance. And the last factor is leadership; leadership is the process of directing and influencing members in terms of various activities that must be carried out, Sule, ET & Saefullah, K(2005).

This is in line with the findings of Mihammed, DU et.al (2014). So the leadership model applied by a leader has a direct influence on the performance carried out by his subordinates because leadership is the way the leader organizes, motivates and directs the activities of subordinates to achieve certain goals or objectives.

4.3.4 Personality Characteristics as a Moderating Variable on The Influence of Competence and Leadership Style on Employee Performance at PT. Fawwaz MM Makassar

Table 2: Personality characteristics as a moderating variable on the influence of competence on employee performance at PT. Fawwaz MM Makassar

Model	Coefficient		t	sig
	B	Std Error		

(constant)	-32.123	1.793	-0.759	0.064
Competence	1.280	0.352	3.667	0.001
Personality Characteristics	0.557	0.334	1.668	0.106
Competence* personality Characteristics	-0.009	0.006	-1.494	-0.146
R²: 0.954				
F: 215.163				

Table 2 is the result MRA method showing that personality characteristics are moderator homologizers which means that personality characteristics have the potential to influence the strength of the relationship between competencies with the performance of employees of PT. Fawwaz MM Makassar. This is because the regression coeff. value for personality characteristics is $0.106 > 0.005$ and the correlation coefficient for the interaction between personality characteristics with a competence of $0.146 > 0.005$, where both are not significant. So the conclusion is that personality characteristics are only moderator homologizers.

This is certainly possible because personality is a collection of psychological traits or characters that shape individuals and individual perceptions of other people or certain situations (Zachary & Kuzuhara, 2005), personality is a basic characteristic that a person has in relation to him and his environment. Muhaimin et.al (2011) in his research conducted the research on the role of Personality Characteristics on Employee Performance, from the results of the influence of his research shows that the role of Personality Characteristics has a positive and significant influence on employee performance.

Table 3 Personality characteristics as a moderating variable on the influence of leadership style on employee performance at PT. Fawwaz MM Makassar

Model	Coefficient		t	sig
	B	Std Error		
(constant)	35.846	49.809	0.720	0.478
Leadership style	-0.245	1.160	-0.211	0.835
Personality Characteristics	0.317	0.990	0.320	0.751
Leadership Style*Personality Characteristics	0.000	0.021	0.006	0.996
R²: 0.954				
F: 0.046				

Table 3 is the result of testing with the MRA method (Moderating regression analysis) showing that personality characteristics are moderator homologizers which means that personality characteristics have the potential to influence the strength of the relationship between leadership styles and the performance of employees of PT. Fawwaz MM Makassar. This is because the regression coefficients for personality characteristics from $0.751 > 0.005$ and correlation coefficients for interaction between personality characteristics of leadership style are $0.996 > 0.005$, where both are not significant.

Personality characteristics are only moderator homologizers. This is certainly possible because personality is a collection of psychological characteristics or characters that shape individuals and individual perceptions of others or certain situations (Zachary & Kuzuhara,

2005: 17), personality is the nature of a person related with him and his environment. The role of personality in determining one's leadership style is stated by Memon, R Khalid (2014) said that leadership styles can be defined as leader's style of providing direction, motivating people and implementing plans. It is the result of the philosophy, personality, and experience of the leader. Understanding that personality plays a role in determining leadership style and likewise personality can be a determinant of one's performance (Spencer & Spencer 1993) allows personality characteristics to have the potential to be a moderating variable on the relationship between leadership style and employee performance.

5 Conclusion and Recommendation

5.1 Conclusions

Based on the analysis and discussion, it can be concluded that:

1. Competence has a positive and significant effect on the performance of employees of PT. Fawwaz MM in the city of Makassar. The leadership style has a positive but not significant effect on the performance of employees of PT. Fawwaz MM in the city of Makassar.
2. Competency and leadership style simultaneously have a positive and significant effect on the performance of employees of PT. Fawwas MM Makassar.
3. Personality characteristics do not become pure moderation on the relationship between competencies and employee performance of PT. Fawwas MM Makassar but only as a moderator homologiser which means that personality characteristics have the potential to influence the strength of the relationship between competencies with the performance of employees of PT. Fawwaz MM Makassar.
4. Personality characteristics do not become pure moderation on the relationship between leadership style and the performance of employees at PT. Fawwas MM Makassar but only as a moderator homologiser which means that personality characteristics have the potential to influence the strength of the relationship between leadership styles and the performance of employees of PT. Fawwaz MM Makassar.

5.2 Suggestions

Based on the results and conclusions in this study, the following suggestions are proposed:

1. PT. Fawwaz MM Makassar from the research that has been done needs to consider the issue of competence, personality characteristics, and leadership style because the employee's performance can be further improved if the quality is corrected. Especially the ability to adapt/adjust to new working conditions must be improved, the ability to lead in motivating and the ability to encourage employee creativity
2. For the next researcher who is interested in researching competence, personality characteristics, and leadership style towards improving employee performance in other research objects.

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