



Investigating The Role of Transformational Leadership, Corporate Social Responsibility on Job Performance and Organizational Citizenship Behavior of Indonesian SMEs

Rafie Zaidan Prayuda, Rayyan Aqila Praditya

Aguspati Research Instituta, Indonesia

Abstract

This study aims to analyze the effect of transformational leadership on work performance and organizational citizenship behavior (OCB) which is mediated by corporate social responsibility (CSR). The research data was obtained by distributing questionnaires using a Likert scale with a total sample of 567 respondents. Sampling used a purposive sampling technique with the criteria of SMEs employees. Data were analyzed using PLS-SEM. The results of the research and discussion reveal that transformational leadership and CSR activities can improve employee performance and OCB, and CSR activities can mediate transformational leadership on employee performance and OCB. The results show that the existence of leadership that can inspire, build understanding and create a comfortable and safe work environment is a driving force in increasing voluntary behavior among employees and encouraging employees to complete their responsibilities for their work.

Keywords: Transformational Leadership, Corporate Social Responsibility (CSR), Work Performance, Organizational Citizenship Behavior (OCB), SMEs

I. INTRODUCTION

SMEs have an important role in increasing or decreasing economic growth. This is inseparable from the role of leadership in the company. In the face of many changes in leadership to be the most important aspect in achieving company goals, choosing the right leadership style can predict performance in the company. Transformational leadership can inspire, build understanding and identify changes as well as realize the vision to carry out shared responsibility for work performance and encourage employees to behave organizational citizenship behavior (OCB) which is supported by Corporate social responsibility activities. CSR is an activity committed by the company to improve welfare by utilizing the company's resources and increasing the sense of psychological attachment between the social environment. Transformational leaders are able to inspire change and be fair to employees. This will be a driving force in improving work performance and increasing OCB behavior through CSR activities that are achieved in SMEs. Therefore, CSR activities need to get attention from the company in taking the right action. Where, the achievement of CSR activities will have a positive effect on work performance and can mediate the relationship between transformational leadership and behaviour OCB on employees. Previous studies discussing the impact of transformational leadership, work performance and CSR have been carried out a lot. This study aims to determine the effect of transformational leadership and performance achievement and OCB mediated by CSR in SMEs. There is no research that discusses the role of CSR mediation on transformational leadership and work performance OCB behavior appears. The author believes that, if employees recognize the leadership style and CSR actions, it will indirectly lead to employee OCB behavior for the betterment and profit of the company.

II. METHOD

The research data was obtained by distributing questionnaires using a Likert scale with a total sample of 567 respondents. Sampling used a purposive sampling technique with the criteria of UKM employees. Data were analyzed using PLS-SEM with SmartPLS 3.0 software tools.



III. RESULTS AND DISCUSSIONS

With the involvement of a leader in achieving work performance will be more likely to be inspired by transformational leadership. Transformational leadership that is carried out effectively within the company will inspire employees to make changes and meet the expectations of individuals and teams in completing their responsibilities, so that work performance can be realized. employees and leaders are part of the process of advancing the company in an interactive way to realize achievements in the achievement of employee performance and can increase financial benefits for the company. This shows that transformational leadership can increase performance achievements. Corporate Social Responsibility (CSR) is based on the concept that business is an important element of society and can carry out its functions properly so that it is possible to coexist with various stakeholders in society. With the existence of a deft transformational leadership figure and can bring about change to achieve success in doing the job. Furthermore, good transformational leadership will directly have a positive influence on CSR activities within the company. An agile leader is very important for carrying out CSR activities so as to build quality and provide a good image of the company, this proves that transformational leadership also plays an important role in determining action in CSR activities. Transformational leadership focuses on real-time problems and is used as a benchmark in building understanding and shaping the behavior of subordinates to achieve organizational goals. Transformational leadership has an important role to foster OCB behavior in employees on an ongoing basis where employees will be willing to take more responsibility his work, this happens because of the qualities of transformational leaders such as individual consideration, inspirational motivation, and individual influence can increase employee OCB. Any company that wants to reap the positive benefits of transformational leadership on OCB must focus on how best to maximize this important aspect of the leader relationship with employees begins with a belief in the leader. CSR activities have a positive effect on work performance. Where each employee will feel satisfaction and the high success achieved when involved in company activities. CSR activities can make a better organization and have a positive effect on improving work performance employees and generate profits for the company and employees . Employees who are able to adjust between their own values and morals by engaging in social activities within the organization can leading to better job performance. CSR will have a direct impact on top employee performance achievement of performance so as to achieve goals in the organization. Managerial implications of this research that leaders need to improve, namely the importance of building compatibility between companies and employees in carrying out CSR activities so that it will generate mutualism symbiosis. It is necessary to establish the behavior of helping each other at work so that employees care more about the company. As well as leaders within the company must receive training about transformational leadership style that will improve the work performance of employees and the achievement of company goals.

VI. CONCLUSIONS

The results of the research and discussion reveal that transformational leadership and CSR activities can improve employee performance and OCB, and CSR activities can mediate leadership. transformational work performance and employee OCB. The results show that with leadership that can inspire, build understanding and create a comfortable environment and safe at work become a driving force in increasing voluntary behavior among employees and encourage employees to complete their responsibilities for their work. This research was conducted on Therefore, the welfare factor provided by the company is a benchmark for employees, especially employees who have worked for a long time, will feel more satisfied and create a sense of concern for the company. The limitations of this study that need to be considered and corrected in future research are that first, this research was conducted on only one type of industry. Therefore it is necessary to expand to other industries in order to find out whether this research can be applied in various fields or not. Second, this research model still needs development so that future research can use other leadership styles such as transactional leadership while focusing on organizational performance. And finally, future research is needed to identify possible mediator variables and other moderator variables in the study.

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