RELATIONSHIP OF SELF-EFFICACY TO IMPROVING EMPLOYEE PERFORMANCE: A STUDY IN MEDAN CITY

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1. INTRODUCTION

The support given by employees to the organization is the essential part of creating organizational progress (Aarabi et al., 2013). This is because employees are the organization's greatest asset that plays an essential role in advancing and improving organizational quality (Spencer, 1994) and a source of strategic advantage (Wright & Snell, 1998). Therefore, many organizations focus on exploiting the capabilities of employees. Rue and Byars (2004) define employee performance as the level of employee ability to do work.

In addition, employee performance is defined as a form of behavior to achieve organizational goals (McCloy et al., 1994). Another different opinion defines employee performance as the results achieved by employees in carrying out the work carried out efficiently and effectively (Lawler, 1967). Therefore, organizations need to know the abilities of their employees so that they can be appropriately managed, which in turn is aligned with the overall organizational strategy (Boxall & Purcell, 2011).

The performance produced by employees is directly proportional to organizational performance (Kleinknecht et al., 2014; Vosloban, 2012). Beach and Beach (1985) state that the organization is a system where a structure and planning are formed that runs and is carried out with full awareness. In the end, with this awareness, form a working relationship based on coordinated ways, cooperate and encourage each other to achieve the shared goals that have been set.

Several previous studies stated that motivation as a driver of employees has high performance (Golembiewski, 1973; Meyer & Allen, 1991; SUMA & BUDI, 2021).

Abstract

To form a superior organization, it is necessary to place employees as the main supporting factor for success. This is because employees are the spearhead of implementing organizational activities to be able to achieve goals effectively. The work behavior of employees who are oriented towards high performance will be directly proportional to organizational goals. This article provides a discussion on aspects of the role of motivation as a mediating variable. The antecedent variables of motivation are leadership style, work environment, and self-efficacy. Meanwhile, the motivational consequence variable is employee performance. The sample of this research totaling 242 employees from 6 (six) financial companies in Medan City. Sampling method, using a purposive sampling technique. Data analysis, using path analysis with the help of Lisrel. The results showed that motivation was proven to play a mediating role in influencing employee performance t-count 8.93 ≥ 1.96.

Keywords: Employee Performance, Leadership Style, Work Environment, Self-Efficacy, Motivation
Omollo and Oloko (2015) say that motivation is the key to an organization's success to survive and develop. In simple terms, it can be said that employee motivation is a description of the energy level, commitment, and creativity of employees at work. Grant (2008) said that motivated employees are performance and productivity-oriented, actively involved in work, and are willing to take responsibility (Kuvaas & Dysvik, 2009).

On the other hand, Kelly (2004) says motivation is related to the forces that influence and maintain the quality and intensity of behavior. Roberts (2005) states that motivation is the basis for forming one's behavior at work and making decisions in acting (Pinder, 2014). Therefore, motivational factors are essential for employees to encourage effectiveness in doing work (Locke & Latham, 2004). Thus, it is expected that the effectiveness of the work can improve the organization's ability to compete (Baron et al., 1996).

This article provides a discussion of employee motivation to work in financial organizations. The subjects of this research are employees who work in 6 banking organizations in Medan City, Indonesia. The current problem is the change in work responsibilities experienced during the COVID-19 pandemic. At this time, the impact of COVID-19 is causing problems in the community's economic sector. As a result of this, many credit loan customers have difficulty paying credit.

In addition, the impact of covid-19 has created fear in financial organizations in providing credit to the public. To stabilize their finances, many organizations have reduced employees, especially in the marketing department. The consequences of these actions are demanding other employees to do work that is not their responsibility.

Several previous studies provide a variety of antecedents that can affect employee performance. In their research, Biswas and Varma (2012) found the organizational psychological climate and transformational leadership. AbuKhalifeh and Som (2013), in their research, found employee communication, employee development, appreciation, and recognition, and expanded employee attention.

Meanwhile, SUMA and BUDI (2021) place independent behavior as an antecedent of employee performance. Toban et al. (2014) provide a discussion of transformational and transactional leadership as antecedents of employee performance. At the same time, Bernerth et al. (2012) said that personality affects employee performance.

This study provides a study of predictors of employee performance using three independent variables (leadership style, work environment, self-efficacy) and one mediating variable (motivation). The novelty in this research is to provide a joint study of self-efficacy variables as predictors of employee performance.

At this time, achieving organizational excellence requires an influential role of leadership (Pinto & Slevin, 1988). Crawford (2000) states that the competence of a leader has an impact on the organization. Müller and Turner (2010) state that successful leaders can combine technical knowledge and management skills, and leadership skills (Pinto & Slevin, 1988; Zimmerer & Yasin, 1998). House and Mitchell (1975) state that leadership style is measured by the responses shown by subordinates to aspects of subordinate satisfaction, attitude expectations, and practical performance expectations (Negron, 2008).

Therefore, Indvik (1986) mentions that leadership style functions to support, involve, and provide structure to
subordinates to achieve organizational goals. The influence of leadership style on organizational success has become a controversial issue. This is because there are still differences of opinion in formulating the impact of leadership style. Ahrendts (2013) said that Burberry's business leadership style had increased income up to five times. However, Tosi et al. (2004) said that placing a superstar leader does not impact increasing business, and on the contrary, it causes high salary expenses.

2. LITERATURE REVIEW AND HYPOTHESES

2.1. Leadership Style, Motivation and Performance

Northouse (2014) explains that leadership is a person's ability to persuade others to behave following work goals. Northouse (2016) says leadership is a process in which a person can influence a group of people to achieve a common goal. Today, leaders do not just rely on power to persuade employees to do what they are told. However, they are interested in interacting with subordinates or enhancing and extending the interests of their subordinates (Northouse, 2016).

Several previous studies gave different results about the effect of leadership style on performance through motivation. Research shows the significant impact of leadership style on employee performance through motivation (Guterresa et al., 2020; Turang, 2015). However, other research shows no leadership style influences performance through motivation (Handoyo, 2015; Mendoza et al., 2018).

2.2. Work Environment, Motivation and Performance

Magnusson (1981) says that environmental factors can impact employees' psychological perceptions at work (Caplan, 1987). Blumberg and Pringle (1982) say that the environment impacts employee work behavior (Kyriakidou & Ozbilgin, 2004; Olson & Borman, 1989). Guchait and Cho (2010) stated that almost 80% of employees choose a job because of the work environment. Therefore, organizations need to create a conducive and supportive work environment (Ghosh & Sahney, 2011).

Based on the results of previous research, it is explained that the environmental impact on employee performance gives different results. Several studies have shown a significant effect of the work environment on performance through motivation (Badrianto & Ekhsan, 2019; Parashakti et al., 2020; Sri Rahardjo, 2014). Meanwhile, several other studies show that the work environment does not affect employee motivation and performance. Erawati et al. (2019).

2.3. Self Efficacy, Motivation and Performance

Bandura (1977) says that self-concept reflects a person's beliefs about his ability to carry out an activity. Bandura (2000) explained that this belief arises from feeling, thinking, self-motivated, and behaving. Baron and Byrne (1987) say self-efficacy is a person's evaluation of his ability to carry out an activity, achieve goals and overcome obstacles. Bandura and Wood (1989) mention that self-efficacy is related to beliefs that encourage the emergence of motivation, cognitive abilities, and actions to achieve goals.

Research on the impact of self-efficacy on employee performance through motivation shows a significant relationship (Cherian & Jacob, 2013; Lunenburg, 2011; Na-Nan & Sanamthong, 2019). Meanwhile, several other studies show a significant relationship between self-efficacy and employee performance (Carter et al., 2018; Raub & Liao, 2012).

2.4. Motivation and Performance
The word motivation comes from the Latin word "movere," which is defined as an urge to "move" (Luthans, 2002). Therefore, motivation can be interpreted as an impetus to carry out an activity. Luthans et al. (1995) state that the basis for understanding motivation lies in its meaning, namely the relationship between needs, encouragement, and rewards. Therefore, motivation is considered a process that begins with a physiological need that gives rise to achieving goals. Robbins and Judge (2012) define motivation as a driver of behavior that forms the intensity, direction, and effort to achieve goals.

Based on the results of previous studies, there is a significant relationship between motivation and employee performance (Festiningtyas & Gilang, 2020; Gachengo & Wekesa, 2017; Muogbo, 2013; Shahzadi et al., 2014). However, several studies show no significant relationship between motivation and performance (Dapu, 2015; Sutia et al., 2020).

2.5. Hypothesis

This research was conducted using Structural Equation Model (SEM) data analysis. The analysis carried out is to examine the direct and indirect impacts. Direct testing aims to determine the impact of the variables of leadership style, work environment, and self-efficacy on employee performance. In comparison, the indirect test to determine the role of motivational variables as a mediation. So, the hypothesis in this study:

**H1:** Leadership style has a significant effect on motivation.

**H2:** The work environment has a significant effect on motivation.

**H3:** Self-efficacy has a significant effect on motivation.

**H4:** Motivation has a significant effect on employee performance.

**H5:** Leadership style has a significant effect on employee performance.

**H6:** The work environment has a significant effect on employee performance.

**H7:** Self-efficacy has a significant effect on employee performance.

Figure 1. Path Diagram and Hypothesis Testing

3. RESEARCH METHODS

3.1. Research Sample

This research is explanatory. Sekaran (2011) said that explanatory research aims to test theories in strengthening or rejecting existing research results. Data collection is carried out primarily in the form of providing surveys/questionnaires to respondents. Survey activity aims to obtain data from research respondents.

The sample of this study was collected from 242 employees of the marketing department who work in 6 (six) private banks in Medan City. Marketing work activities are by finding new customers, supervising customer payment portfolios. The job responsibilities were carried out before the COVID-19 pandemic hit the world.

However, after the Covid-19 pandemic, their responsibilities were more in monitoring customer payments—determination of the research sample, using a non-probability sampling approach. Non-probability sampling is a sampling technique that is not based on equal opportunities (Sugiyono, 2015).

The selection of respondents as a sample was carried out by the purposive sampling method. Sekaran and Bougie
Strategic Management Business Journal

(Submit: April, 21, 2021)  (Revised: May, 13, 2021)  (Accepted: May, 30, 2021)

(2016) say the purposive sampling method selects samples based on criteria determined by the author himself. The criteria determined are the marketing department, a minimum working period of 12 months, permanent employee status, and being willing to be a respondent.

3.2. Measure

The respondent's answer size scale technique uses a 5-point Likert scale, from a scale of 5 (strongly agree) to 1 (strongly disagree). The leadership style variable consists of 5 indicators, which is a modification of the opinion of Avolio and Gardner (2005). These indicators have an inspiring vision, support for employees, employee supervision, decision making, leadership ability. Meanwhile, the work environment variable consists of 4 (four) indicators that modify the opinion of Roca and Searcy (2012).

The indicators are work facilities, salary, training, and job security. The indicator of self-efficacy variable is a modification of the opinion of Smith and Betz (2000). The indicators are confidence in completing work, trying hard, being persistent, facing obstacles, solving problems, and adapting. The indicator for the motivation variable, consisting of 4 (four) indicators, is a modification of the opinion of Robbins et al. (2009).

These indicators: success in work, necessities of life, appreciation, social relations. On the employee performance variable, the indicator is a modification of the opinion of Bono and Judge (2003). The indicators include: focusing on work, being responsible with work, generating ideas, finding ways to complete work, and improving work results. Data analysis techniques in this study, using the Structural Equation Model (SEM) with the help of Lisrel.

Lisrel (Linear Structural Relationship) is an analysis that aims to determine the relationship between variables both directly and indirectly (Jöreskog & Sörbom, 2006). Testing the validity and reliability of each indicator, following the opinion of Malhotra (2010), namely loading factor>0.5 construct reliability>0.7. The results of the Goodness of Fit (GoF) model have met the requirements.

4. RESEARCH RESULTS AND DISCUSSION

4.1. Characteristics of Respondents

Based on the data processing results, with the help of SPSS, the frequency of respondents' characteristics is known. There were 260 questionnaires distributed at the beginning. However, after going through the data inspection, finally, 242 data can be used. Characteristics of respondents, data obtained by the number of marketing men amounted to 144 people (59.5%), and women 98 people (40.5%). Based on the years of service of employees, 56 people worked one year in marketing (23.1%), 131 people working > 1 year (54.1%), and 55 people who worked two years (22.7%). Meanwhile, based on education level, there are 35 marketing diploma graduates (14.5%), 169 Bachelor graduates (69.8%), and 38 Master graduates (15.7%).

4.2. Validity and Reliability Test

To test the theoretical construct, confirmatory factor analysis was carried out. Confirmatory factor analysis aims to test the dimensional analysis of variables. This analysis examines variable indicators to see the impact of indicators in shaping both exogenous and endogenous variables. Hair et al. (2006) stated that the latent variable (construct) has indicators that generally provide a reliable influence. The following are the results of the validity and reliability of the indicators for each variable.
Table 1. Validity and Reliability

<table>
<thead>
<tr>
<th>No.</th>
<th>Variables/Indicators</th>
<th>L.F</th>
<th>C.R</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Inspirational vision</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Support to employees</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Supervision of employees</td>
<td>0.75</td>
<td>0.863</td>
</tr>
<tr>
<td>4.</td>
<td>Decision making</td>
<td>0.68</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>The ability to lead</td>
<td>0.68</td>
<td></td>
</tr>
</tbody>
</table>

Variable: Leadership Style

Table 1 shows that the indicators of motivation and performance variables have a data loading factor < 0.5. Therefore, indicator two on the motivation variable is omitted. The same thing was also done on the indicators of 5 performance variables. After the two invalid indicators are removed, a reliability test is carried out with a value > 0.7.

4.3. Hypothesis Testing

Before testing the hypothesis, the model fit test is first performed. Based on the test results, it was found that the model met the requirements as a fit model. Hypothesis testing in this study, using a structural model by looking at the parameter values of the path coefficients of the relationship between latent variables. The following shows the results of the path relationship hypothesis test.

Based on the structural analysis above (figure 1), the hypothesis testing of this study was carried out in 2 (two) stages. The first stage is to test the direct effect of exogenous variables on endogenous variables. Then the second test was conducted to determine the effect of the mediating variable. The results of hypothesis testing obtained the equation:

Equation 1:

WM = -0.48*LS + 0.29*WE + 1.05*SE, Errorvar.= 0.29, R² = 0.70

(0.20) (0.27) (0.31) (0.063)

-2.37 1.08 3.42 4.72

JP = 1.20*WM + 0.16*LS + 0.46*WE - 0.83*SE, Errorvar.=-0.046, R² = 1.05

(0.13) (0.14) (0.18) (0.30) (0.031)
After obtaining the results of the above equation, it can be concluded that the t-count value of $H_1$ is -2.37 1.96 so that there is a significant influence of leadership style on motivation. In other words, $H_1$ is accepted. The results of hypothesis testing for $H_2$ obtained a t-count value of 1.08 < 1.96, so that hypothesis 2 is rejected. In other words, there is no significant effect of work environment on motivation. In the $H_3$ test, the t-count value is 3.42 1.96, it shows that there is a significant effect of self-efficacy on motivation. This result causes hypothesis 3 to be accepted.

Based on the results of hypothesis testing, equation two shows that hypothesis 4 ($H_4$) is accepted. The results of the $H_5$ t-count 8.93 1.96, then there is a significant effect of motivation on employee performance. The results of hypothesis testing 5 ($H_5$), showing t-count 1.18 1.96, then reject the hypothesis. In other words, there is no influence of leadership style on employee performance.

Based on the results of hypothesis testing 6 ($H_6$) t-count 2.50 1.96, then the hypothesis is accepted. These results indicate that there is an influence of the work environment on employee performance. Then, based on the results of hypothesis testing, it was found that self-efficacy had a significant effect on employee performance with a t-count value of -2.77 1.96 ($H_7$).

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Coefficient</th>
<th>t-table</th>
<th>t-score</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H_1$: leadership style is significant on motivation.</td>
<td>-0.48</td>
<td>1.96</td>
<td>-2.37</td>
<td>accepted</td>
</tr>
<tr>
<td>$H_2$: work environment is significant on motivation.</td>
<td>0.29</td>
<td>1.96</td>
<td>1.08</td>
<td>rejected</td>
</tr>
<tr>
<td>$H_3$: self-efficacy is significant to motivation.</td>
<td>1.05</td>
<td>1.96</td>
<td>3.42</td>
<td>accepted</td>
</tr>
<tr>
<td>$H_4$: Motivation is significant on performance.</td>
<td>1.20</td>
<td>1.96</td>
<td>8.93</td>
<td>accepted</td>
</tr>
<tr>
<td>$H_5$: leadership style is significant on performance.</td>
<td>0.16</td>
<td>1.96</td>
<td>1.18</td>
<td>rejected</td>
</tr>
<tr>
<td>$H_6$: work environment is significant to performance.</td>
<td>0.46</td>
<td>1.96</td>
<td>2.50</td>
<td>accepted</td>
</tr>
<tr>
<td>$H_7$: significant self-efficacy on performance.</td>
<td>-0.83</td>
<td>1.96</td>
<td>-2.77</td>
<td>accepted</td>
</tr>
</tbody>
</table>

### 4.4. Discussion

The results of hypothesis testing show that leadership style affects employee motivation ($H_1$). This result also agrees with Armstrong (2009) that leadership is related to managing other people. These results are also following the research of Gutierrez et al. (2020) and Turang (2015). However, based on the results of hypothesis testing, it is known that the significance value is negative. This shows that, under current circumstances, the leadership role is instrumental in encouraging employee morale to work, even in uncertain circumstances regarding job security.

The results of hypothesis testing indicate that the work environment has no significant effect on motivation ($H_2$). This result also confirms Magnusson's (1981) statement that the work environment can have a psychological impact on employees. The state of the COVID-19 pandemic has caused an uncertain work atmosphere, where there is a reduction in employees, reduced income, and increased workload, thus affecting employee behavior at work. These results are also following the research of Erawati et al. (2019).

Based on the results of hypothesis testing, the results obtained that self-efficacy...
has a significant effect on employee motivation (H3). In other words, self-efficacy forms a high belief that employees can do a good job (Bandura, 1977). These results are also consistent with the research results by Cherian and Jacob (2013) that self-efficacy increases employee motivation (Lunenburg, 2011).

The results of other hypothesis testing indicate that motivation has a significant effect on employee performance (H4). This shows that employee motivation encourages the formation of work behavior that leads to good work results (Robbins & Judge, 2013). These results are also consistent with the results of previous studies that motivation produces good performance (Festiningtyas & Gilang, 2020; Gachengo & Wekesa, 2017; Muogbo, 2013; Shahzadi et al., 2014).

The research test results showed that leadership style had no significant effect on employee performance (H5). This shows that the applied leadership style does not directly increase performance. These results are following Handoyo's research (2015). Testing hypothesis 6 shows that work environment factors have a significant effect on employee performance (H6). This shows that the facilities provided by the organization to employees can improve employee performance. These results are following research conducted by Rahardjo (2014).

The last test of hypothesis 7 shows that self-efficacy has a significant effect on increasing employee performance (H7). However, the results of the study produced a negative value. This shows that employee confidence in working creates a stigma of fear of the circumstances that will occur when employees face reductions. The results of this study are following research conducted by (Na-Nan & Sanamthong, 2020).

5. CONCLUSION

Based on the tests’ results, it can be concluded that there is a need for a leadership style that can combine transformational and transactional styles in the current situation. This is because combining the two styles can encourage employees to be motivated in improving their performance. In addition, it is an essential part for leaders in encouraging employee self-efficacy at work.

This is due to the high self-efficacy of employees in working to encourage the achievement of work results following organizational goals. The implication of this research shows that employee motivation needs to be maintained by the organization. In other words, employees who have high motivation have an impact on achieving high results. Employees who have high motivation at work provide strength for the organization to survive in today's uncertain circumstances.

The theoretical implication of this research shows that work environment factors directly impact improving employee performance. This study shows that the role of motivation as a mediating variable is proven to encourage employee performance. Meanwhile, this research cannot provide studies on private banking organizations without involving government (state) bank organizations. Preferably further research, it is necessary to discuss bank organizations, both private and public.

REFERENCE


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