The Effects of Human Resource Competence, Organisational Commitment and Transactional Leadership on Work Discipline, Job Satisfaction and Employee’s Performance

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ABSTRACT: This paper aims to examine and explain the effects human resource (HR) competence, organizational commitment (OC), transactional leadership on employee’s work discipline and performance. It is based on the notion that rapid environmental changes is evident by the progress of information, changing market preferences, demographics and economic fluctuations has triggered organisations to be responsive in order to compete globally. Organisations often have to adjust their structures and strategic orientation via mergers and acquisitions, cultural change, or changes in information technology-based processes as consequences of changing patterns of both; internal and external environments. The use of purposive sampling was employed to obtain the samples which consist of 232 samples from 58 companies as a sampling frame. Path and factor analyses were used as means hypotheses testing. The results indicated that work discipline was significantly influenced by HR competence and OC. Further, it was also found that there were significant effects between OC, transactional leadership and employee’s work discipline with employee’s performance.

Keywords: HR Competence, Organizational Commitment, Transactional Leadership

1. INTRODUCTION
Dynamic changes in the global competition have urged business organizations to excel their performance by adjusting their organizational needs, both internally and externally. One of the challenges faced by business organizations to subsist to the dynamic environment is the ability to manage human resources effectively. In general, human resource management (HRM) aims to improve corporate performance through the establishment of reliable human resources to maximize performance and enhance satisfaction among the people in the organization. Thus, it is related to the ability of managers to manage and decide the best option of various activities in the organization. In order to do so, an organization must be able to utilize resources available, including optimizing human performance.

It is important to note that human resource can be regarded as one of the vital assets which has been recognised and contributed to the development and achievement of business organisations. In association with HRM, organizational change in certain environmental conditions can affect changes in the effectiveness of an organization, either directly or indirectly. There are several substantial researches on the antecedents and outcomes of certain variables. For instance, research on leadership styles (Bass & Riggio, 2006), organizational culture (Yiing & Ahmad, 2009) and organizational commitment (Tuzun, 2009; Westover et al, 2010). In order to deliver optimum performance, organizations need to pay attention to the aspects of transactional leadership, work discipline,
organizational commitment, competence, HR competence, employee satisfaction and performance through scientific study and research for the benefit of the organization. This strategy may be done to encourage HR to work optimally and create value for the organization, including the organization's customers through service excellence and value. In other words, organizations must not only be able to provide satisfaction to its customer but also establish organizational value through the competence, commitment, discipline, satisfaction and performance of its employees. Hence, the present study focuses in exploring the effects of human resource (HR) competence, organizational commitment (OC) and transactional leadership on work discipline, job satisfaction and employee’s performance. While previous literature has explored these variables, it still remains unclear of how HR competence, OC and transactional leadership may interact under a single equation and hence, affect work discipline, employee’s job satisfaction and performance. Furthermore, the present study focuses in the context of developing countries such as Indonesia because there is limited studies that has contributed to the literature of organizational studies in context of non-western cultures specifically in an Asian context (for example, Loong, 2011; Samad, 2011; Yining & Ahmad, 2009; Limsila & Ogunlana, 2008). Thus, this study aims to contribute to the extant literature particularly, from an Indonesian perspective.

This study utilizes data from 58 companies, members of Real Estate Indonesia (REI) in Central Java as a sampling frame. In Indonesia, REI is a rapidly grown organization in the last twenty years that develops and manages housing and urban settlements such as: offices and shops; resorts and other real estate services. The role of REI agency via housing and settlement development is an evolving phenomenon that follows the dynamics of population growth, economic and social dynamics (Dharoko, 2011). In Central Java, the significant role of the housing and retail sectors to the regional economy is obvious as they contribute 0.2 percent to Central Java and Indonesia’s economic growth respectively (BPS, 2011). Due to that reason, it is relevant that the present study is conducted in order to examine and explain organizational and behavioural phenomenon that exists in members of REI because of their role and contribution to the regional economy.

II. REVIEW OF THE LITERATURE AND HYPOTHESES DEVELOPMENT

2.1 Competency-based HR
A competency can be defined as ability or capability (Boyatzis, 2009). It is a set of related but different sets of behavior organized under an underlying construct called ‘intent’ (Boyatzis, 2009). Also, it can be regarded as a combination of tacit and explicit knowledge, behavior and skills that drives an individual for potential effectiveness in task performance (Draganidis & Mentzas, 2006). Further, these authors (Draganidis & Mentzas, 2009) implied that a competency can be defined in terms of categories; competency and definition; and a demonstrated behavior.

In the context of HR literature, Boyatzis and Ratti (2009) argue that the concept of competency-based HR has evolved from a new technique to become a common practice in the 36 years since it was firstly introduced by McClelland (1973, [cited in Boyatzis and Ratti, 2009]) as a critical differentiator of performance. While HR competence is a critical source of performance, it is also noteworthy to observe the competence on the human perspective of individuals because they directly relate to specific aspect of competencies. In their article, Monge et al (1982) have argued that as a communicator, an individual must be able to develop his/her own competence and build it upon behavioural aspect as a focus. Further, in order to understand the relationship nature between competencies with organizational variables these authors (Monge et al, 1982) have urged the need to reflect on the outcomes of organizational interactions (for instance, job satisfaction). As this concept expands, scholars have found that competence development has been able to predict job satisfaction (Hasson & Arnetz, 2008). On the contrary, inadequate level of competency development would affect
personalintenseness and work stress (Madlock et al, 2008). Thus, a communicator’s competence is a strong predictor for job satisfaction and employee’s interaction (Madlock et al, 2008).

There have been significant literature on competency-based human resource talking about since three decades ago (for instance, Spitzberg, 1983; Spitzberg and Cupach, 1984; Elvins, 1985). In general, these authors have contributed to the notion that human resource competence is a potential aspect within an organization that includes: knowledge, desire, behavior, performance, effective leadership and work ability that influence an individual’s accomplishment and ones opportunity to satisfy the organizational performance. Organizations that understand and have successfully enhanced human resource competence of its employees will be able to lead the market wherever they operate (Webber et al, 2009).

In relations to work discipline, human resource competence has also been regarded as an important predictor. According to Giardino and Pearce (1993, [cited in Sunthonkanokpong & Jitgarun, 2006]), core competence is a focus driven and directive phenomenon that develops professional discipline in an organization. This concept is relatively new in the literature which is also known as affirmative discipline that is widely applied in private sector. It lays the rationale that employee who does not perform needs to be rehabilitated. Moreover, affirmative discipline suggests that interactions between employees and their managers is the core of work discipline in almost every organization.

Importantly, the evolution of competency-based approach in the last three decades has proven to be a critical tool in many organizational functions. This approach was derived from the notion that “the drive for effectiveness in organizations fuels the quest for understanding the talent and capability of the people that creates or determines effectiveness” (Boyatzis, 2009; p. 749). Hence, companies have adopted this technique to identify, deliver the best training method, determine better selection or promotion decisions, and/or developing best design of training programs. Draganidis and Mentzas (2009) describes few main reasons why competency-based approach has been undertaken by companies or business organizations: (1) it provides identification of skills, knowledge, behaviors and capabilities needed to meet certain criterions which are aligned with the organizational strategies and priorities; (2) it focuses in eliminating competency gaps among individuals and groups in a project, job role or enterprise strategy been selected. It is important to understand that the concept of competency-based HRM havecommonlybeen applied in large corporations nowadays (Boyatzis, 2009). Based on these theoretical rationales, hypotheses proposed in this study are:

H 1: There is a significant effect of human resource competence on employee’s job satisfaction.
H 2: There is a significant effect of human resource competence on work discipline
H3: There is a significant effect of human resource competence on employee’s performance.

2.2 Organizational Commitment (OC)
There are considerable body of knowledge that can explain the concept of organizational commitment (OC) in the last ten years (for example, Awasthy &Gupta, 2011; Coyle- Shapiro et al, 2006; Gottschalg & Zollo, 2007; Jaramillo et al., 2004; Luchak et al., 2007; Steyrer et al., 2008; Vandenberghe et al., 2004). From a behavioral standing point, OC can be defined as a person’s feeling with regards to continuing his or her association with the organization, acceptance of the values and goals of the organization, and willingness to help the organization achieve such goals and values (Pareek, 2004). Further, OC can also bedefined as a situation to which an individual in supports his/her particular interests in an organization with and an intention to maintain his/her membership in the organization (Yiing and Ahmad, 2009).

Awasthy and Gupta (2011) suggest that the concept of OC lays the emphasis on motivational acts to stimulate people to invest their talents in the work that needs to be done.Moreover, these authors (Awasthy & Gupta, 2011) added “it is reasonable to consider a network of relationships (that provides information on what is happening in the organization, access to power structures, emotional
support and friendship) as one of these motivational acts as this would increase the person’s involvement in the affairs of the organization and attachment to the organization, and hence, OC” (p.31). Hence, determining OC is one of a key ingredient in achieving success for business organizations because OC could determine an internal strength of an organization through the people who operate it.

A previous study have highlighted that job satisfaction has been able to predict OC among employees (Testa, 2001). Moreover, Westover et al (2010) suggests that there is a significant positive correlation between job satisfactions with OC. This suggests that employees who are satisfied at work may be more willing to invest maximum efforts which in turn positively contribute to their organization. An employee’s commitment to a particular organization is developed through a sequential process. Further, Johnson et al (2010) identified three important factors that affect an individual’s commitment to his/her organization. These are: 1) individual characteristics; 2) job characteristics; and, 3) work experience. Nevertheless, other factors (for instance, organizational culture) may also have a role in determining an individual’s commitment to his/her organization. These factors were empirically examined by Yiing and Ahmad (2009) who found thata leader’s behavior significantly influences OC which might also be influenced by organizational culture, although, OC seems to negatively influence job satisfaction and have no significant effect on employee performance. It is evident that differences in culture can influence an individual’s commitment and ones behavior towards an organization. Since most of the literature in OC has been focused on the Western context, this study employs the concept of OC in an Indonesian perspective because there is limited number of research in behavioural studies that has been publicized in examining the concept of OC in an Indonesian context. Hence, based on the review of the literature this study proposes several hypotheses relevant in the context of OC:

\[ H 4: \text{There is a significant effect of organizational commitment on employee’s job satisfaction.} \]
\[ H 5: \text{There is a significant effect of organizational commitment on work discipline.} \]
\[ H 6: \text{There is a significant effect of organizational commitment on employee’s performance.} \]

2.3 Transactional Leadership

According to Groves and La Rocca (2011), change-oriented leadership is influenced by previous seminal studies (Burns, 1978; Bass, 1995; Bass & Avolio, 1991; Avolio & Bass, 2000) in distinguishing between transactional and transformational leadership. It has been argued that transactional leadership builds the foundation for relationships between leaders and followers in terms of specifying expectations, clarifying responsibilities, negotiating contracts, and providing recognition and rewards in order to achieve the expected performance (Bass, 1985). Furthermore, Bass (1985) highlighted that transactional leader as one who operates with in the existing system or culture, has an inclination toward risk avoidance, and focuses on time constraints, standards, and efficiency. Accordingly, Bass (1990) and Yukl (1998) indicated that relationship between transactional leaders and the employees’ can be reflected from three aspects. These are: (1) leaders understands employees’ desire and communicate with them to explicate what types of reward will be bestowed upon in the quest of expected performance; (2) leader exchanges the efforts and accomplishment of the employees’ with rewards; and, (3) leader’s responsiveness to the employee’s self interest on the condition that it is consistent to ones accomplishment.

Bass and Avolio (2000) have argued that there are three dimensions of transactional leadership - contingent reward, active management by exception and passive management by exception- which drives the leadership interaction between leaders and followers. However, this type of leadership seems to be reluctant to change because leader and his/her follower interact mutually in order to fulfill their self-interests. Again, it is the self-interests of individuals which is dominant rather than compliance or self-willingness to act or to change. Furthermore, team members are not expected to go beyond their team leaders’ initial expectations, nor are they motivated to try out creative solutions to change the status quo (Liu et al, 2011). In addition, transactional leaders may deal with deviations
with harsh criticisms, resulting in the followers taking the well-trodden path of approaching problems rather than trying new methods for fear of criticism (Lee, 2008[cited in Liu et al, 2011]).

Also, Liu et al (2011) mentioned that transformational leadership is argued to be a dominant theme in the context of team innovation in organizational studies; however, it is surprising that the role of transactional leadership in innovation teams is ignored. These authors (Liu et al, 2011) contend that transactional leadership is more common than transformational leadership in organizations. Previous studies have urged for research to examine the influence of leadership to followers’ outcomes (Liu et al, 2011; Yukl, 1999). Hence, this study will extend previous research by utilizing transactional leadership to predict follower’s outcomes such as: job satisfaction, work discipline and employee’s performance. Based on an extensive review through the concepts of transactional leadership, the hypotheses pertaining to the preset study are:

**Hypothesis 7:** There is a significant effect of transactional leadership on employee’s job satisfaction.

**Hypothesis 8:** There is a significant effect of transactional leadership on work discipline.

**Hypothesis 9:** There is a significant effect of transactional leadership on employee’s performance.

### 2.4 Employee’s Job Satisfaction

Job satisfaction is an effective or emotional response to various aspects of the work (Greenberg and Baron, 2003; Robbins, 2006). In particular, job satisfaction describes the feeling of one’s particular job. An individual’s response to a particular job can be reflected in morality, discipline and accomplishment of tasks assigned (Greenberg and Baron, 2003). This definition should not be interpreted as a single concept, because an individual can be relatively satisfied in relation to his/her job and maybe dissatisfied with other conditions that may affect his/her work (Rad & Yarmohammadian, 2006 [cited in Yiing and Ahmad, 2009]). According to Yiing and Ahmad (2009) job satisfaction are determined by several factors, such as: 1) a job that is psychologically challenging; 2) supportive work environment; 3) supportive working partners; and, 4) suitability of individual’s personality with his/her work. Hence, job satisfaction is an interaction between an individual with his/her work and its environment (Robbins et al 2003).

An organization must be able to establish a working condition that can satisfy people within it, in order to fulfill the needs (for instance, career, promotion, salary) and working functions of the employees. Further, employees who experience the fulfillment of their needs will determine individual satisfaction, which will in turn boost one’s performance and accomplishes goals targeted. Adding to that, organizations will be able to gain benefit in reducing turnover probability of unsatisfied employees, and hence, a greater benefit of organizational effectiveness will be gained (Westover et al, 2010; Hasson and Arnetz, 2008). This notion was derived from the early concepts of organizational studies (for instance, Hartline and Ferrel, 1966).Clarity of role is one of the factors that might influence job satisfaction. It is based on the autonomy of tasks assigned to the employees, in which an individual’s insufficient loads of tasks may affect ones actualization over his/her ability (Greenberg and Baron, 2003).

While previous research has been conducted in relating job satisfaction with organizational commitment (Awan & Mahmood, 2010; Westover et al, 2010; Tuzun, 2009; Yiing & Ahmad, 2009) and human resource competence (Weber et al, 2009; Chen & Silverthorne, 2008; Madlock et al, 2008; Sekaran, 1986), there is still limited evidence whether or not job satisfaction affects work discipline and employee’s performance. Moreover, the bulks of work in organizational studies have mainly been focused on the Western cultural context rather than developing countries such as Indonesia. Thus, the hypotheses of the present study are:

**Hypothesis 10:** There is a significant effect of employee’s job satisfaction on work discipline

**Hypothesis 11:** There is a significant effect of employee’s job satisfaction on employee’s performance
2.5 Work Discipline
Gie (1972) argued that learning activities factors provide an understanding of the discipline in an orderly situation in which people who are members of an organization comply with the rules that have been given voluntarily. Furthermore, he (Gie 1972) also defined discipline as the process of directing or controlling the desire of driven interests in order to achieve the goals that leads to a better action. Employee discipline and punishment is a fact of daily life in many organizations (Arvey and Jones, 1985; Cole, 2008).

By nature, a self-consciousness among individuals to work discipline must be developed in order to accomplish tasks assigned by the organizations via the development motivation and commitment of the people within the organization (Harlie, 2010). Furthermore, work discipline is a policy to shift individuals in being self-responsible to comply the regulatory environment (organizations). In a previous research, Cole (2008) determined the effect of differences in explanation, employee attributions, violation type and severity of discipline fairness perceptions on employee discipline. Further, she (Cole, 2008) found that employee attributions play a significant role in determining employees’ perceptions of fairness in the discipline context. In a practical sense, the study contributes to a strategy, whereas training might be useful to increase the awareness of employees to work discipline and helps managers in creating a positive work atmosphere (Cole, 2008).

Work discipline is a key issue in the operation of an organization as it assists the organization to accomplish specific targeted goals. Further, employees’ disciplinary level through obedience of norms in organizations can affect organizational effectiveness and productiveness (Siwantara, 2009). However, there is still narrow body of knowledge in examining work discipline and employee’s performance. A commitment to discipline behavior and awareness of the individuals towards their organization might influence an organization’s outcome which is indicated by employee’s performance to accomplish assigned tasks. Hence, the present study hypothesizes that:

Hypothesis 12: There is a significant effect of work discipline on employee’s performance.

III. MATERIALS AND METHODS
This study examines the effect of HR competencies, OC, and transactional leadership on job satisfaction and employee’s performance. As presented in figure 3.1, the conceptual framework is expected to give the overall picture of the current study. Total of 232 respondents were obtained from 58 companies of REI members in Central Java. A five-point Likert scale was utilized in this study as instruments, mainly derived from previous studies. Established scales of Katz (1974) and Ullrich and Woods (2004) were employed in the use of HR competences construct. Moreover, constructs of OC (Meyer & Allen, 1991; Mowdays, 1974), transactional leadership (Bass, 1985; Pounder, 2001; Brown, 2003), job satisfaction (Robbins, 1996; Galup et al, 2008), work discipline (Saydam, 2006) and employee’s performance (Armstrong, 2003) were also employed in the present study.

Statistical analysis was undertaken in the present research by utilizing a path analysis approach in order to test the hypotheses relevant to this study. In accordance with the objectives of the study, the present study is categorized as an explanatory research, a research that aims to find an explanation of the causal relationships between variables or the influence of other variables through hypotheses testing (Umar, 2004).
Figure 3.1 Research conceptual framework

The constructs as depicted in the figure 3.1 were divided into three categories: exogenous construct consisting of HR Competence (X1), Organizational Commitment (X2) and Transactional Leadership (X3); and, the endogenous construct which consists of Job Satisfaction (Y1), Discipline (Y2), and Employee Performance (Y3). Exogenous constructs, also known as the source variable is a variable that is not predicted by the other variables in the model. On the other hand, an endogenous construct is a variable whose value is determined by the model. Based on figure 3.1, the statistical equations which is utilised in this study are expressed as follows:

1. \[ Y_1 = P_{1}X_1 + P_{2}X_2 + P_{3}X_3 + \epsilon_1 \]
2. \[ Y_2 = P_{4}X_1 + P_{5}X_2 + P_{6}X_1 + P_{7}Y_1 + \epsilon_2 \]
3. \[ Y_3 = P_{8}X_1 + P_{9}X_2 + P_{10}X_3 + P_{11}Y_1 + P_{12}Y_2 + \epsilon_3 \]

In terms of the path coefficient calculation (parameter estimation), Solimun (2002) suggests that essentially path coefficient is a standardized regression coefficient (beta coefficient). Furthermore, the regression coefficients were calculated from the database that has been set in raw numbers or Z-score. Hence, standardized path coefficient was used to describe the influence of the independent variables (exogenous) to the effect of other variables as the dependent variable (endogenous).

4. RESULTS AND DISCUSSION

4.1. Validity and Reliability Testing Research Instruments

The following tables are presented testing the validity and reliability of research instruments for each variable:

<table>
<thead>
<tr>
<th>Table 4.1 Tests of validity and reliability results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>Cronbach Alpha</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>JobSat</th>
<th>WDisc</th>
<th>EP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Y1.1</td>
<td>0.639</td>
<td>Y2.1</td>
</tr>
<tr>
<td>2</td>
<td>Y1.2</td>
<td>0.741</td>
<td>Y2.2</td>
</tr>
<tr>
<td>3</td>
<td>Y1.3</td>
<td>0.723</td>
<td>Y2.3</td>
</tr>
<tr>
<td>4</td>
<td>Y1.4</td>
<td>0.725</td>
<td>Y2.4</td>
</tr>
<tr>
<td>5</td>
<td>Y1.5</td>
<td>0.702</td>
<td>Y2.5</td>
</tr>
<tr>
<td>6</td>
<td>Y2.6</td>
<td>0.704</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Y2.7</td>
<td>0.672</td>
<td></td>
</tr>
<tr>
<td>Cronbach Alpha</td>
<td>0.749</td>
<td>0.844</td>
<td>0.869</td>
</tr>
</tbody>
</table>
From the table 4.1 depicted above, it shows that all the values of each indicator and inter-item correlations were above 0.3. Thus, the overall indicators and items are valid. Furthermore, the constructs were all reliable for further analysis. All reliability scores indicated by the Cronbach alpha were all above 0.6 respectively. Hence, the constructs employed in this study are sufficient to be statistically tested.

4.2 Factor Analysis Results
Factor loading values indicate the weight of each indicator as a measure of their missing latent variables. Indicators with the greatest factor loading is an indication that the indicator variable as a measure of the fittest (dominant). The results of factor analysis are presented as follows:

Table 4.2 Loading factors value of each variable

<table>
<thead>
<tr>
<th>Indicator</th>
<th>HRC</th>
<th>OC</th>
<th>TLead</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>X1.1</td>
<td>X2.1</td>
<td>X3.1</td>
</tr>
<tr>
<td>2</td>
<td>X1.2</td>
<td>X2.2</td>
<td>X3.2</td>
</tr>
<tr>
<td>3</td>
<td>X1.3</td>
<td>X2.3</td>
<td>X3.3</td>
</tr>
<tr>
<td>4</td>
<td>X1.4</td>
<td>X2.4</td>
<td>X3.4</td>
</tr>
<tr>
<td>5</td>
<td>X2.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 4.2 depicted above, among all of the HR Competence (HRC)(X1) indicators that consists of: relationship (X1.1); communication (X1.2); organization (X1.3); and, cognitive and knowledge (X1.4), revealed that organization (X1.3) is the strongest indicator variable that represents HRC.

Furthermore, from the five indicators representing Organizational Commitment (OC)variables (X2) such as: affective commitment (X2.1); continuance commitment (X2.2); normative commitment (X2.3); a low turnover rate (X2.4); and, loyalty positive and high performance (X2.5) showed that the continuance commitment indicators (X2.2) is the most dominant indicator measuring OC.

In the third variable of Transactional Leadership (TLead) (X3), among four indicators: ‘reward giving/contingent benefits’ (X3.1); ‘management by exception’ (passive / Active) (X3.2); ‘monitoring and controlling works’ (X3.3); and, ‘intervention and correction’ (X3.4), indicated that the indicator ‘management by exception’(X3.2) is the strongest indicator measuring TLead variable.

The employee’s job satisfaction (JobSat) variable (Y1) represented by five indicators, namely: ‘satisfied at work’ (Y1.1), ‘would satisfy boss at work’ (Y1.2), ‘will satisfy organizational policy’ (Y1.3), ‘will support the organization's satisfaction’ (Y1.4); and, ‘has a chance to advance’ (Y1.5). Among these indicators ‘would satisfy boss at work’ (Y1.2) is the dominant indicator that measures employee satisfaction.

Work discipline(WDisc) variable (Y2) contains of seven indicators: ‘leader’ (Y2.1), ‘reply services’ (Y2.2), ‘justice’ (Y2.3), ‘monitoring attached’ (Y2.4), ‘penalties law’ (Y2.5), ‘firmness’ (Y2.6) and ‘human relations’ (Y2.7). It was indicated that ‘reply services’ (Y2.2) was the strongest indicator variables measuring work disciplinary.
The employee performance (EP) variables (Y3) which consist of three indicators: quantity (Y3.1), quality (Y3.2), and time (Y3.3). The result showed that indicator quantity (Y3.1) was the strongest indicator variable measuring employee performance (Y3).

4.4 Hypotheses Tests
The first step in the analysis is testing goodness of fit model. The coefficient of determination (RSquare-value) was 60.04% of total. This indicates that data variability explains 60.04% of the model; whereas, the remaining of 39.96 percent is explained by other variables (not determined by the model).

Hypotheses tests were performed by employing the use of t-statistics on each of the direct influence of the partial path. The following table 4.3 presents the results of hypothesis testing direct influence.

<table>
<thead>
<tr>
<th>Relationship between Variables</th>
<th>β</th>
<th>t-value</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRC and JobSat</td>
<td>0.295</td>
<td>5.006</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>OC to JobSat</td>
<td>0.294</td>
<td>4.974</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>T Lead and JobSat</td>
<td>0.172</td>
<td>2.999</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>HRC and WDisc</td>
<td>0.294</td>
<td>4.800</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>OC and WDisc</td>
<td>0.200</td>
<td>3.58</td>
<td>0.001</td>
<td>Significant</td>
</tr>
<tr>
<td>T Lead and WDisc</td>
<td>0.043</td>
<td>0.743</td>
<td>0.458</td>
<td>Non Significant</td>
</tr>
<tr>
<td>Job Sat and WDisc</td>
<td>0.203</td>
<td>3.104</td>
<td>0.002</td>
<td>Significant</td>
</tr>
<tr>
<td>HRC and EP</td>
<td>0.050</td>
<td>0.759</td>
<td>0.449</td>
<td>Non Significant</td>
</tr>
<tr>
<td>OC and EP</td>
<td>0.191</td>
<td>2.986</td>
<td>0.003</td>
<td>Significant</td>
</tr>
<tr>
<td>T Lead and EP</td>
<td>0.294</td>
<td>5.002</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Job Sat and EP</td>
<td>0.050</td>
<td>0.739</td>
<td>0.461</td>
<td>Non Significant</td>
</tr>
<tr>
<td>Wdisc and EP</td>
<td>0.203</td>
<td>2.990</td>
<td>0.003</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Note: p-value significant at <0.01

Based on the statistical result, human resource competence (β=0.295), organizational commitment (β=0.294) and transactional leadership (β=0.172) significantly influence job satisfaction among members of the organization. Based on t-value, the result shows that all of the variables were significant (p-value<0.001). Therefore, hypotheses 1, 4 and 7 were accepted. The findings of this study could be an an indication that HR competence as an ability or capability can influence an individual’s satisfaction over his/her job. It is possible that a specified ability in terms of skills and knowledge might result in an employee’s satisfaction because he/she is employed in a suitable position or job description which is linear to one’s particular background. Hence, it is consistent to the extant human resource literature that competence development could significantly predict job satisfaction and employee’s interaction (Hasson & Arnetz, 2008; Madlock et al, 2008).

Also, this study found that organizational commitment can affect job satisfaction. This finding is consistent to previous studies which found that employee’s passion, (Westover et al, 2010), identification (Tuzun, 2009), leader’s behavior (Yiing & Ahmad, 2009) could significantly predict OC and hence, affect job satisfaction among employees in organizations. The finding in this study indicates a possibility that a commitment towards an organization maybe influenced by a strong motivational support and supportive type of leadership in a particular organization, and thus, generating satisfaction among its employees.

Moreover, this study found that transactional leadership might influence job satisfaction among members of the organization. This indication maybe due to the style of leadership (transactional) that facilitates each member’s particular interests in order to achieve goals set by the organization. Hence,
it affects the satisfaction of each member to the working conditions because of the reward that they 
will obtain once their goals have been achieved. This argument supports previous empirical studies by 
Podsakoff et al (1982); and, Bass and Riggio (2006) who suggests that specifically, transactional 
leaders will make an effort to fulfill the employees’ needs by focusing on exchange of behaviours and 
conditional rewards.

In terms of work discipline, the finding in this study indicated that this variable was influenced by HR 
competence (β=0.294), organizational commitment (β=0.200) and job satisfaction (β=0.203). Similar 
to previous statistical result, the t-value of all variables were significant (p-value<0.001). Therefore, 
hypothesis 2, 5and 10 of the present study were supported. There are few possible explanations that 
may support these statistical results. Firstly, an individual’s capability and particular knowledge may 
affect one’s awareness and self-consciousness to behave in appropriate manner, one of which is by 
engaging discipline at work (Harlie, 2010). It might be that a certain level of an individual’s 
competency also might influence his/her compliance and follow the guidance of the organization. 
Nevertheless, this reason is perhaps in contradiction to Greenberg &Baron’s (1993) argument who 
emphasizes that work discipline could be obtained through punitive actions in the organization. 
Secondly, OC may also affect an individual’s work discipline. As individuals are committed and loyal 
to the organization, it might be that they become more discipline at the workplace and seeking to 
avoid any actions which may be against the regulation determined by the organization. Perhaps, this 
explanation is consistent to Allen and Meyers (1997) who argued that OC is a willingness to share and 
caritas to the organization of whom committed individuals are those who reside within it; either, in 
contented or resilient conditions. Thirdly, it is possible that as employees become more satisfied at 
work, these individuals will then be much more motivated in performing organization’s targeted 
goals. Thus, accomplishing targeted goals may become a manifestation of obedience towards the 
organization. It is a possible argument in the context of the finding in the present study. Moreover, 
this finding is consistent to Greenberg and Baron’s (2003) conceptualization which argue that job 
satisfaction is an emotional posture for individuals who are pleased and keen with his/her job and 
hence, manifested into moral discipline and work performance (Greenberg & Baron, 2003).

With regards to hypotheses6, 9 and12, the results showed that these hypotheses were accepted. These 
results were supported by significant t-value across all of the predicting variables. Also, significant 
linear relationship of organizational commitment (β=0.191), transactional leadership (β=0.294) and 
work discipline (β=0.203) in influencing employee’s performance supported the three hypotheses 
pertaining to the present study. There are several possibilities that could explain these results. As a 
manifestation of an individual’s motivational act to engage in the organization (Awasthy & Gupta, 
2011), OC may influence employee’s participation. Not only that the participation is to be active to 
conduct daily duties but also, the willingness to assist the organization via achieving targeted goals 
and values (Pareek, 2004). It could be possible that the emphasis on targeted goals and values triggers 
an individual to perform his/her maximum effort in the organization. Thus, an individual’s level 
commitment to his/her organization will significantly influence one’s work performance. 
Furthermore, it was indicated that transactional leadership significantly affects employee’s 
performance. A possible explanation for this finding is perhaps because transactional leaders’ rewards 
their employees based on accomplished or expected goals, it may be that employees will perform 
much better in the organization. This finding supports previous research by Wei et al (2010) who 
found that behavior of transactional leaders positively relates to creative performance of their 
employees. This study is also consistent to a previous finding which suggests that transactional 
leadership relates to employee’s outcome in relation to team innovativeness (Liu et al, 2011). If 
innovativeness can be regarded as an outcome of performance which is triggered by the style of 
leadership, it may be that the finding in this study can be considered relevant to Liu et al’s (2011) 
empirical result in the similar context of study. In addition, not only does transactional leadership and 
OC affect employee’s outcomes of performance; but also, work discipline. As it has been argued that 
employee’s disciplinary level through obedience of norms in organizations can affect effectiveness 
and productiveness (Siwantara, 2009). A possible reason of why it influences employee’s 
performance is that when obedience and self consciousness of employees are institutionalized, it may 
be that these individuals becomes more aware of the needs to avoid punitive actions which in turn
allows the organization to run effectively. Perhaps, the reason of the present finding is linear to Saundry et al’s (2011) concept which suggested that work discipline is a focus of work performance enhancement and regulative compliance.

Nevertheless, there were three non-significant relationship determined by the path analyses. As the results were insignificant, therefore, hypothesis 3, 8 and 11 were rejected. The rejection were due to insignificant t-statistics (p-value>0.001). Furthermore, based on the beta (β) scores, transactional leadership (β=0.043), human resource competence (β=0.050) and job satisfaction (β=0.050) had positive signs, however, they appear to be statistically insignificant. Hence, these influential impact of these variables needs to be extended in the future to determine why transactional leadership, human resource competence and job satisfaction were not a significant predictor of work discipline and employee’s performance.

5. LIMITATIONS AND FUTURE DIRECTIONS

The present study is not without its limitations. First, the sample employed in the present study is limited in the cultural and organizational context (only members of REI) and hence, it may not be generalisable in other cultural and organizational setting. Second, the design of the present study is simple by nature as it only measures the interaction among the independent and dependent variables employed in the present study. In the future, the present study would benefit by expanding the model with the use of mediating analysis to explore whether or not job satisfaction and work discipline mediates the interaction between the independent variables (transactional leadership, OC and human resource competence) with employee’s performance. Finally, as there were three non-significant relationship between transactional leadership, human resource competence and job satisfaction with work discipline and employee’s performance which merely depend on statistical result based on the nature of quantitative study. Perhaps, an in-depth interview via qualitative method may be useful in the future to seek any unexplained findings.

6. IMPLICATIONS

There are some practical benefits which can be obtained from the findings of the present study. First, members of REI must be able to pay attention their employees’ cognitive ability which can assist the organization in the development of its workforce via training, formal education and opportunities in enhancing individual career. Second, transactional leadership through rewards to employees is seen useful to enhance employee’s performance. Thus, real estate developers in Indonesia should apply this type of leadership style in enhancing organization’s productivity. Finally, REI members should always maintain employee’s commitment to the organization to minimize the possibility of employee turnovers and keeping them motivated at work.
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