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CHARISMATIC LEADERSHIP AND WORK ETHICS ON EMPLOYEE ENGAGEMENT

Wustari L. MANGUNDJAYA¹

ABSTRACT

Every organization would like to have competent, loyal and engaged people, as engaged people are people who have high attachment and involvement to their organization. Without engaged people, high quality and productivity will not be achieved. The objective of this paper is to test the model about the role of charismatic leadership in employee engagement through work ethics. The study was conducted at two Insurance companies with 290 respondents, using questionnaires for data collection and SEM for data analysis. The results showed that charismatic leadership had a direct impact on employee engagement. The findings also showed that work ethics are partial mediators for the relationship between charismatic leadership and employee engagement. Moreover, the study also showed that Say dimension is the highest indicator of employee engagement, and unconventional behavior is the highest indicator of charismatic leadership. These results enhanced the role of leadership, especially charismatic leadership on employee engagement, and work ethics. As the research on work attitude, work ethics and employee engagement are still very limited, it is hoped that this finding can contribute to the organization and management about work ethics and its relationship with charismatic leadership and employee engagement

KEYWORDS *Charismatic leadership, employee engagement, work ethics.*

JEL CLASSIFICATION *D23, L29.*

1. INTRODUCTION

Organizations should consist of diligent, competent, engaged, and loyal employees. In response to this demand, these recent years there has been a great deal of interest in the issue of employee engagement. Engaged people usually have high emotional attachment and involvement to their organization and will do their job with a great enthusiasm (Baumruk, 2004; Harter et al., 2002; Richman, 2006, Shamir et al., 1993). Engagement also needs to foster a positive mindset and a conducive and cooperative culture (Coulaty, 2016). While, leadership especially charismatic leadership was discussed to have the ability to inspire enthusiasm and action in their followers (Sosik et al., 2011). Previous research studies showed the importance and benefits of charismatic leaders such as a) unconditional acceptance of the leader, and b) unquestioning loyalty and obedience to the leader (Lussier & Achua, 2010). Although there are many studies about employee engagement, till to date no study has empirically or conceptually examined the dynamic relationship between charismatic leadership, engagement, and work ethics, neither about the impact of work ethics on employee engagement nor about what kind of effects the charismatic leadership on work ethics. Based on this phenomenon, the purpose of this study is to examine the dynamics of a relationship between charismatic leadership and employee engagement along with the mediating effects of work ethics in that relationship.

2. THEORETICAL REVIEW

2.1. Employee Engagement

Employee engagement is defined as a positive attitude held by the employee towards the

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organization and its value (Robinson et al., 2004) Engagement is about passion, commitment and willingness to invest oneself and expand one's discretionary effort to help the success of the organization. (Macey and Schnieder, 2008). Employee engagement is also the degree to which a person commits to an organization and the impact that commitment has on how profoundly they perform and their length of tenure (Federman, 2009). Furthermore, Hewitt, (2010) said that employee engagement, consists of energy, and passion that posed by the employee to work according their roles and status, which has three dimensions, namely a) Stay, that is the willingness of the employee to continue as being part of the organization; b) Strive, the willingness of the employee to give maximum efforts to do things that increase the organization productivity; and c) Say, the willingness of the employee to express the pride of the organization. In this study, the concept of employee engagement had used the concept by Hewitt (2010).

2.2. Charismatic Leadership

Shamir et al., (1993) stated that charismatic leadership has its effects by strongly engaging followers' self-concepts in the interest of the mission articulated by the leader. Moreover, Conger and Kanungo (1994) defined that Charismatic Leadership differs from other leaders by their ability to formulate and articulate an inspirational vision, and by behaviors and actions that foster an impression that they and their mission are extraordinary. In this regard, the charismatic leadership behaviors include vision and articulation, environmental sensitivity, unconventional behavior, taking personal risks, sensitivity to member needs, and does not maintain status quo (Conger and Kanungo, 1994). This study used the definition of charismatic leadership by Conger and Kanungo (1994).

2.3. Work Ethics

Work ethics in the organization is the key to the ethical behavior of employees. Practicing work ethics is an effective means of improving the performance of an organization, especially when the organization uses different approaches in creating an ethical culture among the employees (Valentine et al., 2011). Work ethics is not about the success of a particular individual, rather it is about the collective mindset of a nation or a society manifested in the will to be in charge of controlling destiny, the quest for renewal and innovation, and a persistence in looking beyond current possibilities and toward imagined new opportunities.

2.4. Charismatic leadership, work ethics and their impact on employee engagement.

Saks (2006) stated that employee's engagement demonstrates their feelings, attachment and relationship at the workplace, including their relationship with their leaders. Sarwar & Abugre (2013) also stated that when people feel that they were treated with dignity, respect, and value for their contributions, they will d pride from their interactions. In relation to this, Truffle (2012) stated that charisma is useful for persuading people to accept leader's ideas, and highly effective and engaged groups, who usually work for their leader who has got shared vision and clear envisioned future. There are antecedents of employee engagement both from intrinsic and extrinsic factors (Clark, 2012). In this regard, Babcock-Roberson and Strickland (2010) reported that there is a positive relationship between charismatic leadership and OCB, and the influence can be direct, or indirect influence via the mediating variable such as ethical climate (Zehir, 2014). Shamir et al., (1993) in their research also reported that charismatic leadership had a positive impact on their followers, especially in engaging with the mission articulated by the leader. Based on the above discussion, the researcher proposed the following hypothesis:

Hypothesis 1: Charismatic leadership has positive impact on employee engagement

Work ethics in the organization is the key to the ethical behavior of employees, as a result, organizations that focus on developing work ethics will lead to the employees behaving ethically (Valentine & Barnett, 2007). Practicing work ethics is an effective means of improving the performance of an organization (Valentine et al., 2011), and charismatic leadership effects change

in followers' behavior through makings alignment of their values and identities. As a result, a charismatic leader can inspire people to act according to the ethical code in the work and organization. Based on the above discussion, therefore, the researchers proposed the following hypotheses:

Hypothesis 2: Charismatic leadership has positive impact on work ethics.

Research showed that work ethic has a significant and positive effect on organizational commitment (Komari & Djafar, 2013). Employees care about their organization, they also show concern and obey professional codes of ethics in terms of keeping any official business confidential; keeping the company's good image for the sustainability of the company; and working hard to achieve the performance target (Komari & Djafar, 2013). In addition to that, previous researchers had shown that organization with ethical environment might lead to higher employee engagement (Demirtas 2015; Den Hartog & Belschak 2012; Lin 2010; Sharif & Scandura 2014). Based on these arguments, the study proposes the following hypothesis:

Hypothesis 3: Work ethics has positive impact on employee engagement.

Charismatic leadership behaviors include vision and articulation, environmental sensitivity, unconventional behavior, taking personal risks, and sensitivity to member needs (Conger and Kanungo, 1994). With this kind of unconventional behavior and sensitive to member's need, leaders can influence and motivate their followers to work according to the ethical standards, as well as to be engaged in the organization. (Conger and Kanungo, 1994) Based on the discussion above, the following hypothesis is proposed:

Hypothesis 4: Charismatic leadership has positive impact on employee engagement through work ethics.

Based on those hypotheses, the following model will be tested:

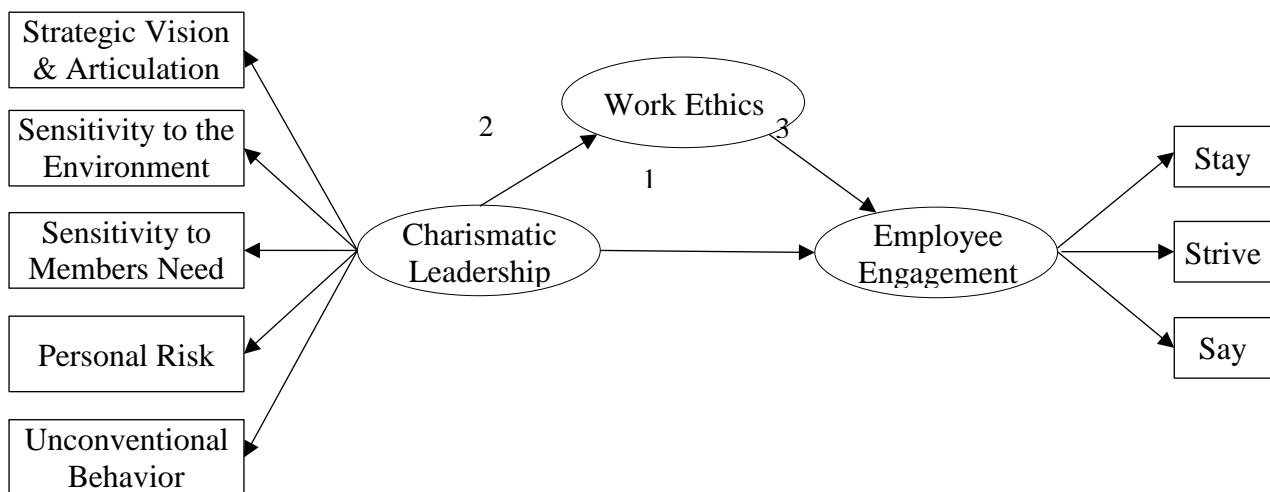


Figure 1. Research Model

3. METHODS AND MEASURES

3.1. Sampling

The respondents for this study are employees who worked at two insurance companies, which undertaken some organizational changes, e.g: changing in organizational structure; policies, system, and procedures. Respondents are chosen using Non-Probability sampling, convenience sampling, with 290 respondents. The characteristics of respondents are as follows: 1) has been working at least two years in the company in order to understand the situation and condition of the company 2) permanent employees, in order to know the level of engagement, and 3) at least senior high school graduates, in order they can understand the questionnaires.

3.2. Data Collection Methods

Data were collected using survey, with 3 Likert Style Questionnaires as follows: 1) Employee engagement, was measured using Hewitt's inventory which comprises 3 dimensions, namely a) Stay, b) Strive, and c) Say, consisted of 12 items with the score of Cronbach Alpha is 0.743, 2) Charismatic leadership or The C-K scale, was measured using the Conger and Kanungo questionnaire (the C-K Scale) based on their charismatic leadership theory (Conger & Kanungo, 1994, 1998; Conger, Kanungo, Menon, & Mathur, 1997), which measured five behavioral dimensions of charismatic leadership namely: a) strategic vision b) environment's sensitivity c) members' needs sensitivity d) personal risk, and e) unconventional behavior. The C-K scale was translated and modified into Bahasa Indonesia, and after tested and validated The C-K scale consisted of 30 items. Strong evidence for the reliability of the scale has been reported with the score of Cronbach Alfa is 0.979 and 3) Work Ethics, which is unidimensional variable consisted of 6 items with the score of Cronbach Alfa is 0.618.

3.3. Data Analysis

Data were analyzed using SEM and descriptive analysis.

4. RESULTS AND ANALYSIS

4.1. Descriptive Analysis

From the education descriptive data, it is shown that most of the respondents were bachelor degree (64.8%). The distribution of data also reflects the ideal condition of distribution data in Indonesia's organization, especially in an insurance company which is mostly dominated by undergraduate employees. From the work experience, it showed that the majority of the workers have been working more than 20 years (50.68%).

Table 1. Descriptive Analysis

Demographics Variable	N (%)	Employee Engagement		Charismatic Leadership		Work Ethics	
		Mean	SD	Mean	SD	Mean	SD
Gender							
Male	179 (61.7)	4.87	0.42	4.46	0.87	4.67	0.58
Female	111 (38.3)	4.78	0.39	4.43	0.85	4.60	0.59
Age							
<25 years old	13 (4.5)	4.85	0.33	4.43	0.86	4.55	0.44
25-44 years old	129 (44.5)	4.82	0.43	4.45	0.84	4.68	0.59
>44-56 years old	148 (51)	4.85	0.40	4.46	0.88	4.63	0.59
Educational level							
Sr. High School	17 (5.9)	4.68	0.37	4.44	0.83	4.44	0.64
Diploma	33 (11.4)	4.91	0.42	4.49	0.85	4.66	0.52
Bachelor Degree	188 (64.8)	4.85	0.41	4.46	0.87	4.66	0.59
Master Degree	52 (17.9)	4.79	0.39	4.41	0.89	4.46	0.57
Lengths of Work							
2-5 years	64 (22.1)	4.84	0.45	4.43	0.88	4.62	0.58
>5-10 years	37 (12.7)	4.74	0.31	4.46	0.85	4.64	0.48
>10-20 years	42 (14.5)	4.80	0.44	4.45	0.86	4.66	0.54
>20 years	147 (50.7)	4.85	0.40	4.44	0.84	4.66	0.58

From the table 2, it showed that there was a significant correlation between employee engagement and change leadership, and with work ethics. The results also showed that the highest correlation were found in the correlation between employee engagement and work ethics.

Table 2: Mean, SD, Correlation, reliability among variables.

Variable	Mean	SD	EE	CL	WE
1. Employee Engagement (EE)	4.83	.41	1	.27**	.44**
2. Charismatic Leadership (CL)	4.45	.86	.27**	1	-
3. Work Ethics (WE)	4.65	.58	.44**	.16*	1

* Pearson Sig. 2 tailed, significant at $p < 0.05$.

** Pearson Sig. 2 tailed, significant at $p < 0.01$

4.2. Model testing

In order to test the model and to identify the impact of the dimensions of each variable, SEM was run.

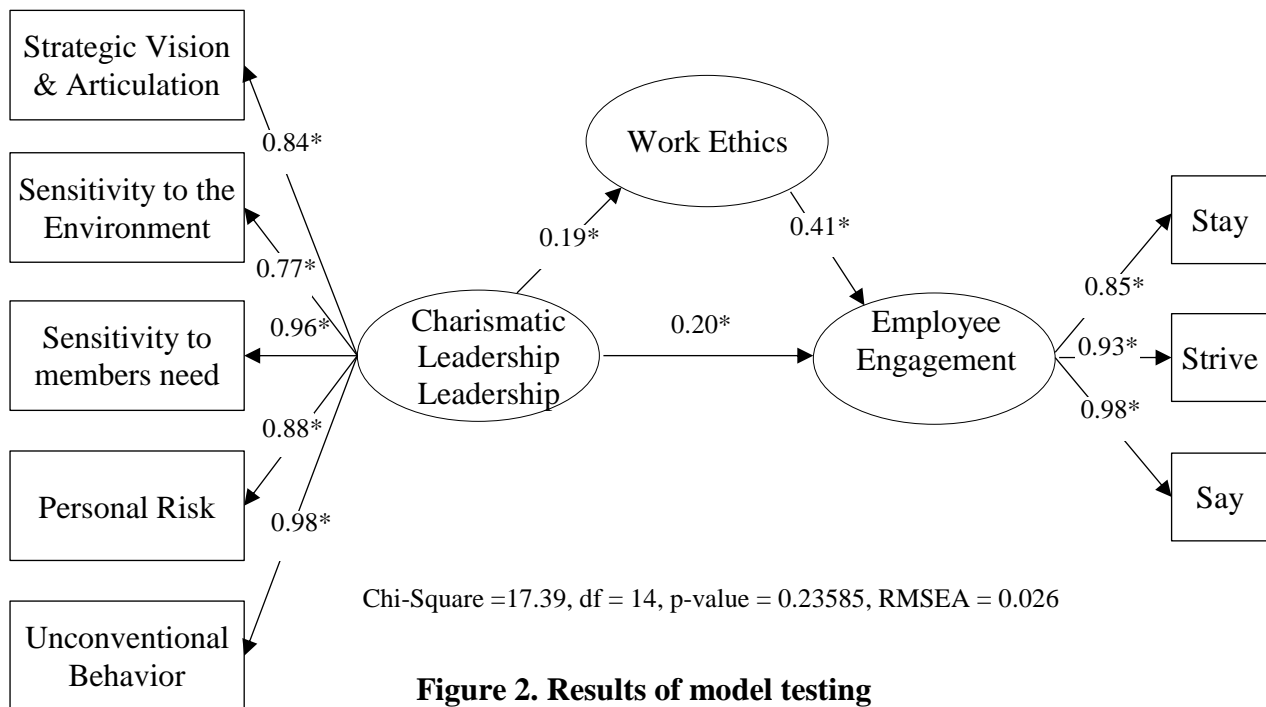


Figure 2. Results of model testing

The results in Figure 2, showed that there was a positive impact of charismatic leadership on employee engagement, as well as there was a positive impact of charismatic leadership on employee engagement through work ethics as mediator. The summary of the results can be seen in table 3.

Table 3: Path Analysis and Hypothesis Testing

Path Analysis	Standardized	SE	t-Value	Significant (t-value>1.96)	Hypothesis testing
Charismatic Leadership to Employee Engagement	0.20	0.05	4.13	Significant	H1 Supported
Charismatic Leadership to Work Ethics	0.19	0.05	3.44	Significant	H2 Supported
Work Ethics To Employee Engagement	0.41	0.05	8.78	Significant	H3 Supported
Mediation Effect of Work Ethics.					
Charismatic Leadership to Employee Engagement Through Work Ethics.	0.078 (0.19x0.41)	0.05	5.79	Significant	H4 Supported

4.3. Analysis of the results

(a) *Charismatic Leadership has a positive impact on Employee Engagement.*

The results showed that charismatic leadership had a positive impact on employee engagement (0.20), which can be concluded that hypothesis 1 (one) is supported. Based on this finding, it can be said that the strong charismatic leadership had a positive impact on employee engagement. To be more specific, the study also found that unconventional behavior of the charismatic leader has the highest loading factor (0.98) compares the other 4 dimensions, followed by sensitivity to member's need (0,96). In other words, unconventional behavior, and sensitivity to member's need were the high indicators for charismatic leadership, which can be said that leader who showed the characteristic of caring and sensitive with member's need, and willing to show unconventional behavior for their members, can influence his/her subordinates to show their engagement for the organization.

(b) *Charismatic Leadership has positive impact on work ethics.*

The study showed that charismatic leadership had a positive impact on work ethics (0.19), or hypothesis 2 is supported. This finding showed that when a leader can motivate their members, through their leadership style and behavior, consequently members are likely to follow their behavior, including their standard of ethical behavior, as the leaders are their role models. From the findings, it also can be concluded that, leader sensitivity to member's need as well as expressing attention and unconventional behavior (which is not only routine behavior as leader and follower) had a positive and significant impact on work ethics of their followers.

(c) *Work Ethics has a positive impact on employee engagement.*

The study showed that work ethics had a positive impact on employee engagement (0.41), or hypothesis 3 (three) is supported. Moreover, the results also showed that in comparison to charismatic leadership, work ethics had a higher impact on employee engagement, which can be concluded that work ethics will work more effectively in developing employee engagement than a leader. In addition to that, the study also revealed that Say has the highest loading factor (0,98) of Employee Engagement, followed by Strive (0.93), which can be concluded that these two dimensions were the best indicators of employee engagement. In other words, people can be categorized as having engagement, if he/she show their assertive behavior about the organization and working condition (Say), as well as their willingness to work hard for the organization (Strive).

(d) Charismatic leadership has a positive impact on employee engagement through work ethics.

The study showed that charismatic leadership had a positive impact on employee engagement through work ethics (0.078), or hypothesis 4 (four) is supported. The results showed that Charismatic leadership has a higher impact directly on Employee Engagement, rather than through work ethic, in other words, work ethics can be regarded as a partial mediator of the relationship between charismatic leadership on employee engagement. Results also showed that Charismatic Leadership had a positive impact on work ethics, however, compared to work ethics, charismatic leadership had a lower impact on employee engagement. As a result, work ethics will work more effectively in developing employee engagement than charismatic leadership. In addition to that, in relation to the direct impact, the results also showed that work ethics itself had the highest positive impact on employee engagement compared to the impact of charismatic leadership to employee engagement.

5. DISCUSSION

The objective of this study is to identify the role of charismatic leadership in employee engagement with the mediating role of work ethics. This study showed that charismatic leadership had a positive impact both directly and indirectly through work ethics on employee engagement. Results showed that the dimension of charismatic leadership, comprising unconventional behavior, sensitivity to the member's need are the most powerful dimensions in representing transformational leadership. This finding is consistent with that of Leung (2008), who found that ethical work climate had significantly correlated with the extra role behavior of the employees.

Charismatic leadership is significantly affected the employee engagement, these findings are in line with Shamir et al., (1993) who stated that the behavior of charismatic leaders had a positive impact on their followers. Furthermore, the results of the study showed that work ethics have a higher impact on employee engagement compare to charismatic leadership. These phenomena can be explained as people with good work ethics will show their engagement with the organization, by working hard and expressing their opinion for the sake of organizational development. Research also found that work ethics had a mediating effect on the relationship between charismatic leadership and employee engagement. In this regard, although charismatic leadership had a positive impact on employee engagement through work ethic, the direct impact of charismatic leadership is higher compares to the indirect impact. It can be concluded that work ethic act as a partial mediator between charismatic leadership and employee engagement.

Some limitations of this study were as follows: .First, in this study all data were collected based on questionnaires which potential of common method biases can be found (Podsakoff et.al, 2003), Second, the sample was collected from 2 insurance companies, in which there might be differences in terms of the organizational culture that might have impacted the results. Third, this study only evaluated charismatic leadership, other different types of leadership styles such as transformational, servant, change and authentic might have different results. In this regard, future studies can be done in different types of organization, using different types of data collection methods and different types of leadership styles.

6. CONCLUSION AND IMPLICATIONS

Study about employee engagement is important as based on the previous study by Mangundjaya (2012; and 2014), employee engagement has a positive impact on individual readiness for change and commitment to change. Moreover, Markos & Sridevi (2010) also stated that employee engagement is the key to develop organizational's performance, and as an engaged employee they usually have emotional attachment with their organization, which makes their follower willingly to

go extra miles in order to achieve the organization's objectives. Charismatic leaders, usually engage in behaviors that foster an image of extraordinary competence, in which will increase follower dependence (Yukl, 1999). As a charismatic leader, they usually influence processes that are primarily intended to align followers' vision with the leader. With this condition, charismatic leader, especially with their sensitivity to member's need and expressing unconventional behavior to their followers, have a positive impact in developing both work ethics and employee engagement. In this regard, people tend to stay in the organization, doing their jobs with high involvement and attachment and has the courage to speak out for the development and betterment of the organization.

The contribution of this study can be applied to develop employee engagement, and in terms of practical implications, this study will provide support for the organization, management, and HR professionals, to establish employee engagement, both directly with the influence of charismatic leader or through the mediator of work ethics. This study about engagement is important as according to Holbege and Matthews, (2012) when an employee is highly engaged they can and will contribute higher productivity. As a result, developing leaders to have charismatic leadership style is one of an alternative to enhance the productivity of the organization.

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Testing Resilience and Work Ethics as Mediators Between Charismatic Leadership and Affective Commitment to Change

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Abstract

The study tests resilience and work ethics as mediators between charismatic leadership and affective commitment to change. Many organizations, such as banking, insurance companies, and financial institutions, face strong competition and consequently need to effect considerable change within the organization. Many variables have a significant impact on the success of organizational change, and people (resilience and work ethics) as well as change leaders are primary variables in this research. This study, using structural equation modeling, was conducted on a sample of 355 employees from banking and insurance companies. In this study, the inventory of affective commitment to change, the Conger-Kanungo charismatic leadership scale, resilience, and work ethic inventory was used. The results showed that resilience is a partial mediator between charismatic leadership and affective commitment to change. Meanwhile, work ethic was not a mediator between the two variables. The results showed that charismatic leadership can have a direct, positive, and significant impact on affective commitment to change without mediators, and that resilience can act as partial mediator. Furthermore, work ethic had a significant and positive effect on affective commitment to change through resilience. In other words, resilience is a full mediator for the impact of work ethic on affective commitment to change.

Keywords: Charismatic Leadership, Affective Commitment, Resilience, Work Ethics, Change

JEL Classification Code: M0, M10, M19

1. Introduction

The world is changing, with VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) conditions and rapid technological development making competition very challenging for many organizations. To face this strong competition, organizations, including banks and insurance institutions, are introducing changes and new approaches, such as restructuring and enhancing service excellence. Previous studies have showed that one of

the biggest challenges concerns people's commitment to change: employees may feel threatened by change and, consequently, become resistant to it, and this affects the process and success of organizational change. Consequently, every organization needs an excellent program and change agent that can motivate and inspire people to commit to the planned change.

Previous studies indicate that personal characteristics such as efficacy and resilience can become drivers of organizational change (Luthans, 2015; Hodges, 2017) and work ethics (Abbas, 2013). Moreover, Michaelis et al. (2009) and House in Pierce and Newstrom (2011) also showed that leaders, including the charismatic leader, have a significant impact on organizational change and developing a commitment to change, with Michaelis, Segmaier, and Sonntag (2009) demonstrating that charismatic leadership is positively correlated with affective commitment to change. However, studies on leadership and its impact on the affective commitment to change were quite limited, although research has been conducted on the effect of change leadership on affective commitment to change (Herold et al., 2008; Liu, 2010; Mangundjaya, 2019) and transformational leadership on the commitment to change (Herold et al., 2008;

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Rowold & Abrel-Vogel, 2014; Mangundjaya, 2018a, 2018b). From the studies, it was observed that similarities exist between transformational leadership and charismatic leadership with a shared focus on the well-being and development of followers. Nevertheless, research into the role of charismatic leadership on affective commitment to change is still limited and needs further study.

This research aims to fill the gaps in understanding of the roles of leader and people during the process of organizational change, in particular in the development of the affective commitment to change. Charismatic leadership comprises the dimensions of strategic vision, sensitivity to the environment, sensitivity to members' needs, personal risk and unconventional behavior (Conger & Kanungo, 1998). These behaviors are assumed to impact on the affective commitment to change as they tend to motivate and inspire others to develop. With these qualities, charismatic leadership behaviors are more acceptable to their followers during organizational change because followers feel better about their work and strive to perform well (Conger & Kanungo, 1997, 1998). Further, House (in Pierce & Newstrom, 2011) showed that some of the characteristics of charismatic leadership are transforming values and beliefs, as well as stimulating and idealizing a vision for the future.

Charismatic leaders motivate their followers to work hard, develop a work ethic, and support organizational changes. However, other studies revealed a negative relationship between charismatic leadership and crisis management (Bligh, Kohles, & Pillai, 2005; Williams, Pillai, Lowe, Jung, & Herst, 2009). The ability to face and survive challenges and crises is one of the characteristics of resilience. Amidst these different findings and arguments, this research aims to test the roles of resilience and work ethics as mediators between charismatic leadership and affective commitment to change.

2. Analytical Framework

2.1. Affective Commitment to Change

Commitment to change, according to Herscovitch and Meyer (2002), is a mindset that drives an individual to take the action necessary for the successful implementation of organizational change. Affective commitment to change, as one of the dimensions of commitment to change, is a willingness to deliver support for the proposed organizational change in the belief that it is beneficial to the organization. This behavior is categorized as discretionary behavior and is projected as supportive behavior throughout the process of organizational change (Herscovitch & Meyer, 2002).

2.2. Charismatic Leadership

Charismatic leadership is the ability to express and articulate an inspiring vision through behaviors and actions

that nurture the impression of an imaginative mission. Charismatic leaders are organizational crusaders who diagnose a need for change and express it in a dream of a better future (Conger & Kanungo, 1994). These charismatic leadership behaviors also include effective verbalization of the vision, sensitivity to the environment, unusual or risk-taking behavior, and understanding of members' needs (Conger & Kanungo, 1994).

2.3. Resilience

Siebert (2005) defines resilience as the ability of the individual to resist the condition of hopelessness when facing a problem. Resilient people are also able to make decisions under pressure and convert failures into success (Reivich & Shatte, 2002) and are, therefore, more flexible and better prepared to face organizational change (Dong et al., 2013; Luthans et al., 2015). Dong et al. (2013) developed a resilience tool based on the following four dimensions: flexibility, social and family support, spiritual support, and goal-orientation.

2.4. Work Ethics

A work ethic is a belief in work as a moral good, a set of standards that focus on the importance of work and the desire to work hard (Merriam Webster Dictionary, 2018). A work ethic is also defined as the collective belief of society in the willingness to be in charge of their governing destiny in the pursuit of regeneration, innovation, and persistence in the present possibilities and to imagine new opportunities (Abbas, 2013). A work ethic also means being adaptive to economic movements and continually striving to improve the wellbeing of individuals and society. As a result, practicing work ethics is a means to improve the performance of an organization, primarily when the organization uses a range of methods to create an ethical work culture (Valentine et al., 2011).

2.5. Charismatic Leadership, Resilience, Work Ethics, and Affective Commitment to Change

Charismatic leaders focus on transforming the values, beliefs, and attitudes of subordinates concerning an inspiring and idealized visualization of the future (Conger & Kanungo, 1994), including the appearance of the organization implementing change. With these features, charismatic leaders have confidence in their followers, and those followers, having confidence in their leaders, are likely to accept the organizational objectives and believe that they can contribute to accomplishing them (House in Pierce & Newstrom, 2011). Kahtani (2013) observed that leaders with charisma influenced people's commitment

during organizational change and Rowden (2000) revealed a positive correlation between charismatic leadership and organizational commitment. Moreover, Mangundjaya (2013) demonstrated a positive correlation between organizational commitment and commitment to change, including affective commitment. Based on these results, it may be assumed that charismatic leadership has a positive and significant correlation with affective commitment to change. Meanwhile, Michaelis, Segmaier, and Sonntag (2009) showed that affective commitment to change is positively correlated with charismatic leadership. Based on these discussions, this research proposes the following hypothesis:

H1: *Charismatic leadership has a positive effect on affective commitment to change.*

Charismatic leaders focus on changing the values, beliefs, and attitudes of their followers to achieve a better future (House in Pierce & Newstrom, 2011). According to Yukl (2013), the outcome of that transformation will enable subordinates to participate in and contribute to organizational change. Meanwhile, through self-confidence and empowerment, individuals will increase their resilience when facing change in their organization. Based on this discussion, the proposed hypothesis is as follows:

H2: *Charismatic leadership has a positive effect on resilience.*

Charismatic leadership is defined as the capability of a leader to stimulate enthusiasm and action in their followers over the individual attributes, behaviors, and outstanding qualities of the leader (Sosik, Juzbasich, & Chun, 2011). House (in Pierce & Newstrom, 2011) also observed that charismatic leaders articulate clear ideological goals to their followers, in which it may be assumed that work ethic is included. Consequently, a charismatic leader can encourage people to act according to their philosophical goals and ethical code within the organization. Therefore, this research proposes the following hypothesis:

H3: *Charismatic leadership has a positive effect on work ethic.*

During organizational change, conditions of ambiguity, chaos, insecurity and uncertainty prevail. Consequently, one of the most significant capabilities required for managing change is resilience. Resilience helps individuals to react to and cope with change, and supports people in maintaining high levels of performance, improving their sense of welfare, and managing fluctuating emotions. Resilience allows people to make sense of change more rapidly and assists them to cope with multiple changes without becoming

exhausted (Hodges, 2017). This type of resilience enables people to face organizational change better and more flexibly (Dong et al., 2013). Langvard (2007) and Amir and Standen (2019) demonstrated the positive impact of resilience on a commitment to change. Affective commitment to change is viewed as indicative of commitment to change. Thus, the following hypothesis is proposed:

H4: *Resilience has a positive effect on affective commitment to change.*

A work ethic comprises many beliefs, norms, and values about a job. Abbas (2013) suggested that a work ethic is a mindset that underscores the significance of being a social actor in the discovery and imagining of new opportunities. Consequently, people who master an excellent work ethic are assumed to have reasonable beliefs, norms, and values, including those behavioral characteristic required to produce good results. Manan et al. (2013) demonstrated a positive and significant correlation between an Islamic work ethic and organizational commitment. Meanwhile, organizational commitment had a positive correlation on the commitment to change, including affective commitment to change (Mangundjaya, 2013). Based on this discussion, this research proposes the following hypothesis:

H5: *Work ethic has a positive impact on affective commitment to change.*

The charismatic leader can inspire enthusiasm and action in their followers through their attributes, behaviors, and excellent qualities as a leader (Sosik, Juzbasich, & Chun (2011). With these qualities, the charismatic leader is able to empower their subordinates to participate in the transformation (Yukl, 2013) and create resilience during the process of change. Resilience itself has a positive effect on affective commitment to change (Dong et al., 2013). The following hypothesis is proposed:

H6: *Charismatic leadership has a positive effect on affective commitment to change through resilience.*

A work ethic is also characterized by finding new and excellent opportunities; hence, it is predicted that with a good work ethic, individuals will have high affective commitment to change in their organization, as they realize that change will improve the organization, making it more robust. A charismatic leader has a positive effect on work ethics (House in Pierce & Newstrom, 2011). Based on these findings, the hypothesis is as follows:

H7: *Charismatic leadership has a positive effect on affective commitment to change through work ethic.*

This research used four variables: charismatic leadership, affective commitment to change, resilience, and work ethic. Charismatic leadership is the independent variable and affective commitment to change the dependent variable, with resilience and work ethics the mediating variables. Figure 1 above illustrates the research model.

3. Methodology

3.1. Sampling and Respondents

The respondents were employees of two banks and two insurance companies in Jakarta, Indonesia, representing both private and state-owned institutions and categorized as large, well-known companies in Indonesia, which have conducted organizational change in the areas of strategic management, human resource policy, and organizational structure. A total of 355 employees participated, comprising 90 respondents from Bank A (a private bank), 85 respondents from Bank B (state-owned bank), 88 from Insurance A (private insurance), and 92 from Insurance B (state-owned insurance). The respondents met the following criteria; they were permanent staff, who had worked for at least two years in the company and were aware of the organizational changes in their company. Based on these criteria, the respondents were chosen using convenience sampling. The respondent profile was male (61.69%), with a bachelor’s degree (62.54%), aged between 44 and 56 years old (46.48%), who has been working for more than 20 years (42.53%) as a member of staff (41.41%). This sample is in line with the profile of employees in the organization, where the majority of employees are male, with a bachelor degree, aged between 44 and 56 years old, and have been working in the company for more than 20 years.

3.2. Data Collection Tools

Four types of questionnaire were used in this study: Affective commitment to change was measured using the commitment to change inventory developed by Herscovitch and Meyer (2002). Affective commitment to change consists of six items, and the scale was modified to six gradings from 1 to 6, translated into Bahasa Indonesia with a Cronbach’s Alpha score of 0.778. The commitment to change inventory has been used in many studies by Mangundjaya (2015, 2018a, 2018b) and has significant confirmatory factor analysis. Charismatic leadership was measured using the Conger and Kanungo questionnaire (the C–K Scale) (Conger et al., 1994, 1997, 1998), modified into Bahasa Indonesia, with six grades from 1 to 6, consisting of 5 dimensions and 30 items, with a Cronbach’s Alpha score of 0.979. Resilience was measured using the modified CD-RISC (Dong et al., 2013), which consists of four dimensions and 32 items, with a Cronbach’s Alpha score of 0.977. The scale was modified into six grades from 1 to 6 and translated into Bahasa Indonesia. Work ethic is a unidimensional variable consisting of six items. The questionnaire used six grades from 1 to 6 and was translated into Bahasa Indonesia with an original Cronbach’s Alpha score of 0.618, revised to 0.709 after revision and testing.

3.3. Method of Analysis

Descriptive analysis was used to analyze the demographic data and structural equation modelling to test the model. The Structural Equation Modelling (SEM) used in this study will also analyze the dimensions from each of the variables.

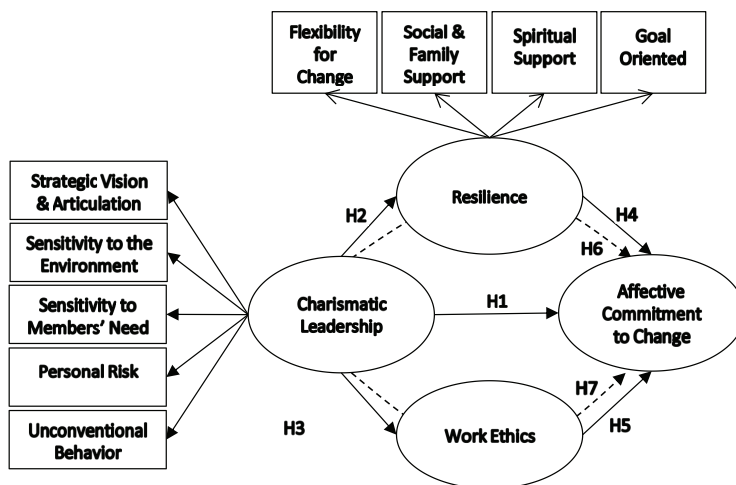


Figure 1: The model of the research

Table 1: Mean, Standard Deviation, Correlation, and Reliability among Variables

Variable	Mean	SD	AC2C	ChaL	Res	WE
1. Affective Commitment to Change (AC2C)	5.16	0.58	1	188**	0.358**	186**
2. Charismatic Leadership (ChaL)	4.43	0.86	0.188**	1	0.165**	0.214**
3. Resilience (Res)	5.20	0.39	0.358**	0.165**	1	0.384**
4. Work Ethic (WE)	4.62	0.60	0.186**	0.214**	0.384**	1

** Pearson Sig. 2-tailed, significant at $p < 0.01$
SD = Standard Deviation; AC2C = Affective Commitment to Change;
ChaL = Charismatic Leadership
Res = Resilience; WE = Work Ethics.

4. Results

4.1. Inter-Correlation Analysis

To identify any inter-correlations, a correlation analysis was conducted between the four variables. Table 1 shows the descriptive statistics, standard deviations, and inter-correlations between variables.

The results show significant correlation amongst the four variables, with the highest correlation score between work ethic and resilience.

4.2. Descriptive Analysis

The results of the descriptive analysis are shown in Table 2.

Table 2 shows relatively high scores for respondents on all the variables, as the scores lie above 4 on a scale of 1 to 6, indicating that the respondents' scores on affective commitment to change, charismatic leadership, resilience, and work ethic in general are above average.

4.3. SEM Results

Figure 2 and Table 3 below show the results of this study analyzed by SEM.

Figure 2 shows that charismatic leadership has a significant and direct impact on affective commitment to change and that resilience acts as a partial mediator. Meanwhile, there is no significant correlation between work ethic and affective commitment to change. Table 3 below shows the path analysis of the four variables.

4.4. Hypothesis Testing

Figure 2 and Table 3 show that charismatic leadership had a significant positive effect on affective commitment to change (t -value 2.26 > 1.96), and Hypothesis 1 is therefore supported: charismatic leadership had a positive effect on affective commitment to change and employees will show higher affective commitment to change if they have a charismatic leader. Charismatic leadership also had a significant positive

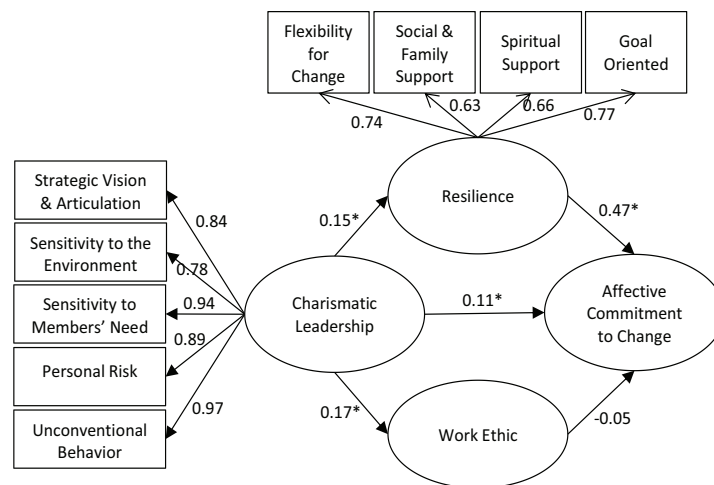
effect on resilience (t -value 2.14 > 1.96), and Hypothesis 2 is supported. This finding showed that a charismatic leader is able to influence their subordinates to be more resilient. Furthermore, charismatic leadership had a significant positive impact on work Ethic (t -value 3.23 > 1.96), and Hypothesis 3 is supported: a charismatic leader has the power to influence their subordinates to have a good work ethic. The results show that resilience has a significant positive effect on affective commitment to change (t -value 6.93 > 1.96), so Hypothesis 4 is supported: individuals who score highly for resilience will also have a high score for affective commitment to change. However, the results showed that work ethic did not have a significant correlation with affective commitment to change (t -value $-0.98 < 1.96$), so Hypothesis 5 is not supported: although individuals may score highly on work ethic, they do not necessarily support and commit to organizational change. This, in turn, means that there is no correlation between charismatic leadership and affective commitment to change through work ethic, and Hypothesis 7 was not supported. In other words, work ethic did not act as a mediator between charismatic leadership and affective commitment to change. However, the results also supported Hypothesis 6, showing a positive impact of charismatic leadership on affective commitment to change through resilience: resilience may play a role as a partial mediator between charismatic leadership and affective commitment to change.

The results showed that charismatic leadership can have a direct, positive, and significant impact on affective commitment to change without mediators, and that resilience can act as partial mediator. In addition, in order to discover more about the relationship between work ethic and resilience, the relationship between these variables was also examined, and the results showed that work ethic had a positive impact on resilience (t -value 7.4 > 1.96). Furthermore, work ethic had a significant and positive effect on affective commitment to change through resilience. In other words, resilience is a full mediator for the impact of work ethic on affective commitment to change: Without resilience, work ethic alone had no significant effect on affective commitment to change.

Table 2: Descriptive Analysis

Variables	N	%	AC2C		Charismatic Leadership		Resilience		Work Ethic	
			Mean	SD	Mean	SD	Mean	SD	Mean	SD
Total	355	100.00								
Gender										
Male	219	61.69	5.20	0.58	4.50	0.89	5.22	0.39	4.64	0.59
Female	136	38.31	5.10	0.59	4.32	0.80	5.16	0.39	4.60	0.60
Age										
<25 years old	40	11.27	5.12	0.56	4.58	0.71	5.23	0.42	4.68	0.44
25–44 years old	150	42.25	5.15	0.62	4.37	0.97	5.23	0.41	4.63	0.64
>44–56 years old	165	46.48	5.18	0.56	4.44	0.78	5.16	0.36	4.62	0.59
Education										
Sr. High School	27	7.60	4.86	0.69	4.50	0.86	5.09	0.42	4.54	0.61
Diploma	33	9.30	5.10	0.69	4.51	0.74	5.20	0.50	4.67	0.52
Bachelor Degree	222	62.54	5.15	0.56	4.43	0.87	5.21	0.38	4.62	0.63
Master's Degree	73	20.56	5.32	0.51	4.38	0.89	5.19	0.36	4.66	0.54
Length of Service										
2–5 years	122	34.37	5.17	0.59	4.44	0.95	5.25	0.39	4.57	0.62
>5–10 years	37	10.42	5.16	0.61	4.49	0.69	5.13	0.26	4.64	0.48
>10–20 years	45	12.68	5.00	0.67	4.41	0.87	5.16	0.41	4.64	0.67
>20 years	151	42.53	5.19	0.54	4.41	0.82	5.18	0.41	4.66	0.58
Position										
Non-Staff	4	1.13	5.25	0.09	4.49	0.30	4.95	0.20	4.16	0.65
Staff	147	41.41	5.03	0.62	4.38	0.91	5.17	0.42	4.57	0.59
Section Head	103	29.01	5.21	0.60	4.45	0.75	5.18	0.36	4.65	0.57
Dept. Head	84	23.66	5.27	0.50	4.45	0.89	5.25	0.38	4.64	0.62
Division Head	17	4.79	5.42	0.43	4.64	0.98	5.25	0.37	4.93	0.61

Note: AC2C = Affective Commitment to Change.



Chi-square=49.51; df=35; p-value=0.052; RMSEA=0.034

Figure 2: The result of SEM

Table 3: The results of path analysis and hypothesis testing

Path Analysis	Standardized	SE	t-value	Significant (t-value > 1.96)	Hypothesis testing
• Charismatic leadership to Affective commitment to change	0.11	0.05	2.26	Significant	H1 supported
• Charismatic leadership to resilience	0.12	0.05	2.14	Significant	H2 supported
• Charismatic leadership to Work ethic	0.17	0.05	3.23	Significant	H3 supported
• Resilience to affective commitment to change	0.47	0.05	6.93	Significant	H5 supported
• Work ethic to affective commitment to change	-0.06	0.05	-0.98	Not significant	H6 not supported
• Work ethic to resilience Mediation Effects	0.48	0.05	7.4	Significant	-
• Charismatic Leadership to Affective Commitment to Change through Resilience	0.056 (0.12 x 0.47)	0.05	-	Significant	H6 supported
• Charismatic Leadership to Affective Commitment to Change through Work Ethic	-0.01 (0.17 x -0.06)	0.05	-	Not significant	H7 Not supported

5. Discussion

The purpose of this research was to examine the effect of charismatic leadership on affective commitment to change through resilience and work ethic. The results showed, firstly, that Hypothesis 1 is supported: Charismatic leadership has a significant positive impact on affective commitment to change. Unconventional behavior, such as a personal approach, as well as sensitivity to members' needs, plays an essential role in the development of an affective commitment to change (Conger & Kanungo, 1998). People who feel their leaders are attentive to them will be willing to follow their leader. These findings supported those of Michaelis, Segmaier, and Sonntag (2009), which showed that charismatic leadership has a positive correlation with affective commitment to change.

Secondly, Hypothesis 2 was supported: Charismatic leadership has a significant positive effect on resilience. Charismatic leaders, with their strategic vision, sensitivity to members' needs, and sensitivity to the environment, influence their followers to be resilient in facing changes in the environment, in order to achieve their targets and objectives. This result supported the findings of Conger, Kanungo, and Menon (2000) that followers of charismatic leaders have high levels of trust and satisfaction with their leaders and in return, gain a heightened sense of shared identity and enablement, which then develop into a sense of resilience. However, this study does not support previous studies showing a negative relationship between charismatic leadership and crises

(Bligh, Kohles, & Pillai, 2005; Williams, Pillai, Lowe, Jung, & Herst, 2009). It is assumed that the terminology of facing crises is not the same as resilience.

Third, charismatic leadership had a significant positive impact on work ethic, supporting Hypothesis 3. When a leader shows individual behavior rather than following strict rules, taking a personal risk, followers will feel supported. Consequently, they trust that the organizational change proposed by their leaders will lead to improvement, and this enables the employees to practice their work ethic. Fourth, Hypothesis 4, that resilience has a significant positive effect on affective commitment to change, is supported. According to Luthans et al. (2015), resilient people are more agile and adaptive to change and, consequently, will also commit to change. Fifth, Hypothesis 5 is not supported, in that the results showed that work ethic did not have a significant correlation with affective commitment to change. This is in contrast to previous findings by Manan et al. (2013), which showed that Islamic work ethic and organizational commitment were positively correlated. These findings are somewhat surprising, as individuals with a strong work ethic usually have a positive work attitude, including resilience and affective commitment to change. It is likely that other variables, such as organizational commitment (Mangundjaya, 2013), job satisfaction, employee engagement, and individual readiness for change (Mangundjaya et al., 2015) also influenced the results. Sixth, charismatic leadership has a positive impact on affective commitment to change, through resilience.

Results show resilience acting as a partial mediator on the correlation between charismatic leadership and affective commitment to change. The results showed resilience to be a full mediator between charismatic leadership and affective commitment to change. In other words, resilience is the significant variable in developing an affective commitment to change. In contrast, although charismatic leadership had a significant impact on work ethic, work ethic had no significant impact on affective commitment to change.

Furthermore, the results showed that the goal-oriented dimension had the highest score for resilience: People with high goal orientation will be more resilient. The findings also showed that unconventional behavior had the highest score in the charismatic leadership dimension, indicating that a leader who shows unconventional behavior (such as paying sincere attention to their subordinates) will become a good charismatic leader who can influence their subordinates. This dimension is followed by sensitivity to members' needs and personal risk. The characteristics of unconventional behavior and sensitivity to members' needs enable charismatic leaders to make their subordinates feel that they are seen as unique and that their leader is concerned for their well-being, which consequently engenders loyalty to their leader. These findings also support the social exchange theory, as these actions are likely to lead to higher levels of affective commitment to change, as subordinates want to repay their leader for the care, support, and reassurance they have received (Michaelis, Stegmaier, & Sonntag, 2009). These findings also supported the previous findings by Siswanti and Muafi (2020), which revealed that empowering leadership has a positive influence on psychological empowerment, which make their followers felt empowered and self-confidence which as a result has high resilience. Moreover, these findings also support the previous findings by Pancasila, Haryono, Sulistyono, and Tung, (2020), which showed that leadership had positive impact on job performance, and transformational leadership has a positive effect on learning orientation (Kittikunchotiwut, 2020). In other words, an understanding leader, enable to influence their followers to perform better both in job performance and in learning orientation.

This empirical study has some limitations. First, all data were collected based on questionnaires, which may have led to social desirability bias (Podsakoff et al., 2003). It is recommended that future studies are conducted using different data collection tools and/or over a different period. Second, the sample was collected from two insurance companies and two banks, and differences in corporate culture may have affected the results. Future studies are recommended in different types of organizations with different kinds of organizational change in various locations in Indonesia. Third, this study only assessed charismatic leadership; it is assumed that other types of leadership style, such as transformational, servant and change leadership,

may have different effects. Future research is recommended into different kinds of leadership style, using different independent and mediator variables.

6. Conclusion

These results showed that charismatic leadership had a direct and indirect effect on affective commitment to change. Charismatic leaders, as outstanding agents of organizational change (Levey, 2010), are crucial in the implementation of an ethical climate (Grojean, Resick, Dickson, & Smith, 2004; Neubert, Carlson, Kacmar, Roberts, & Chonko, 2009; Zehir et al., 2014). These findings supported previous research by Michaelis, Segmaier, and Sonntag (2009), that showed charismatic leadership to be positively and significantly correlated with affective commitment to change. The results are also consistent with Langvardt (2007) in showing a positive relationship between resilience and commitment to change. However, in this study, resilience acts only as a partial mediator between charismatic leadership and affective commitment to change. Meanwhile, charismatic leaders had no significant impact on affective commitment to change through work ethic as a mediator, as there is no significant correlation between work ethic and affective commitment to change. Thus, work ethic does not act as a mediator, as charismatic leadership can have a positive impact on affective commitment to change without the mediation of resilience. It can be concluded that work ethic is unrelated to the emergence of affective commitment to change. Conversely, resilience has some impact, although this is only partial, as charismatic leadership will directly influence the emergence of affective commitment to change.

The implications of this research are beneficial for change management in organizations, especially in addressing the strategic role of leaders as change agents as, according to Gilley et al. (2008) and Giley and Gilley (2009), these play a critical role in the success or failure of organizational change. The results revealed that, by developing and assigning a charismatic leader as change leader, the level of affective commitment to change in employees can be increased, and this will accelerate the process of organizational change. Furthermore, this research also adds to the findings on charismatic leadership, work ethic, and affective commitment to change, filling the gap in existing research regarding charismatic leadership and affective commitment to change.

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