

Leadership and Provincial Government Employee Performance: The Influence of Work Capability, Motivation and Behavior Relationship

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Abstract

One of problem faced by local government in Indonesia was ineffective leadership and low of employee performance in producing output or targeted result. This research examined: influence of leadership and work capability to motivation, behavior and performance of employe, influence of motivation, work behavior to employee performance, influence of leadership, work capability indirectly to employee performance through motivation and work behavior. The amount of 384 respondents are chosen by Multi-Stage Stratified Random Sampling from 9.575 employees in Provincial Government Organization of South Sulawesi. The research used secondary data such as document, and primary data through survey by using questionnaire/research instrument. The collected data was analyzed by *Structural Equation Model* (SEM). The result of the research showed that: leadership had positive and significant direct influence to the motivation and work behavior, but its direction was negative and insignificant to the employee performance, work capability had positive and significant direct influence through motivation, work behavior and employee performance, motivation had positive and insignificant influence to the employee performance while work behavior had positive and significant direct influence to employee performance, leadership had positive and significant indirect influence to employee performance through motivation and work behavior, and work capability had positive and significant indirect influence to the employee performance through motivation and work behavior. The research concluded with a number of implications for theory and practice of leadership and employee performance in sector public organization.

Key word : Leadership, performance of employe, Provincial Government, work capability, work motivation, and work behaviour

1.Introduction

Indonesia, decentralization and regional autonomy which are applied since 2001, has changed the government system which was previously centered into decentralized. Through the policy, the decision making in government management and public service provision is expected to be more simple and faster since the regional government can do it as the existed authority. Although, after 12 years of the decentralization and regional autonomy has been imposed but the performance of local government still makes problems, such as limited and low performance which is showed by non-optimal level of public service such as late service, impunctual, intransparant and irresponsive to the issued that spread in the area (Alfarisi, 2009)

Performance of local government organization no matter who there and run the organization, none other than the leaders and employees. As an element of the local government organization, the leaders and employees have a very important role in carrying out its functions in order to progress the organization. The potential of every individual in the local government organization should be able to be utilized so as to provide maximum results. Where an local government organization's success is highly dependent on the leaders and employees role in it as human as a potential resource and a source of power to drive the wheels of activity local government organization (Mangnga,2012).

Provincial as a local government organization who performs coordination function and administrative technical service to all vertical device and institutions of district and city governments, so that the performance assessment of provincial government employee has significant meaning especially in the effort of improving it in the future. Performance analysis in provincial government employee has very strategic value because it can be used as a measure of success in achieving the provincial organization's vision and mission. And also, it is important to be known so that the measurement of the performance of the employee should be interpreted as an evaluation activity to assess the successes and failures the tasks and functions assigned by them. According to Dwiyanto (2005), the low performance of public bureaucracy is mostly influenced by leadership, strong paternalism culture that tend to make officials more focus to the power than to the service itself, place themselves as ruler and treat the service users as service objects who need their help. Beside that, the low performance also caused by power-sharing system which is leader-oriented and hierarchical bureaucracy structure that make the power and authority are centered to the leader so the leader who meet the service users directly has no adequate authority to response dynamic of service management. It is usually caused by low ability and work motivation and employee bad behavior (Tohardi, 2002).

Empirical studies have found that leadership is positively related to a variety of work attitudes and behaviors in private organizations (Fernandez and Moldogaziev, 2013; and Kirkman and Rosen, 1999). While research in public sector organization, some studies reported inconsistent results. For instances, Perry (2004) who finds that leadership style does not directly relate to performance and Nurwati et al (2012) who says that leadership has no relation through the work behavior. Mehta et al (2003) and Sudarto (2004) who shows the leadership direct influence to work motivation and it influences employee performance. Husin et al (2012) who finds out that better leadership can improve employee performance by considering the work behavior. Manzoor (2011) who finds out the positive relationship between leadership, employee motivation and organizational effectiveness. Ali and Mughal (2012) mentioned that leadership behavior are positively interrelated with employee's capability. The appearance of the earlier studies prompt main questions how is the relationship of leadership, work motivation, work behavior, work capability and employee performance variables in public organization? To answer these questions, the study aims to examine the influence of leadership and work capability to motivation, work behavior and employee performance; influence of motivation and work capability to the employee performance and the indirect influence of leadership and work capability to employee performance through motivation and work behavior in Provincial Government of South Sulawesi.

2. Literature Review

2.1. Leadership

Three recent theories of leadership focused in literature as core concepts in the field, namely : the contingency theory, the transactional theory, and the transformational theory. The contingency theory speculates that leadership styles are task or relationship oriented. This theory suggests effective leadership is determined by the situation and an effective leader is able to adapt to a variety of situations. Several models have prevailed under the contingency theory of leadership, such as the Situational Leadership Model (Hersey and Blanchard, 1977) seems to have been the most accepted and most prevalent model under the contingency theory (Graeff, 1983). This was deemed the most effective leadership model from the late 1960s to the early 1980s and as such, was the most prevalent (Bryan, 2002). The second and third leadership theories were first introduced by Burns (1978) and developed by Bass and Avolio to encompass the "full range model of leadership" (Bass, 1985; Avolio and Bass, 1991; Bass and Avolio, 1993). According to this theory, there are two basic levels of influence evident in the interaction between the leader and the led. One influence comes from the understanding that the leader creates a cost-benefit interaction in his constituency. Burns (1978) called this influence transactional leadership, meaning that the employees will function in accordance with the leader's wishes because they believe they will benefit by such actions. The second influence of the leader is an emotional excitement, which Burns called transformational or charismatic leadership. This style is based on a relationship between the leader and his employees that is inspirational and breaks the cycle of subordinates' basic expectations. This leadership style can captivate employees and urge them on to new and challenging objectives. Transformational leadership raises the employees' awareness of their need to grow, validates their self-expression, and motivates them to perform at new and higher levels. A transformational leader influences the expectations of his subordinates, changes their beliefs and values, and raises them in the hierarchy of needs. According to Burns (1978), the hierarchy of needs is the foundation of the transformational process. He suggests that the outcome of transformational leadership is a relationship of mutual stimulus that transforms the led into leaders and the leaders into moral agents. Transformational leadership is thus a result of the leader's character, the strength of his belief, and his/her ability to express a compelling vision. Lowe and Kroeck (1996) reported transformational leadership is more highly associated with effectiveness than transactional leadership. Their tests also suggest that leader behavior may be more important at lower organizational levels than has been generally assumed by those who view transformational leadership as primarily a means to be utilized only by senior management. It should be noted the authors also reported that transactional leadership is a necessary component of effective management.

An extensive historical review by House (1996) provide the scientific study of leadership and the prevailing theories of leadership. According to their view, studies on leadership in organizations have moved in several directions, but two approaches have dominated the literature. The first approach has focused on the leader's characteristics and behavior, and the second on the circumstances necessitating the demonstration of leadership and the possible results of different leadership styles. Avolio and Bass (1991) expanded our knowledge about leadership by suggesting eight styles of leadership behavior, the most differentiated model ever devised.

Situational leadership is based on trust that every people get or want to develop and there is no the best leadership which can support the development. A leader has to adjust the style to the present situation. It is same as Hersey and Blanchard's (1986) theory of situational leadership that said that form of leadership is implemented in involvement of two main things; effective leader behavior and appropriate with the degree of maturity/work capability subordinate, with indicators : high task and low relationship (instruction or keeling), high task and relationship (consult or selling), high relationship and low task (participation or participating), and low relationship and low task (delegation or delegating).

2.2. Employee Performance

Employee performance is an important building block of an organization and a factor (Abbas and Yaqoob, 2009). Employee performance is a major multidimensional construct aimed to achieve results and has a strong link to strategic goals of an organization (Mwita, 2000). According to Bayley (1990), employee performance is a record of the results produced in a specific job function or activity during a specific time period associated with organizational objectives. Hence, employee's performance is the result produced by a specific functional unit or individual activity over a given period and not the personal characteristics of employees who performing the work.

Cascio (2003) argued that employee's performance is affected by two general factors: work environment factors (situation) and individual factors. Work environment factors (situation) include the social environment, pressure situations, organizational culture, job involvement, competition, and interpersonal communication. Meanwhile, individual factors include the skills, motivation, knowledge, education level, perceptions, goals, organizational learning culture, the ability of self, and work experience. Mitchell (1982) mentioned that although many factors contribute to productivity, employee performance is viewed to be the most influential one. Employee performance itself is a function of four variables: ability, understanding of the task, environment, and motivation. Determination of the used motivation variable refers to Davis and Newstrom's (1985) Vroom expectation theory. Therefore, the theory is developed by another theory; effort-performance relationship (expectation), performance-reward relationship (instrumentality), reward-personal purpose relationship (valence), personal purpose-task relationship (trust), and task-obligation relationship (responsibility). Imran et al. (2011) argued that motivation has positive effects on public sector employees performance, moreover positive relationship was also found between enforcement of rules in the department, transparency of decisions in the department; meritocracy, honesty and lack of resources with public sector employees performance. Whereas, politicization of decision in the department and lack of voice of employees in the decisions of top management are having negative effects on the performance of public sector employees.

2.3. Leadership and Employee Performance

Leadership is considered a factor that has a major influence on the performance of organizations, managers and employees (Wang et al., 2005). Bass (1985) and Burns, (1978) suggests that transformational leadership, more than transactional leadership, has a stronger positive effect on employees' attitudes towards their job, their job environment, and ultimately affects their work performance. Gadot (2007) point out that the relationship between leadership and performance was indirect as well as direct which proves the importance of developing leaders through leadership development programs. Parry (2003) specifically examined leadership styles in public sector organizations and found that a transformational leadership style has a positive effect on the innovation and effectiveness of these organizations. Recently, Abbas and Yaqoob (2009) examine the effect of leadership development on employee performance in Pakistan, and found that five factors of leadership development, i.e. coaching, training and development, empowerment, participation and delegation and it was found that the combined effect of these factors influences employee performance with 50%. However, rest of the 50% contribution towards employee performance other than leadership development factors can be the result of other factors such as: attitude, commitment, motivational factors, and trust in the organization, and other factors such as compensation, reward and bonuses etc. can also increase the employee performance.

Related with the explanation above, it is necessary to make a design about constructs used in the research, exogenous and endogenous constructs as intervening variable. Exogenous construct in this research is leadership and work capability, while endogenous is motivation, work behavior and employee performance.

Based on the theory and result/relevant journal, so conceptual framework of the research is arranged as shown in Figure 1.

3. Research Method

The research was conducted in 46 work units of regional institution in Provincial Government of South Sulawesi for three months (March – June 2013). Population of the research was all civil servants in provincial government of South Sulawesi which consisted of 46 units with 9.575 people. The research used Multi-stage Stratified Random Sampling to collect sample with the population consisted of 46 work units by dividing 4 big groups as in the provincial regional regulation of South Sulawesi namely: Regional secretariat; Provincial assembly secretariat; Government group; and Regional Technical Institute and other institutions, it used stratified because researcher assumed that population was not homogenous so the researcher divided two stages; civil servants as structural officials and staff, and it used Random Sampling because the sample which was randomly picked in every group and proportionally determined with comprehensive number 384 employees (civil servants). The data collected from the employees by using a questionnaire and deep interview. Scale of measurement used in the questionnaire study were 5-points Likert scale. Before being used for data retrieval, validity and reliability test on the questionnaires are performed. Only when the questionnaire is valid and reliable, the questionnaire would be suitable as data collection instrument. Data collected from a questionnaire and in deep

interview then be analyzed for two purposes, describe empirical findings such as descriptive statistic data namely frequency distribution, average statistic, and) index value. An index value can be improved in management research, to find out the respondent's public opinion about examined variable. While Model Equation Structural (SEM)-AMOS to test relationship order of dependency between variable simultaneously. SEM was taken from statistic software AMOS which was used in model and hypotheses test.

4.Result and Discussion

4.1.Descriptive Statistic Analysis

Descriptive statistic analysis by interpreting variable index value and average value of indicator in each research variable in order to get description about respondent perception to the answer given by respondent per item of statement in measuring indicator that comprehensively formed variable as research model concept. Explanation of descriptive statistic analysis from each research variables as follows:

Leadership Variable (X_1)

According to the result of the reseach which was conducted to 384 respondents, so it obtained respondents characteristic that shows that respondents perception to leadership variable was good with variable index value 3,83% or 75,56%. Employee's perception to leadership showed that in general, respondent agreed to every item of each statement that formed leadership variable. It meant that leadership of structural officials in work unit of provincial government of South Sulawesi ran well as their main task and function.

Work Capability Variable (X_2)

According to the result of the reseach which was conducted to 384 respondents, so it obtained respondents characteristic that showed that respondents perception to work capability variable is good with variable index value 3,83% or 76,54%. Employee's perception to work capability showed that respondent generally agreed to every item of each statement that formed work capability variable. It meant that work capability of structural officials in work unit of Regional Institution in provincial government of South Sulawesi ran well as their main task and function.

Motivation Variable (Y_1)

According to the result of the reseach which was conducted to 384 respondents, so it obtained respondents characteristic that showed that respondents perception to motivation variable was good with variable index value 4,11% or 82,15%. Employee's perception to motivation showed that respondent agreed to every item of each statement that formed motivation variable. It meant that motivation of structural officials in work unit of Regional Institution in provincial government of South Sulawesi runs well as their main task and function.

Work Behavior (Y_2)

According to the result of the reseach which was conducted to 384 respondents, so it obtained respondents characteristic that showed that respondents perception to employee performance variable was good with variable index value 3,83% or 75,56%. Employee's perception to work behavior showed that respondent agreed to every item of each statement that formed leadership variable. It meant that leadership of structural officials in work unit of Regional Institution in provincial government of South Sulawesi ran well as the regulation or policy in organization.

Employee Performance Variable (Y_3)

According to the result of the reseach which was conducted to 384 respondents, so it obtained respondents characteristic that showed that respondents perception to employee performance variable was good with employee performance variable index value 3,83% or 75,56%. Employee's perception to employee performance showed that respondent agreed to every item of each statement that formed employee performance variable. It meant that employee performance of structural officials in work unit of Regional Institution in provincial government of South Sulawesi ran well as the performance indicator which is required in the program and employee activity implementation in the organization.

4.2.Inferential Statistic Analysis with SEM

The result of research was analyzed by Parametric Inferential Statistic with Structural Equation Model/SEM through AMOS program (Ferdinand, 2006; and Santoso, 2011).

4.3.Data Analysis of Measurement of Every Constructs or Latent Variable

The measurement result of variable indicators can form a construct or latent with Confirmatory Factor Analysis (CFA) in raw explained as follows:

Analysis of Leadership constructs confirmatory factor (X_1)

Final analysis of leadership construct model proper test index resulted a fit model or there is conformity between data and model. It is approved that from all criteria of goodness of fit which was evaluated had fulfilled the criteria or model evaluation which was all good. Furthermore, validity and reliability test was conducted to show the statement item for every indicators of leadership construct was loading factor value $\geq 0,40$ with p-value = 0,000 (significant) or GFI value from CFA was obtained $0,996 \geq 0,90$ so the research instrument was unidimensional valid. Calculation result of construct reliability (CR) value was obtained = $0,790 \geq 0,70$, which

meant the research instrument is reliable. Then, statement item for every indicators on leadership construct in Regression weight is obtained Critical Ratio (CR) value was $\geq 2,00$, so all indicators were acceptable.

Analysis of Work Capability Construct Confirmatory (X_2)

The result of final analysis of work capability construct showed that Chi-square= 155,149 with $P=0,001$, meant marginal model evaluation. Nevertheless, chi-square number was sensitive to the sample number. According to Santoso (2006), the bigger sample will make the Chi-square became invalid to determine whether the model was fit or not. Therefore, Chi-square was not the only one to determine a model's fit, even it had to be tested by CMIN/DF, RMSEA, GFI, AGFI, TLI, and CFI together. Due to the fact, all criteria of goodness of fit were fulfilled except chi-square, so it was considered as fit model or there was conformity between data and model or acceptance level was good. Furthermore, validity and reliability test was conducted to show the statement item for every indicators of work capability construct was loading factor value $\geq 0,40$ with $p\text{-value} = 0,000$ (significant) or GFI value from CFA is obtained $0,959 \geq 0,90$ so the research instrument was unidimensional valid. Also, calculation result of Construct reliability (CR) value was obtained $= 0,900 \geq 0,70$, which meant the research instrument was reliable. Statement item for every indicators on work capability construct in Regression weight was obtained Critical Ratio (CR) value was $\geq 2,00$, so all indicators were acceptable.

Analysis of Motivation Construct Confirmatory Factor (Y_1)

The result of final analysis of motivation construct model proper test index resulted fit model or there was conformity between the data and the model. It was approved that from all criteria of goodness of fit which was evaluated had fulfilled the criteria or model evaluation was all good. Furthermore, validity and reliability test was conducted to show the statement item for every indicators of motivation construct was loading factor value $\geq 0,40$ with $p\text{-value} = 0,000$ (significant) or GFI value from CFA was obtained $0,983 \geq 0,90$ so the research instrument was unidimensional valid. Calculation result of Construct reliability (CR) value was obtained $= 0,830 \geq 0,70$, which meant the research instrument was reliable. Statement item for every indicators on motivation construct in Regression weight was obtained Critical Ratio (CR) value was $\geq 2,00$, so all indicators are acceptable.

Analysis of Work Behavior Construct Confirmatory Factor (Y_2)

The result of final analysis of work behavior construct model proper test index resulted fit model or there was conformity between the data and the model. It was approved that from all criteria of goodness of fit which was evaluated had fulfilled the criteria or model evaluation was all good. Furthermore, validity and reliability test was conducted to show the statement item for every indicators of work behavior construct was loading factor value $\geq 0,40$ with $p\text{-value} = 0,000$ (significant) or GFI value from CFA was obtained $0,983 \geq 0,90$ so the research instrument was unidimensional valid. Calculation result of Construct reliability (CR) value was obtained $= 0,830 \geq 0,70$, which meant the research instrument was reliable. Statement item for every indicators on work behavior construct in Regression weight was obtained Critical Ratio (CR) was $\geq 2,00$, so all indicators were acceptable.

Analysis of Employee Performance Construct Confirmatory Factor

The result of final analysis of Employee performance construct model proper test index resulted fit model or there was conformity between the data and the model. It was approved that from all criteria of goodness of fit which was evaluated had fulfilled the criteria or model evaluation was all good. Furthermore, validity and reliability test was conducted to show the statement item for every indicators of employee performance construct was loading factor value $\geq 0,40$ with $p\text{-value} = 0,000$ (significant) or GFI value from CFA was obtained $0,976 \geq 0,90$ so the research instrument was unidimensional valid. Calculation result of Construct reliability (CR) value was obtained $= 0,830 \geq 0,70$, which meant the research instrument was reliable. Statement item for every indicators on employee performance construct in Regression weight was obtained Critical Ratio (CR) value was $\geq 2,00$, so all indicators were acceptable

Verification of Whole Model and Final Model Development

Considering the evaluation of early stage criteria of goodness of fit model, showed that whole early model was obtained two criteria which were not appeared in the analysis were GFI and AGFI, while another criteria such as chi-square with the probability, CMIN/DF, RMSEA, TLI, and CFI. Whole criteria was assumed less good so it cannot be explained. Therefore, model modification was necessary. Modification was continuously done until all criteria of model test showed fit result, so the model was explainable. Model modification was done by connecting between error with another error that was based on modification indices.

Furthermore, after model modification had been made and all model test criteria had shown good result, so the model was considered final stage model. Regression parameter of final model standart that would be explained and became basic of hypothesis test. Besides that, loading factor of construct indicator which was used could explain the causality relationship between construct that was taken from overall final model.

Final stage model was modified early stage model was completely explained on the appendix and could be seen in the Figure 2..

Result of model test was explained in Figure 2, it was evaluated according to final model goodness of fit overall model by explaining model criteria and critical value that had data conformity. According to model evaluation which is made that showed the evaluation of whole constructs resulted value as the required criteria. Therefore, it concluded that the model was suitable with the data or it was categorized good to be used in the further analysis. Due to that fact, test of causality hypotheses could be done as follows:

4.4. Hypotheses Test

According to empirical model and after whole fit model, so the structural model of whole research variable test which was conducted to examine the significance of inter-constructs relationship (Hair, et al, 1998). The test used Critical Ratio (CR) value which was identical with t-count in regression or probability (P) on regression weights which was in final stage appendix. Test of line coefficient on structural equation model with hypotheses test criteria was done by seeing p-value. If P-value < 0,05, so the relationship between variable was significant. The influence direction (negative or positive) was according to loading factor value on standardized estimate regression weight as in the final stage appendix overall model. The result of hypotheses could be explained on Table 1.

Table 1 showed that from whole model with ten lines which was being hypothesized, there were 8 significant lines and 2 were insignificant. The interpretation of the result could be explained according to hypotheses as follows Hypotheses Test with SEM approach produced coefficient of leadership direct influence to motivation with 0,290 and p-value = 0,000 (CR = 3,611). P-value was < 0,05, so the relationship between two constructs were significant. The line coefficient was positive, so its relation was similar. Therefore, the research concluded that hypotheses which stated that leadership directly influenced the employee motivation in provincial government of South Sulawesi was accepted. The result of the research did support the previous research which was conducted by Mehta *et al* (2003) and Hersey and Blanchard's leadership theory which was connected with Davis and Newstrom's Vroom motivation theory which was properly used and matched with condition in the provincial government of South Sulawesi.

Hypotheses Test with SEM approach produced coefficient of leadership direct influence to work behavior with 0,179 and p-value = 0,008 (CR = 3,110). P-value was < 0,05, so the relationship between two constructs were significant. The line coefficient was positive, so its relation was similar. Therefore, the research concluded that hypotheses which stated that leadership directly and significantly influenced the employee work behavior in provincial government of South Sulawesi was accepted. The result of the research did support the previous research which was conducted by Beirhoff and Muller (2005), Shore *at al*, (2006)), and Hersey and Blanchard's leadership theory which was connected with Gibson's work behavior theory that was properly used and matched with condition in the provincial government of South Sulawesi. It was also appropriate with Government Regulation No.46 2011, so it is now to prepare officials who support the implementation of employee task performance assessment by the boss with one of the variable is employee work behavior.

Hypotheses Test with SEM approach produced coefficient of leadership direct influence to motivation with - 0,133 and p-value = 0,173 (CR = -1,362). P-value was < 0,05, so the relationship between two constructs were insignificant. The line coefficient was negative, so its relation was opposite. Therefore, the research concluded that hypotheses which stated that leadership directly and significantly influenced the employee performance in provincial government of South Sulawesi was rejected. The result of the research was irrelevant with Carmeli (2007) and Goleman's (2004) result, however, it supported Amran and Kusbrayanti's (2007) research. Therefore, the findings of the research were opposite with the previous result so researcher concluded that application of Hersey and Blanchard's leadership theory whose one orientation to employee maturity level was improper with the condition in provincial government of South Sulawesi, moreover there was no employee career mapping according to employee's basic competence and the application of Rai's (2010) employee performance theory that added one indicator of employee performance was process that should be success determiner to reach activity output and outcome.

Hypotheses Test with SEM approach produced coefficient of work capability direct influence to motivation with 0,726 and p-value = 0,000 (CR = 8,580). P-value was < 0,05, so the relationship between two constructs were significant. The line coefficient was positive, so its relation was similar. Therefore, the research concluded that hypotheses which stated that leadership directly and significantly influenced the employee motivation in provincial government of South Sulawesi was accepted. The result of the research did support the previous research result so the researcher concluded Rivai and Mulyadi's (2011) which was connected with Rai's (2010) employee performance theory was suitable with provincial government of South Sulawesi condition, especially emotional intelligence that emphasized the job was a good deed followed by optimal work result.

Hypotheses Test with SEM approach produced coefficient of work capability direct influence to work behavior with 0,752 and p-value = 0,000 (CR = 9,279). P-value was < 0,05, so the relationship between two constructs were significant. The line coefficient was positive, so its relation was similar. Therefore, the research concluded that hypotheses which stated that leadership directly and significantly influenced the employee work behavior in provincial government of South Sulawesi was accepted. The result of the research did support Robbins' (2003)

opinion who said that work behavior was influenced by effort, skill and environmental situation. It showed that employee work behavior must be supported by optimal work capability.

Hypotheses Test with SEM approach produced coefficient of work capability direct influence to employee performance with 0,393 and p-value = 0,028 (CR = 2,198). P-value was < 0,05, so the relationship between two constructs were significant. The line coefficient was positive, so its relation was similar. Therefore, the research concluded that hypotheses which stated that work capability directly and significantly influenced the employee performance in provincial government of South Sulawesi was accepted. The result of the research did support Jones and Pendlebury's opinion in Rai, IGA (2010) about measurement aspect of public organization performance such as input, process, output, and outcome. It was supported by Davis' opinion in Mangkunegara (2000) who said that performance was determined by ability and motivation. Therefore, the finding said that employee performance was determined by optimal employee work capability. It was supported by Maryani's (2010) research result who said that employee development had positive and significant influence to employee performance.

Hypotheses Test with SEM approach produced coefficient of motivation direct influence to employee performance with 0,215 and p-value = 0,288 (CR = 1,062). P-value was < 0,05, so the relationship between two constructs were insignificant. The line coefficient was positive, so its relation was similar. Therefore, the research concluded that hypotheses which stated that motivation directly and significantly influenced the employee performance in provincial government of South Sulawesi was rejected. The result of the research was opposite with Davis's opinion in Mangkunegara (2000) but it was similar with Mehta et al (2003) and Alang's research result.

Hypotheses Test with SEM approach produced coefficient of work behavior direct influence to employee performance with 0,441 and p-value = 0,000 (CR = 3,836). P-value was < 0,05, so the relationship between two constructs were significant. The line coefficient was positive, so its relation was similar. Therefore, the research concluded that hypotheses which stated that work behavior directly and significantly influenced the employee performance in provincial government of South Sulawesi was accepted. The result of the research did support Jones and Pendlebury's opinion in Rai, IGA (2010) about aspect of public sector organization performance measurement includes input, process, output, and outcome. Therefore, the finding said that employee performance was determined by employee work behavior optimally. It was supported by Nurwati's research (2012) which said that work behavior influenced the employee performance.

Hypotheses Test with SEM approach produced coefficient of indirect leadership influence to employee performance with 0,141 and p-value = 0,048 (CR = 3,110). P-value was < 0,05, so the indirect relationship between two constructs were significant eventhough the direct relation is not. The line coefficient was positive, so its relation was similar but it was directly not. Therefore, the concluded that hypotheses which stated that leadership indirectly influenced the employee performance through motivation and work behavior in provincial government of South Sulawesi was accepted. The result of the research did support the previous research which was conducted by Carmeli (2003), Goleman (2004), and Amran dan Kusbrayanti (2007).

Hypotheses Test with SEM approach produced coefficient of indirect work capability nfluence to employee performance through motivation and work behavior with 0,488 and p-value = 0,028. P-value was < 0,05, so the indirect relationship between two constructs were significant. The line coefficient was positive, so its relation was similar. Therefore, the research concluded that hypotheses which stated that work capability indirectly influenced the employee performance through motivation and work behavior in provincial government of South Sulawesi was accepted. The result of the research did support Davis's opinion in Mangkunegara, Jones and Pendlebury's opinion in Rai, IGA (2010) about aspect of public sector organization performance measurement includes input, process, output, and outcome and Maryani's research result (2010).

5. Conclusion and Sugestions

According to the analysis result which was conducted simultaneously to the leadership influence, work capability to motivation, work behavior, and employee performance, so the research concluded that: (1) leadership had positive and significant direct influence to the motivation and work behavior, but the direction was negative and insignificant to the employee performance in provincial government of South Sulawesi, (2) work capability had positive and significant direct influence to the motivation, work behavior, and employee performance in provincial government of South Sulawesi, (3) motivation had positive and insignificant direct influence to the employee performance while work behavior had positive and significant direct influence to employee performance in provincial government of South Sulawesi, (4) leadership had positive and significant indirect influence to employee performance through motivation and employee work behavior in provincial government of South Sulawesi, and (5) work capability had positive and significant indirect influence to employee performance through motivation and employee work behavior in provincial government of South Sulawesi.

From a practical perspective, the results emphasize the need for provincial government of South Sulawesi to encourage the role of leaders in an organization and made them focus more on the relationships with their

employees in order to the improvement of quality of work force, commitment and motivation of the employees. Next, the results suggest the need for increased employee work capability, work motivation, and work behavior which shall ultimately lead to higher levels of employee performance. And also, besides input, output, and outcome of employee performance appraisal, process is one indicator that needs special attention so management functions: planning, implementation and evaluation can be optimally used to get best result. For further researcher is suggested to develop this research by adding several variables or indicators based on the theory used.

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Table 1. Hypotheses Test Result

Hypotheses	Independent Variable	Dependent Variable	Direct Effect			
			Standardized	CR	P-value	Explanation
H1	Leadership	Motivation	0,290	3,611	0,000	Significant
H2	Leadership	Work Behavior	0,179	2,671	0,008	Significant
H3	Leadership	Employee Performance	-0,133	-1,362	0,173	Not Significant
H4	Work Capability	Motivation	0,726	8,580	0,000	Significant
H5	Work Capabilty	Work Behavior	0,752	9,279	0,000	Significant
H6	Work capability	Employee Performance	0,393	2,198	0,028	Significant
H7	Motivation	Employee Performance	0,215	1,062	0,288	Not Significant
H8	Work Behavior	Employee Performance	0,441	3,836	0,000	Significant
Indirect Effect						
Hypotheses	Independent Variable	Dependent Variable	Intervening Variable		Standar dized / P-value	Explanation
H9	Leadership	Employee Performance	Motivation	Work Behavior	0,141 / 0,048	Significant
H10	Work capability	Employee Performance	Motivation	Work Behavior	0,488 / 0,028	Significant

Source: Processed Data with SEM AMOS, 2013

Figure 1: Conceptual framework of Exogenous to Endogenous Construct

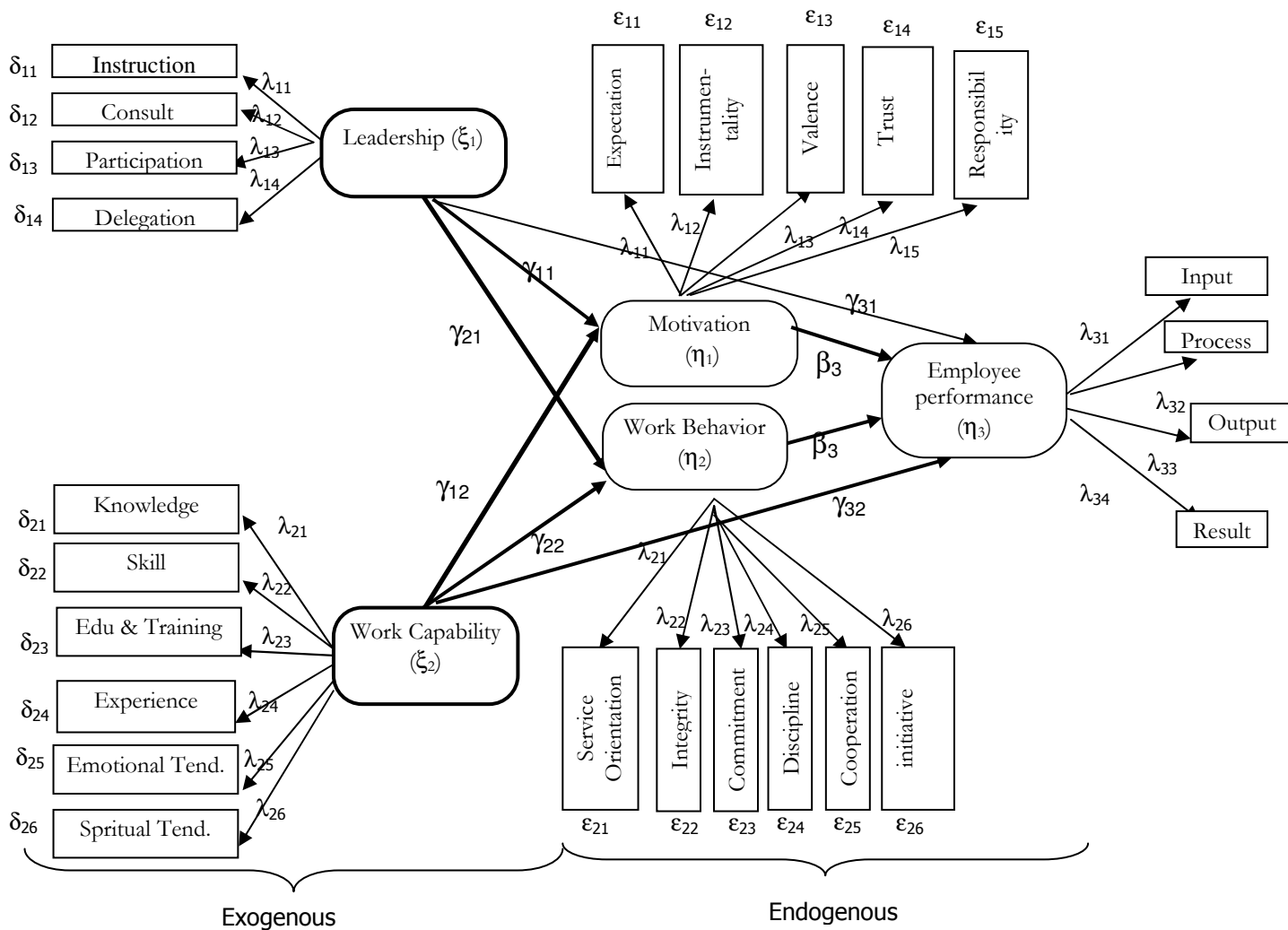


Figure 2. Final Model (Testing Result of Model)

