



**THE INFLUENCE OF ETHICAL LEADERSHIP ON COMPANY
PERFORMANCE
(CASE STUDY: AT PTPN I BEFORE MERGER REGIONAL 1
SUPPORT INC)**

**PENGARUH KEPEMIMPINAN ETIS TERHADAP KINERJA
PERUSAHAAN
(STUDI KASUS : DI PTPN I SEBELUM MERGER REGIONAL 1
SUPPORT INC)**

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Abstract

Based on the research results, the research results show that ethical leadership supports the adoption of positive behavior by employees and overall improves organizational performance. This approach emphasizes the ethical dimension of leadership in the context of management, with a focus on improving leader values, ethical traits and ethical behavior within the organization. Aspects such as Telling, Selling, Participating & Delegating are considered key elements in ethical leadership. The method used is multiple regression analysis, an analysis method used to evaluate the relationship between one dependent variable (bound) with one or more independent variables (free/explanatory). This analysis aims to predict the value of the dependent variable by considering changes in the value of the independent variable. In addition, multiple regression analysis helps in determining the direction of the relationship between the dependent variable and the independent variable, whether the correlation is positive or negative. The regression equation formula for two dependent and independent variables. The tests used are classical assumption tests, hypothesis tests and data quality tests. The sample is determined by taking a representation of the population that is predicted to represent the entire population. The sample in this study were employees at the PT. Perkebunan Nusantara (Persero) I Office Regional I. Determination of samples for employees of PT. Perkebunan Nusantara I (Persero) Regional I was carried out using the *Saturated Sampling method*. The results of the study showed that X1 telling t count $-1.113 < t \text{ table } 5.409$ and significance $0.316 > 0.05$ (no effect). X2 selling t count $-0.365 < t \text{ table } 5.409$ and significance $0.730 > 0.05$ (no effect). X3 participation t count $8.090 > t \text{ table } 5.409$ and significance $0.010 < 0.05$ (influential). X4 delegation t count $9.320 > t \text{ table } 5.409$ and significance $0.000 < 0.05$ (influential). The results of the simultaneous significance test of the F test are f count $6.076 > f \text{ table } 5.409$ and the prob (F-statistic) is $0.0000 < 0.05$. $H_0 : \beta_1 = \beta_2 = \dots = \beta_k = 0$ This means that the independent variable has an overall influence/relationship on the dependent variable.



Keywords: Ethical Leadership (Telling, Selling, Participating & Delegating), Company Performance, PTPN I Before Merger Regional 1 Support Inc.

Abstrak

Berdasarkan hasil penelitian, hasil penelitian menunjukkan bahwa kepemimpinan etis mendukung adopsi perilaku positif oleh karyawan dan secara keseluruhan meningkatkan kinerja organisasi. Pendekatan ini menekankan dimensi etika kepemimpinan dalam konteks manajemen, dengan fokus pada peningkatan nilai-nilai pemimpin, sifat-sifat etis dan perilaku etis di dalam organisasi. Aspek-aspek seperti Telling, Selling, Participating & Delegating dianggap sebagai elemen kunci dalam kepemimpinan etis. Metode yang digunakan adalah analisis regresi berganda metode analisis yang digunakan untuk mengevaluasi hubungan antara satu variabel dependen (terikat) dengan satu atau lebih variabel independen (bebas/penjelas). Analisis ini bertujuan untuk meramalkan nilai variabel dependen dengan mempertimbangkan perubahan dalam nilai variabel independen. Selain itu, analisis regresi berganda membantu dalam menentukan arah hubungan antara variabel dependen dan variabel independen, apakah korelasinya bersifat positif atau negatif. Rumus persamaan regresi untuk dua variabel dependen dan independen. Uji yang digunakan ialah uji asumsi klasik, uji hipotesis dan uji kualitas data. Sampel ditentukan dengan mengambil representasi populasi yang diprediksikan dapat mewakili seluruh populasi. Sample dalam penelitian ini adalah pegawai di Kantor PT. Perkebunan Nusantara (Persero) I Regional I. Penentuan sample untuk pegawai PT. Perkebunan Nusantara I (Persero) Regional I dilakukan dengan menggunakan metode *Sampling Jenuh*. Hasil penelitian menunjukkan bahwa X1 telling t hitung $-1,113 < t \text{ tabel } 5,409$ dan signifikansi $0,316 > 0,05$ (tidak berpengaruh). X2 selling t hitung $-0,365 < t \text{ tabel } 5,409$ dan signifikansi $0,730 > 0,05$ (tidak berpengaruh). X3 participation t hitung $8,090 > t \text{ tabel } 5,409$ dan signifikansi $0,010 < 0,05$ (berpengaruh). X4 delegation t hitung $9,320 > t \text{ tabel } 5,409$ dan signifikansi $0,000 < 0,05$ (berpengaruh). Hasil uji signifikansi simultan uji F adalah f hitung $6,076 > f \text{ tabel } 5,409$ dan prob (F-statistic) sebesar $0,0000 < 0,05$. $H_0 : \beta_1 = \beta_2 = \dots = \beta_k = 0$ Artinya variabel bebas mempunyai pengaruh/hubungan secara keseluruhan terhadap variabel terikat.

Kata Kunci : Kepemimpinan Etis (Telling, Selling, Participating & Delegating), Kinerja Perusahaan, PTPN I Sebelum Merger Regional 1 Support Inc.

1. INTRODUCTION

Ethical leadership is a form of leadership that focuses on appropriate behavior through respect for the ethics, values, rights, and dignity of others. Moral principles are integrated into the values, beliefs, and actions of ethical leaders, as suggested by Khuntia and Suar (2004). Brown et al., (2005) defines ethical leadership as "demonstrating normatively appropriate behavior through personal actions and interpersonal relationships, and encouraging such behavior through two-way communication, reinforcement, and decision-making."

Ethical leadership supports the adoption of positive behaviors by employees and overall improves organizational performance. This approach emphasizes the ethical dimension of leadership in a management context, focusing on enhancing leaders' values, ethical traits, and ethical behaviors within the organization. Aspects such as honesty, integrity, trust, and fairness are considered key elements in ethical leadership (Buye, 2021).



Ethical issues became more prominent after the stock market crash in 1987 and a series of scandals, such as the Enron and WorldCom scandals, involving large companies in America (Chua et al., 1994). Fraud in companies arises due to the low quality of corporate governance. Ethical leadership has a positive impact on job satisfaction and commitment to the organization (Yates, 2011). In addition, ethical leadership also has an influence on organizational commitment and transformational leadership (Sutherland, 2010).

Some indicators of ethical leadership style according to Hersey and Blanchard (1990) are as follows:

1. Telling/informing: The leader's ability to define the roles needed to perform a task and tell followers what, where, how, and when to do the tasks.
2. Selling: The leader's ability to provide structured instructions to his subordinates while also being supportive.
3. Participating/involving: Interaction between leaders and subordinates in which leaders and subordinates share in decisions about how best to complete a task well.
4. Delegating: The ability of leaders to hand over responsibility for carrying out work to subordinates in order to carry out work effectively.

In an organization, employees have different levels of performance. Employee performance is influenced by several factors. According to Affandi (2021:86–87), there are factors that influence performance, including: ability, personality, interest in work; Employee clarity and acceptance, employee motivation level, work ability and equipment, work culture, leadership, work discipline.

Performance is a big issue for organizations and agencies. Employee satisfaction performance does not come by itself, but through a process that must be continuously evaluated. According to Kasmir (2019:184), performance is the result of work and work actions carried out in carrying out the tasks and responsibilities given during a certain period of time.

The company that is the focus of the research is PT. Perkebunan Nusantara I (Persero) Regional I, which is a State-Owned Enterprise (BUMN) engaged in the plantation agribusiness sector. The focus of their business activities includes the production of palm oil, sugar cane, tobacco, and management of palm oil mills. The company's vision is to become a multi-business entity that has high competitiveness, while its mission is to optimize all potential resources and businesses, provide optimal contributions, and maintain sustainability and add value.

The role of leadership is very important in shaping organizational culture, directing vision, and influencing company performance. Ethics are a crucial aspect of leadership, playing a significant role in shaping behavior and decisions in the organizational environment. As an entity operating in the plantation sector, Regional 1 PT Perkebunan Nusantara I (Persero) is faced with special challenges and complexities in managing resources and achieving optimal performance levels.

The significance of ethical leadership is increasingly felt, especially in the plantation sector, where entities such as PT. Perkebunan Nusantara I (Persero) Regional I as a subsidiary



of PT. Perkebunan Nusantara III (Persero) Holding BUMN Perkebunan are faced with complex challenges in managing resources and achieving optimal performance. A comprehensive analysis of the impact of ethical leadership on company performance at PT Perkebunan Nusantara I (Persero) Regional I is relevant and important to delve into the internal dynamics of the organization.

Based on the explanation above, every company in Indonesia, especially State-Owned Enterprises (BUMN) engaged in the plantation sector, especially Regional 1 PT. Perkebunan Nusantara I (Persero) Holding BUMN Perkebunan, is committed to achieving company performance in accordance with the standards set by shareholders. In order to gain trust from stakeholders, the company is required to apply ethical leadership to leaders in its business processes. so that the author is interested in conducting research with the title "the influence of Ethical Leadership on company performance (Case Study: PT. Perkebunan Nusantara I (Persero) Regional I).

From the information in the background, the author is interested in conducting research with the aim of determining the influence of the Telling, Selling, Participating and Delegating indicators on Ethical Leadership at PT Perkebunan Nusantara I before the Regional I Support Inc. Merger.

2. RESEARCH METHOD

This research was conducted at PT Perkebunan Nusantara I Before Merger Regional I Support Inc with the object of research being Middle Job Employees working in the office totaling 10 Middle Job Employees. With the Sampling Technique using the Census Technique. This study makes Ethical Leadership as the Dependent Variable and Telling, Selling, Participating and Delegating as the Independent Variables.

The data used in the study uses Primary data where Primary data is obtained from interviews conducted with Middle Job Employees as a predetermined sample. The interviews conducted have prepared questions (questionnaires) in advance. In this study, the analysis method used in this study uses multiple linear regression to measure the level of Influence between Variables.

3. RESULTS AND DISCUSSION

In this chapter, the researcher presents the data from the research conducted. The research instruments in this study consisted of pre-test and post-test. Hypothesis testing with SPSS 25 includes mean scores, and significant t-tests. The kind of test was multiple choice and essay. The total number of questions in each test was 15, which consists of 10 multiple choice and 5 essays. For the assessment, each correct answer was awarded one point in multiple choice questions, while the essay test was worth five points. The result of the test can be seen as follows:

Sample Characteristics

The respondents used in this study were 10 Middle Job employees of PT Perkebunan Nusantara I before the merger of Regional I Support Inc. Based on the results of the study with data obtained at PT Perkebunan Nusantara I before the merger of Regional I Support Inc using the Questionnaire Method, the conditions of Respondents based on age range were obtained, it



was known that 44.4 Middle Job employees at the research location were in the age range between 40-50 with a percentage level of 80 percent or 8 Middle Job employees, continued at the age of >50 as many as 2 Middle Job employees. Middle Job employees aged 40-50 years at the research location were in a fairly large category, namely 80 percent, this was because most young employees had been introduced to work and given responsibilities and duties to work from PTPN I Before the Merger of Regional 1 Support Inc. Overall, 100 percent of Middle Job employees were of productive age. The productive age of humans is between the ages of 15 and 60 years, this condition is very beneficial because the productive age level is usually easily able to accept new technology. At a productive age, it is very supportive for someone to improve their performance, because a person's performance will decline.

The education level of Middle Job employees at PTPN I Before the Regional 1 Support Inc Merger was 100 percent Diploma/S1 graduates. The experience of Middle Job employees in working in the research area was mostly 6-10 years and 11-15 years, with the results obtained for 6-10 years being 50% and 11-15 years being 50%.

1. Regression Coefficient Testing (F-Test)

From the results of the simultaneous significance test of the F test, the calculated f is 6.076 > f table 5.409 and the prob (F-statistic) is 0.0000 < 0.05. $H_0: \beta_1 = \beta_2 = \dots = \beta_k = 0$ This means that the independent variable has an overall influence/relationship on the dependent variable.

2. Individual Regression Coefficient Testing/ Partial Test (T-Test)

The influence of the independent variable on the dependent variable from the t-test is obtained as follows:

1. X1 tells t count $-1.113 < t$ table 5.409 and significance $0.316 > 0.05$ (no effect).
2. X2 selling t count $-0.365 < t$ table 5.409 and significance $0.730 > 0.05$ (no effect).
3. X3 participation t count $8.090 > t$ table 5.409 and significance $0.010 < 0.05$ (influential).
4. X4 delegation t count $9.320 > t$ table 5.409 and significance $0.000 < 0.05$ (influential).

The conclusion of the results of the t-test of the significance of individual parameters is that H_1 is rejected and accepted, meaning that H_0 is rejected, meaning that variables X1 and X2 do not have an effect/are related to Y, while H_1 is rejected, meaning that H_0 is accepted, meaning that variables X3 and X4 have an effect/are related to Y.

3. Coefficient of determination (R-Square)

obtained from the coefficient of determination or R Square value is 0.505. This means that 50.5 percent of the variation in company performance variables is influenced by the variables telling (X1), selling (X2), participation (X3) and delegation (X4) while the remaining 49.5 percent is influenced by other variables outside the variables not examined in this study.

4. Multiple Linear Regression

The results of the multiple linear regression analysis are as follows:

$$Y = 19.970 + -0.941 (X1) + -0.699 (X2) + 1.824 (X3) + 0.633 (X4) + e$$

Information :



1. The constant of company performance (Y) 19.970 means that if telling, selling, participation and delegation are considered constant (fixed), then the company performance at PTPN I before the merger of regional 1 support inc was 19.970 percent.
2. The coefficient of the telling variable (X1) is -0.941, meaning that telling has a negative influence. If telling increases by 1 percent, the company's performance will decrease by -0.941 percent.
3. The coefficient of the selling variable (X2) is -0.699, meaning that selling has a negative influence. If selling increases by 1 percent, the company's performance will decrease by -0.699 percent.
4. The coefficient of participation variable (X3) is 1.824, meaning that participation has a positive influence. If participation increases by 1 percent, the company's performance will increase by 1.824 percent.
5. The coefficient of delegation variable (X4) is 0.633, meaning that delegation has a positive influence. If delegation increases by 1 percent, the company's performance will increase by 0.633 percent.

4. CONCLUSION

Conclusion

1. X1 tells t count $-1.113 < t \text{ table } 5.409$ and significance $0.316 > 0.05$ (no effect).
2. X2 selling t count $-0.365 < t \text{ table } 5.409$ and significance $0.730 > 0.05$ (no effect).
3. X3 participation t count $8.090 > t \text{ table } 5.409$ and significance $0.010 < 0.05$ (influential).
4. X4 delegation t count $9.320 > t \text{ table } 5.409$ and significance $0.000 < 0.05$ (influential).
5. The results of the simultaneous significance test of the F test are f count $6.076 > f \text{ table } 5.409$ and prob (F-statistic) of $0.0000 < 0.05$. $H_0: \beta_1 = \beta_2 = \dots = \beta_k = 0$ This means that the independent variable has an overall influence/relationship on the dependent variable.

Suggestion

1. Company

For company leaders, it is expected to change the type of leadership so that the company can achieve the goals that are achieved in accordance with the company's vision and mission.

2. Further Research

For other researchers who are interested in conducting research on the same topic, it is better to use more variables to further clarify how the relationship between satisfaction and perception and the factors that influence company performance. In addition, it can also be done by using different analysis tools.

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