Transformational Leadership in Improving Employee Integrity at Lembaga Perkreditan Desa (LPD) in Bali Province

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ABSTRACT


INTRODUCTION

Growth in the number of LPDs is not followed by the amount of profit growth. There has been a decline in profit from 2020 to 2021. The decline in assets occurred by 3 percent until December 2020 compared to 2019. Meanwhile, in 2021 the decline in assets was 0.02 percent compared to 2021. A total of 130 LPDs were recorded as not operating. In 2022, there are 36 LPDs experiencing legal problems due to a lack of employee integrity. This study was conducted to answer the question of how the influence of transformational leadership on employee integrity in LPDs in the Bali region. This study designed a quantitative approach. Quantitative analysis using structural equation model with PLS. The research was conducted in LPDs in nine regencies/cities in Bali Province with 1,437 units. The findings of this study are that the role of leadership in improving employee integrity is very important. Leadership acts as a driving force for employees so that employee integrity can be applied optimally in LPD. In building employee integrity, leaders must have a firm and straightforward commitment to support employees to apply good integrity in providing services to villagers, so that LPD can continue to develop sustainably, and employees have a sincere dedication to serving villagers.

1. INTRODUCTION

From 2017 to 2021, there have been more LPDs seen; as of 2021, there are 1437 LPD units dispersed around the province of Bali. However, there was no corresponding increase in profits to go along with the expansion in LPDs. The earnings dropped between 2020 and 2021. In comparison to 2019, assets decreased by 3% till December 2020, to Rp 23.6 trillion. In contrast, assets decreased by 0.02 percent in 2021 compared to 2021. 130 LPDs in all were listed as being inactive. 36 LPDs will experience legal issues till 2022 as a result of a lack of employee integrity, specifically actions performed by employees.

The individuals that make up an LPD are one of the most important aspects of its development, and their contributions are what determine the LPD’s success. Human resource management is a framework...
that enables employees and leaders to assist an organization's or business's efforts to accomplish a specific goal (Aini et al., 2021; Arif et al., 2022; Sharma, 2021). Good individual performance is required to raise LPD performance, or to put it another way, individual performance affects organizational performance. Good personal integrity is required to increase performance on an individual level (Mills & Boardley, 2017; Rivai, 2020). Integrity in the form of ethics and a control environment are two crucial components of fraud prevention. Integrity is one of the elements that can influence how well employees perform in LPD's fraud prevention efforts. Employees are required to uphold the principle of integrity, act in a manner compatible with ethical ideals, and adhere to applicable legislation when executing and supporting the improvement of their performance. The aspect of a person’s sense of self that arises from acceptance as a member of a social group is known as their social identity. In order to explain group behavior, social identity theory presents the idea of social identity. Individual behavior in an organization emerges as a result of a person’s knowledge of their membership in a particular social group, which is accompanied by values, emotions, level of involvement, caring, and also a sense of pride in their membership in the group.

Good individual behavior, can be applied through transformational leadership, leadership that is able to motivate employees well will give good meaning to employees, which in turn will reduce deviant behavior in employees and will establish good integrity in employees (Ahmad & Rochimah, 2021; Garwe, 2019; Haldorai et al., 2020; Harris & Mayo, 2018; Jun, 2017; Katou, 2015; Liborius, 2017; Mitropoulou et al., 2019; Negandhi et al., 2015; N. K. Prabhu et al., 2019; Saleem et al., 2019; Setiyaningityias & Hartutik, 2022; Sumi & Mesner-Andolshek, 2016; Veríssimo & Lacerda, 2015). The integrity of employees will be strongly supported by the effectiveness of leadership which is a process, so that in the end it encourages change in the organization (Hooijberg et al., 2010; Le, 2015; Sihombing, 2020). Organizations can apply a good type of leadership so as to create a comfortable work environment and employees can provide feedback and will have an impact on increasing employee integrity (Ramdehal & Madueke, 2022; Yahaya & Ebrahim, 2016; Yang, 2014). Previous research states that effective leadership is correlated with integrity, and the presence of integrity will increase organizational effectiveness (Enwereuzor et al., 2020; Harris & Mayo, 2018).

Different types of leadership in education were introduced in the 1980s. The educational leadership style that was very popular in the 1980s and 1990s was widely accepted by all parties included dictators, democrats, and lezzie faire (Chigudu, 2015; Chirwa, 2022). However, according to previous research, one type of leadership that can be applied to improve employee integrity is transformational leadership (Ben Sedrine et al., 2021; Dahniel, 2019; Hameiri & Nir, 2016; Sani et al., 2021). Transformational leadership is a leadership model of a leader who tends to motivate his subordinates to do a better job and focuses on behaviors that support transformation between individuals and organizations (Maier et al., 2016; Mills & Boardley, 2016). Transformational leadership that is applied appropriately in an organization will encourage employees to work in accordance with the direction and motivation of the leader to achieve organizational goals (Pradhan et al., 2018; Pradhan & Pradhan, 2015). The encouragement given to employees by transformational leaders will increase employee ethical behavior and will increase integrity (Ahmad & Rochimah, 2021; Crucke et al., 2022; McComas, 2019; Yasir & Rasli, 2018). Meanwhile, similar research states that transformational leadership has no significant effect on integrity and is supported by similar research saying that leadership does not have a direct effect on integrity (Amalina & Susilowati, 2022; Martomo & Riyanto, 2021).

Genuine, values-based, belief-based, and spiritually-based transformational leadership is said to improve the moral behavior of leaders and the organization as a whole (Ahmad & Rochimah, 2021; Riasudeen & Singh, 2021). Transformational leadership consists of four components, namely ideal influence, inspirational motivation, intellectual stimulation, and individual judgment implemented as actions that encourage the interest of others, as a social moral process in choosing and acting (Purwanto et al., 2020; Schuh et al., 2013). Transformational leadership style changes are very important today compared to previous organizational leadership that relied on human control and work processes (Bush, 2017; Hong et al., 2016). Dominant in the formation of current and future leadership education (Bush, 2017; Ramsey, 2015). According to the above description, looking at the LPD's development data, the data of the LPD that encountered legal issues because of a decline in employee integrity, and the fact that there is a research gap, it will be crucial and deemed necessary to conduct research. In this case, the goal is to discover how to improve the integrity of LPD employees, so that LPDs continue to exist and the level of public trust in LPDs does not decrease, through the application of transformational leadership and increasing employee integrity.

2. METHODS

This study was carried out to provide answers to issues regarding the relationship between endogenous variables, such as employee integrity at the Village Credit Institution (LPD) in the Bali area, and
exogenous variables, such as transformational leadership. The positivist ideology served as the foundation for the quantitative design of this study, which involved testing hypotheses about the relationships between research variables in order to yield particular findings. Secondary data and quantitative data analysis are both used during the data collection process. The quantitative analysis method is based on multivariate analysis with a structural equation model (SEM) and a component-based or variance-based approach, such as PLS (partial least square).

The two parts of the analysis process are 1) quantitative analysis, which includes weight estimation and path estimation for the inner and outer models, and 2) qualitative analysis. The quantitative analysis includes convergent and discriminant validity, validity test, reliability test, goodness of fit for all models, R-square for each variable, path coefficient analysis, t test, cross-validated redundancy analysis, and direct/indirect effect analysis. This study was carried out at the Village Credit Institution, where 1,437 LPPDs, divided into categories of healthy, moderately healthy, unhealthy, and not operating, are generally spread among nine regencies/cities in Bali Province.

3. RESULTS AND DISCUSSIONS

Results

As a theory of intergroup relations, intergroup conflict, and intergroup collaboration, social identity theory was developed. With time, it expanded into a more comprehensive social psychology theory of the function of self and identity in group and intergroup interactions. The theory's central focus has always been intergroup relations, nevertheless, for the obvious reason that what occurs within groups cannot be separated from group activities and is profoundly influenced by what occurs between groups, and vice versa. More than two people who (1) identify and evaluate themselves similarly; (2) share a similar definition of who they are and what characteristics they possess; and (3) follow a similar pattern of how they interact with other people who are not in their group (Hogg, 2018; Keblusek et al., 2017). Group membership refers to our collective sense of versus them, and self-identification refers to my individual feeling versus you.

One’s social identity determines and assesses how they will be perceived and treated by others as well as their own sense of self. Because of this, when people compare their own group to the outgroup, they are worried about making sure that their own group is positively unique, obviously distinguishable, and therefore judged better than the appropriate outgroup. Intergroup conduct is essentially a struggle over one’s relative status or prestige inside the group, and intergroup comparisons are inherently supportive of the group itself and ethnocentrism (Cortland et al., 2017; Pettigrew, 2021). Lower status groups fight to overlook their social stigma and promote their positive, whereas higher status groups battle to defend their evaluative superiority. The social theory of identity model put out by Tajfel and Turner is depicted in Figure 1.

![Figure 1. Social Identity Theory Model](Tajfel, 1970)

The components of a person’s self-image that are generated from the social categories they identify with are referred to as their "social identity." This hypothesis is predicated on a number of broad presumptions. First and foremost, people strive to uphold and improve their sense of worth and self-worth.
Second, a person’s self-esteem and self-concept might go up or down depending on their membership in a social group or category. Third, people assess the advantages or disadvantages of the groups they are a part of in comparison to other groups they are not a part of, such as status and prestige.

Someone will assess whether they receive favorable or unfavorable treatment in the group/us. A person’s behavior will be highly influenced by the treatment they receive from a leader, whether it be positive or unfavorable. Presocialization, (re) discovery or (re) discovery, (re) construction or (e)construction, stability or maintenance, attentiveness, and preparation/setting or disposition are the several stages of the social identity cycle. The social identity cycle can be used by leaders to evaluate their roles and the roles that their members play in order to ensure that management decisions are related to those roles and identities and that leadership is more objective. Objective leadership will be able to prevent irregularities that occur in the organization and will be able to increase employee integrity (Handoyo et al., 2022; Murtomo & Riyanto, 2021). Visionary leadership behavior fosters morale in the workplace, which is a proposition reinforced by social identity theory.

Tajfel advances the idea of social identity, according to which people are driven by favorable relationships. While increasing the role of social structure, collective theory, and ideology and integrating self-interest understandings into richer and more communal views of the self and social identity, social identity theory does not deny conflicts of interest. Rather, it complements them. As a result, the idea of social identity can increase employee integrity and stop deviant behavior.

A person simultaneously belongs to several different categories and social groups. The cognitive process of categorization involves grouping things and experiences into meaningful groups. The social world is typically divided into two distinct categories by people: us (in-group) and them (out-group). Outgroups are seen as adversaries or dangers. The several components that comprise social identity in respect to the interpersonal environment show how similar and different we are from those around us. Each group will make an effort to ensure that each of its members has a solid and positive social identification with the group.

An individual who already has a strong sense of belonging to his or her group is psychologically very linked, and as a result, will ultimately foster loyalty and devotion to that group (Lock et al., 2014; Lock & Heere, 2017). Social identity will have an impact on group members’ loyalty and moral character. Sometimes, a person’s loyalty to the group causes them to act in ways that go against social standards. Solidarity in the wrong direction will lead the organization to act against the law.

The findings of social identity study point to three crucial consequences for an organization. Employees, in general, tend to support organizations that support their social identity as well as the activities they choose and engage in. Second, social identity has been shown to favorably influence employee loyalty and organizational pride, as well as critical group outcomes like cohesion, collaboration, benevolence, and positive attitudes toward group appraisal. Third, the organization’s beliefs, ideals, and practices may be seen as more distinctive, positive, and unique in comparison to those of other organizations when employees identify more strongly with the organization. An increase in employee dedication and loyalty to the company can result from this more favorable perception.

Human beings frequently face setbacks and deterioration in the course of socially meaningful self-development. To function as a healthy adult, one must experience true self-fulfillment. On the other hand, social and personal issues, or what is known as social deviance, result from failing to realize one’s actual self in adulthood. Self-achievement failure is a significant contributor to personality and mental illnesses linked to alcoholism, drug misuse, domestic abuse, corruption, and other ethical and moral transgressions. Deviant behavior, such as corruption, is another way that failure to realize oneself is expressed.

A unified conceptual framework known as social identity theory places self-conception at the center of social dynamics and uses cognitive social interactions and social processes to explain group activities and relationships between groups. The investigation of the influence processes involved in the recognition, creation, and internalization of group norms, as well as the leadership responsibilities included in the social identity theory of leadership, constitute the fundamental aspect of social identity theory. The fact that groups are internally differentiated into central prototypical members (i.e., the degree to which followers perceive the leader as a member of the group, and have normative identities, goals, and behaviors as a group) and prototypical peripherals (i.e., are considered unimportant), thus has consequences, not only for leadership and influence but also for the psychology of inclusion and exclusion, as explained by subjective group dynamics theory. Finally, social identity theory explains how identity, influence, and leadership processes interact to influence social mobilization and collective action.

Integrity comes from the Latin integritat which means whole or without defects, perfect, without pretense. Similar research defines integrity differently, he calls integrity as loyalty to some basic life item that best forms the identity of the individual who has it. Meanwhile, previous research describes the owner of integrity as a wise person who struggles to uphold the commitments he holds and sees it as a very
valuable thing. Previous research places greater emphasis on the importance of individuals to maintain integrity by refusing to make compromises on the commitments that shape their identity. It is also different from similar research, who say that integrity is one of the values of organizational culture that is used to demonstrate organizational consistency, commitment, and honesty to gain the full trust of service users (Hegarty & Moccia, 2018; M. S. Schwartz, 2013). Meanwhile, previous research emphasize integrity at the company level (Chandima Ratnayake & Markeset, 2012; Ratnayake, 2013).

Previous research states that in the context of an organization, integrity is defined as the proper behavior of organizational members as honest, loyal, and caring (Al-Abrow et al., 2019; Saleem et al., 2019). Organizational integrity is not only desirable but also important for the long-term survival of the organization because it will have long-term positive consequences such as a positive organizational culture, decreased staff turnover rate and increased performance. The integrity is related to morals/ethics. Moral/ethics relates to the teachings of behavior, attitudes, obligations, morals, character, good or bad morals that are generally accepted. Meanwhile, previous research associates' integrity with non-corruption. Corruption is an act of abuse of power by manipulating the common good for certain personal interests. Thus, the character of integrity and a culture of integrity are directly at odds with corruption. The development of the character of integrity and a culture of integrity contains a logical necessity to prevent corruption.

The integrity is one of the factors that affect the quality of performance, and one party must play an active role in preventing fraud. In carrying out tasks and supporting performance improvement, it is very important to uphold the principle of integrity, act consistently with ethical values, and comply with applicable regulations (Rifai & Mardijuwono, 2020; Sudirman et al., 2021). Previous research has measured the level of ethics and integrity in organizations in different ways, for example, corporate integrity can be measured by the existence of a code of ethics, the quality of compliance programs, and the frequency of unethical behavior.

The two most prominent aspects of integrity are ethics and inner guidance. Their analysis shows that integrity consists of a set of values and principles that act as norms and standards to guide one's decisions and actions. Integrity is ultimately determined by the contextual nature of ethics and behavior, where integrity is driven by one's willingness to act in accordance with the intrinsic values, beliefs, norms, and principles that make up one's morality. Integrity refers to generally accepted core values and principles.

The integrity consists of honesty, fairness/respect and openness/authenticity. Honesty is defined as saying whatever someone is thinking. So, someone who is honest, is said to have an upright heart and does not lie (for example, by telling the truth). Fairness/respect is defined as treating everyone equally and not allowing personal feelings to influence decisions about others, thus giving everyone an equal and fair opportunity. Openness/authenticity is not only defined as speaking the truth, but more broadly i.e., presenting oneself in a sincere way and acting in a sincere way, being without pretense, and taking responsibility for one's feelings and actions.

The integrity consists of unity, incorruptibility and moral quality. Unity is used to describe the condition of unity, whole, cohesiveness. This meaning is usually associated with the insight of citizenship in the organization. Of course, what is meant is not only physical unity but also unity of ideas. Incorruptibility describes the wholeness, roundness, completeness, immovable, flawless. In the language of mathematics, the term integer is known, which means an integer without a fraction. In this case, integrity means consistency, integration between ideas and their actual realization. Third, integrity is a moral quality. In this sense, integrity is interpreted as honesty, sincerity, purity, and straightforwardness. Honest quality is the main pillar of a person's moral quality. Integrity is not only being honest with others, but also being honest with yourself. In simple terms, integrity is a match between speech and action.

The employee integrity can be measured using nine indicators, namely self knowledge, willpower, courage, honesty, loyalty, humility, courtesy, respect, self-respect. There are ten indicators that can be used to measure the integrity of bank employees, namely power, achievements, hedonism, self-direction, stimulation, universalism, benevolence, tradition, conformity, security. The integrity can be measured by three dimensions which are an important element of the basic human being. Self-integrity is seen as a synergistic and mutually supportive integration between these three basic dimensions in one's life. All three develop in a balanced manner so that they can support each other in living a more humane life.

Based on the understanding of integrity from several experts, it can be interpreted that employee integrity is a unified whole of an employee, with the potential and ability possessed to create authority and honesty as well as a moral strength that is proven to remain true in the midst of the fire of temptation, which remains steadfast even though it is not anyone saw. From the perspective of good corporate governance, integrity can be linked to the ethical values of employees, which have a significant impact on the quality of employee performance.
The three dimensions are physical dimension, social dimension, mental spiritual dimension (psychic). The physical dimension is the most real in humans, in the sense that it can be seen, touched, held and so on. People who have self-integrity are also people who have good physical development, are healthy, and fresh. The social dimension of humans is increasingly understood and recognized as one of the basic dimensions of human beings in this world. Needs related to the social dimension include the need for acceptance, love and being loved, recognition and friendship, as well as all other forms of social relationships. People who have self-integrity are people who have sensitivity and social skills in living together. The mental-spiritual dimension (spiritual) is a dimension in humans whose essence is the psychological aspect, spiritual elements and matters relating to mental-spiritual and other inner elements. Now the mental dimension of the psyche has been broken down into several elements that can be explained one by one, but are still a complementary unit. These elements appear in the form of intelligence, with details of intellectual intelligence (IQ), emotional intelligence (EQ), and spiritual intelligence (SQ). People who have self-integrity are people who have good and balanced development of all these mental/mental elements.

The employee integrity only refers to two indicators, namely honesty, it is an upright attitude, stating the truth not lying or saying things that violate what happened (facts). No corruption It is an act of a person who is not against the law and does not commit an act of enriching himself, another person, or a corporation.

The four dimensions and the ten indicators are 1). Openness to change, it is independence, both in thought and in action. Consists of three indicators, namely: a) Self-Direction, is behavior that requires freedom and is not bound by rules; b) Stimulation, it is the act of taking risks for personal pleasure; c) Hedonism, is a pleasure or sensual gratification for oneself. 2). Self-enhancement, is behavior that emphasizes the acquisition of individual success and dominance over others. Consists of two indicators, namely; a) Achievements, it is emphasizing success to get praise from others; b) Power, it is emphasizing getting rich and other people following his will. 3). Conservation, are restrictions on behavior, adherence to rules, traditions and maintenance of stability. Consists of three indicators, namely: a) Security, it is behavior that prioritizes self-safety; b) Conformity, it is the control of actions, tendencies, and impulses that may anger or harm others and violate social expectations or norms; c) Tradition, it is the respect, commitment and acceptance of customs and ideas that one’s culture or religion provides. 4). Self transcendence, it is behavior that emphasizes the human side, with an equality view and is oriented to fight for the welfare of fellow human beings. Consists of two indicators, namely: a) Benevolence, it is the value of virtue for the welfare of other people’s lives; b) Universalism, it is behavior that understands each other, applies tolerance and spirituality (S. H. Schwartz, 2012; S. H. Schwartz & Cieciuch, 2022). As for the whole, the dimensions and indicators can be described as Figure 2.

![Figure 2](image-url)

**Figure 2. Integrity Dimensions and Indicators**

(S. H. Schwartz, 2012)

**Discussion**

Transformational leadership will encourage employees to improve employee integrity and prevent deviant behavior from employees (Schnackenberg & Tomlinson, 2016; Tomlinson & Schnackenberg, 2022).
Leadership can be said as a way of a leader in directing, encouraging and managing all elements of employees in working to achieve a goal. One way to lead is the transformational leadership style. The concept of transformational leadership integrates ideas developed in a character, style and contingency approach. Transformational leaders tend to focus on completing tasks to motivate subordinates to carry out their responsibilities (Mittal & Dhar, 2015; Sani et al., 2021).

The transformational leadership is a leader who is able to increase followers' desire for achievement and self-development, as well as promote group and organizational development. The transformational leadership is very wise leadership. Transformational leadership, emphasizing the intrinsic motivation and positive development of subordinates, represents a more attractive view of leadership than the social exchange process of transactional leadership. The main job of transformational leadership is to influence change in the organization it leads. The change is replacing the old culture with a new culture. In making changes, there is a need for collective reciprocity between employees and leaders, transformational leadership is used as a relational construction that meets the needs of employees, a sense of belonging in the organization, because of the high level of the exchange process of employees and leaders involved in the organization (Loughhead et al., 2023; N. K. Prabhu et al., 2019).

Previous research stated that transformational leadership will facilitate the building of a relationship between the mission of the team and the values held by the work team (N. Prabhu et al., 2022; N. Prabhu & Modem, 2022). Building a connection between the mission and values of the work team, will contribute to an interesting work dimension of workplace spirituality. The transformative leadership behavior of fellow team members allows team members to focus on achieving behavioral expectations.

Based on the understanding of several experts, this study means that transformational leadership is a leadership model that can be applied by a leader, which tends to motivate subordinates to perform their duties and responsibilities well, and a leader who focuses on behavior that supports change. people's behavior towards a better direction so as to reduce deviant behavior and increase integrity, so that it will have an impact on organizational change towards a better direction in order to achieve organizational goals.

Previous research stated that transformational leadership consists of four dimensions, namely, namely: 1) Idealized Influence, it is leaders who share a vision and mission, who earn respect, trust and confidence and gain a strong individual identification from followers. Leaders who demonstrate ideal influence can be obtained from the extra efforts of followers to achieve optimal levels of development and performance; 2) Individually Considered, is a leader who concentrates on diagnosing the needs and abilities of followers. Leaders are able to diagnose followers’ needs and attend to them individually. Leaders also delegate, train, advise and provide feedback for use in the personal development of followers. Leaders increase the need and trust level of followers to take on a greater level of responsibility. Followers' responsibilities go beyond meeting the requirements of their job or just maximizing performance. In contrast, followers take greater responsibility for their personal development, which includes activities such as job challenges; 3) Intellectually Stimulating, is a leader who actively pushes new ways on old methods/problems. Leaders should encourage creativity and emphasize rethinking and re-examining the assumptions underlying the problem at hand. Leaders use intuition as well as more formal logic to solve problems. Leaders who stimulate the intellectual development of followers to develop and solve their own problems using a unique and innovative perspective. Followers will become more effective problem solvers with and without leader facilitation. They become more innovative with respect to problem analysis and their strategies for solving them; 4) Inspirational, is a leader who inspires, increases optimism and enthusiasm, and is able to communicate their vision of an achievable future with fluency and confidence. Leaders must foster a vision that stimulates energy to achieve higher levels of performance and development (N. Prabhu et al., 2022; Uwiyah et al., 2021).

The transformational leadership can be measured using thirteen indicators, namely: 1). Ideal behavior, can be measured by three indicators, namely: a) Generating morale, is a leader who can raise the spirit of employees in completing work; b) Generating optimism, is a leader who can increase employee confidence; c) Being an example, is their leader who has an exemplary personality. 2). Inspirational motivation, can be measured using three indicators, namely: a) Giving trust, is a leader who can generate self-confidence in employees at work; b) Providing motivation, is a leader who can motivate employees in completing work; c) Encouraging achievement, is a leader who can encourage employees to be enthusiastic and perform well at work. 3). Intellectual stimulation, can be measured using three indicators, namely: a) Cultivate a critical attitude, is an inspiring leader to achieve unimaginable possibilities; b) Encourage creativity, is a creative leader in leading to encourage followers to ask assumptions; c) Encouraging innovation, is a leader who encourages followers to be innovative. 4). Individual considerations, can be measured by four indicators, namely: a) Paying attention to the needs of subordinates, is a leader who is able to pay attention to the personal needs of all individuals; b) Giving awards, is a leader who is able to make all individuals feel valued; c) Feeling the suffering of subordinates, is a leader who is able to feel the...
suffering felt by each individual; d) Feeling the joy of subordinates, is a leader who is able to feel the joy of each personal employee (Alrowwad et al., 2020; Grošelj et al., 2021).

Additionally, transformational leadership will support the development of an advantageous company culture (Afsar et al., 2019; Aldrin & Yunanto, 2019; Alrowwad et al., 2020; Eliyana & Ma’arif, 2019; Mi et al., 2019). Employees will be well-motivated by leaders who can utilize this kind of transformational leadership to fulfill their duties and responsibilities. The goal of this kind of transformational leadership is to encourage improvement in people's behavior in order to lower antisocial behavior and raise integrity. According to earlier empirical studies, transformational leadership has a favorable and significant impact on integrity (Armugam et al., 2021; Baba et al., 2021; Beaton, 2021; McComas, 2019; Peng & Wei, 2020; Schuh et al., 2013). Transformational leadership that is implemented well in the organization will encourage employees to work in accordance with the direction and motivation of the leadership in order to achieve organizational goals. The encouragement given by transformational leaders will increase employee integrity.

4. CONCLUSION

According to the study findings, leadership plays an important influence in enhancing employee integrity. Employee integrity can be used to the fullest when leadership functions as a motivator for workers. In order for the LPD to continue to develop in a sustainable manner and have a real commitment to village character, leaders must have a clear and honest commitment to support staff to use good integrity in providing village character services. The transformational leadership model is the most suitable leadership model because it requires managers or leaders to collaborate with employees at different levels to achieve these goals optimally. Leaders' efforts in implementing transformational leadership need to be continuously improved to improve employee integrity. Leaders must be able to set a good example for their employees. LPD leaders must also be able to motivate their employees so that the resulting performance also increases. So, it can be concluded that the better the application of transformational leadership, the employee integrity will increase. By increasing the integrity of employees, employees will serve citizens sincerely. Furthermore, with increasing employee integrity, citizen trust as LPD customers will also increase.

5. REFERENCES


