



The role of leadership style in improving organizational performance

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Abstract

This study aims to explain the strategy of human resources (SHR) in mediating leadership styles in improving performance and to identify the dominant leadership style in influencing SHR. 96 echelon officials were used as samples with a stratified random sampling approach. The results show that all hypotheses are proven to be influential, and SHR is a mediation complementary to partial mediation. This study provides a unique development where transformational leadership is the dominant factor in improving SHR compared to visionary leadership.

Keywords: Transformational leadership, visionary leadership, human resource strategy, organizational performance

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Introduction

The area of HR strategy has attracted much research attention over the last decade because of its potential impact on bottom-line issues. Various studies have confirmed the positive impact of HR strategy on organizational performance (Huselid, 2015; MacDuffie, 2015). However, on the other hand, researchers have begun to discover the impact of HR strategies on HR effectiveness and performance and have found a negative and unexpected relationship (Bennett et al., 2018). Strategic agility allows organizations to be flexible, adapt and respond quickly to changes, and implement actions to control market uncertainty and risk (Sherehiy, Karwowski, & Layer, 2007). As part of the HR technique in expanding the organization's implementation, changes that occur or various findings are found so that the HR methodology variable is included as an intermediary variable which is in line with the emergence of this thought. Thatcher et al. (2012) explain that job satisfaction plays a role in mediating the influence of HR strategy on organizational performance. Wang et al. (2010) explain that HR strategy influences strengthening or weakening leadership styles and improving organizational performance.

Strategy in the organization is very dependent on the leadership in the organization, and the leadership style becomes central, which can improve organizational performance by aligning existing Human Resources with the strategy that has been prepared. Therefore, leadership becomes a measure of the ability of all members of the organization to work optimally, showing their respective potentials to achieve the goals and vision of the organization. Organizations expect leaders who can demonstrate a leadership style that can provide transformation and motivate subordinates to show their performance in a superior manner. Wang et al. (2010) explained that visionary leadership makes subordinates confident and able to demonstrate their competence to express the organization's vision. Furthermore, subordinates will be inspired by showing their potential through such a leadership style and putting more mental and physical effort into the organization. Therefore, an organization can adapt to changes if you want to improve organizational performance and change its leadership style.

Organizational members will be inspired by showing their potential to put more mental and physical effort into the organization through the visionary leadership style. In addition to the visionary leadership style, Torlak & Kuzey (2019) studies show that transformational leadership is more influential on the feelings, values, and perceptions of employees who are optimistic about achieving job performance and other performance than transactional leadership.

The HR strategy design and its implementation are highly dependent on the leadership style applied in the organization. Visionary leadership style is a leadership competency that must be possessed by the government, especially for echelon officials. Because it has been given in educational activities and leadership training within the government for civil servants who serve. A visionary leadership style strongly influences employee creativity at work (To be continued, 2020). Studies conducted by Torlak & Kuzey (2019) show that transformational leadership is more influential on the feelings, values, and perceptions of employees who are optimistic about achieving job performance and other performance than transactional leadership. Likewise, the results of research from Wang et al. (2010) show that visionary leadership and transformational leadership affect improving employee performance.

This study tries to explore the uniqueness of previous researchers by using transformational leadership and visionary leadership on employee performance. The difference is in the indicators of visionary leadership, which in this study uses indicators set out in government regulations and has been developed in a study that proves there is a direct relationship between visionary leadership and the performance or creativity of government employees (To be continued, 2020).

Wang et al. (2010) explain the influence of HR strategies in strengthening or weakening leadership styles and improving organizational performance. Therefore, this study developed a research model conducted by Wang et al. 2010 as follows Figure 1.

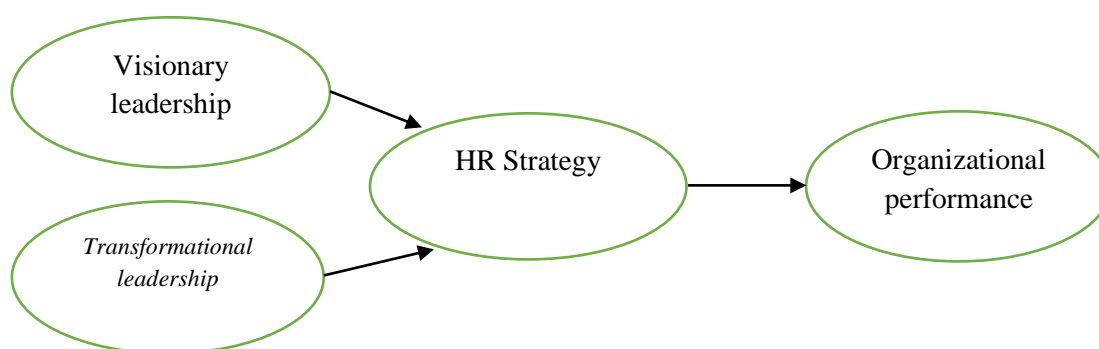


Fig. 1 Research Model

Zhu et al. (2005) and Wang et al. (2010) explain the influence of HR strategies in strengthening or weakening leadership styles and improving organizational performance, so it can be concluded that transformational leadership can develop HR strategies in organizations. Therefore, a provisional answer is made as follows in this study:

H1: Human resource management strategies benefit from transformational leadership. (HRM).

According to Zhu et al. (2005) and Wang et al. (2010), leadership style can help design HR strategies. However, seen from the concept of visionary leadership from government regulations, it becomes a new concept relationship that connects with HR strategy. The development of research using the concept of visionary leadership from government regulations was carried out by Connect, (2020). The study explains that VL affects improving employee performance or creativity. Based on this, it can be concluded that visionary leadership influences SHR. So, the following hypothesis is made:

H2: Visionary leadership (VL) positively affects Human Resource Management (SDM) Strategy.

According to a study by Zhu et al. (2005) and Wang et al., HR initiatives can improve organizational performance (2010). As a result of the conclusion that SSDM affects KO, the following hypothesis was proposed:

H3: The strategy of human resource management (HRM) has a positive effect on organizational performance.

H4a: Human resource management strategy (HRM) has an effect as a mediation between transformational leadership on organizational performance.

H4b: Human resource management strategy (HRM) has an effect as a mediation between visionary leadership on organizational performance.

Method

This research is quantitative research with a survey approach. Information was collected from employees with Esselon III and IV positions in Katingan Regency, Central Kalimantan, with as many as 96 respondents. The sampling approach used in this research is Proportional Stratified Random Sampling. Analysis using Structural Equation Modeling (SEM), namely SMART PLS.

Transformational leadership

Transformational leaders persuade subordinates to do more than anticipated. They increase the attention of subordinates about the importance and appreciation of the results shown and the way to achieve them and, in turn, make subordinates go beyond their self-interest for the sake of the organization's mission and vision (Yammarino et al., 1993). The Multifactor Leadership Questionnaire (MLQ) was used to test transformational leadership on the indicators: (1) idealized impact (charisma), (2) inspiring motivation, (3) intellectual stimulation, (4) tailored consideration and (5) contingency. Using a scale of 5 from strongly agree (SS) to Strongly Disagree (STS). The Multifactor Leadership Questionnaire (MLQ) was used in this study to assess leader behavior across five (five) dimensions (Northouse, 2019).

Visionary Leadership

This study uses 7 (seven) indicators to measure visionary leadership (To be continued, 2020). The use of 7 (seven) of the 8 (eight) indicators, due to the "different way" indicator, is not valid in the Connect study (2020). So the indicators used are 1) Responsible; 2) Appreciate differences; 3) Free of KKN; 4) Ability to collaborate; 5) Policy direction; 6) Empowering capabilities; 7) Encourage the exchange of ideas. Using a scale of 5 from strongly agree (SS) to Strongly Disagree (STS).

HR Strategy

The human resource management strategy was presented by Weng (2002) (in Wang et al., 2010). The indicators of HR strategy (HR) are 1) Development strategy, 2) Motivation strategy, 3) Strengthening strategy, and 4) Transfer strategy. Using a scale of 5 from strongly agree (SS) to Strongly Disagree (STS).

Organizational Performance

Performance is measured by a well-established instrument developed by Van de Ven and Ferry (1980), specifically designed to assess performance in public sector organizations. This instrument has also been used by Verbeeten (2008). Each item in the instrument is measured on a five-point Likert scale, ranging from 1 (well below the average) to 5, (well above the average). Dimensions of performance include (1) Quantity or amount of work produced; (2) The quality or accuracy of the work produced; (3) Number of innovations or new ideas by the unit; (4) Reputation of "work excellence"; (5) Achievement of the objectives of the production or service unit; (6) Efficiency of unit operation; and (7) Morale of unit personnel.

Empirical Result

Based on this, the data used in this study amounted to 94 respondents or 94 data and can then be detailed based on the characteristics of the respondents in Table 1.

Table 1 Characteristics of Respondents

Characteristics	Frequency	%
By Gender		
Male	57	60.6
Female	37	39.4
	94	100
By Age		
25 - 30 years	2	2.1
31 - 40 years old	39	41.5

41 - 50 years	38	40.4
> 51 years old	15	16
	94	100
Based on Last Education		
S1 (Bachelor)	66	70.2
S2 (Master)	27	28.7
S3 (Doctorate)	1	1.1
	94	100
By Group		
IV/a	5	5
III/d	36	38
III/c	53	56
	94	100
By Esselon		
Esselon 3	20	21
Esselon 4	74	79
	94	100
Based on Work Experience		
5 - 10 years	19	20.2
11 - 20 years	54	57.4
21 – 30 years old	1	14.9
>31 years old	7	7.4
	94	100
Long held Echelon Position		
Less than 5 years	43	45.7
More than 5 years	30	31.9
> than 10 years	21	22.4
	94	100
Participate in leadership training other than Diklatpim at the regional level		
Never	57	60.7
1 time	18	19.1
More than 2 Times	19	20.2
	94	100
Participate in leadership training other than Diklatpim at the national level		
Never	71	75
1 time	10	11
More than 2 Times	13	14
	94	100

Source: Main Data 2021

Based on Table 1, the respondent's gender dominates the characteristics of the respondents in this study as many as 57 were male or 60.6 percent, and 37

people or 37.4 percent female. This explains the dominance of men who hold positions within the Katingan Regency Government in Esselon III and Esselon IV. The age characteristics of respondents who are also Secretary, Head of Division, and or Head of Section in the scope of the Katingan Regency Government are dominated by young respondents, namely 31-40 years, as many as 39 people or 41.5 percent, and ages 41-50 years as many as 38 people or 40,4 percent. The data shows this age is included in the productive age range, 15-64 years. The education of the most respondents is S1 graduates as many as 66 people or 70, 2 percent with a length of work of 11-20 people as many as 54 people or 57.4 percent, with residents of Esselon under 5 years as many as 43 people or 45.7%, with ranks/groups in group III/c as many as 53 people or 56% Respondents who have never attended other leadership training other than Diklatpim at the regional level are 57 people or 60.7%. Likewise, by participating in leadership training at the national level other than Diklatpim, as many as 71 people, or 75% of respondents, have never attended leadership training at the national level. It can be concluded that the male sex dominates the highest respondents with ages between 31-50 years with undergraduate education and work experience between 5 - 20 years with the length of service between 5 - 10 years with ranks in III/c and III/d. While holding an echelon position, more than 70% have never participated in leadership training at the regional and national levels.

Evaluation of the Measurement Model or Outer Model

The measurement model is carried out in several ways, namely by using convergent validity, discriminant validity, and composite validity. In the results of data analysis, the initial stage carried out is the evaluation of the measurement model or outer model, which is described in Table 2.

Table 2 Outer Model Evaluation Results

Latent Variable	Indicator	Outer Loading	Composite Reliability	AVE	Cronbach's Alpha	Cross loading	Fornell Larcker Criterion
Transformational leadership	TL 2	0.887	0.907	0.765	0.847	All >	0.875
	TL 4	0.867				0.7	
	TL 5	0.870					
Visionary Leadership	VL1	0.733	0.880	0.596	0.836	All >	0.772
	VL2	0.868				0.7	
	VL3	0.789					
	VL4	0.766					
	VL5	0.692					
HR Strategy	HRMS 1	0.759	0.899	0.559	0.869	All >	0.748
	HRMS 2	0.754				0.7	
	HRMS 3	0.749					

	HRMS 5	0.774					
	HRMS 6	0.725					
	HRMS 8	0.745					
	HRMS12	0.727					
Organizational Performance	OP1	0.795	0.941	0.726	0.925	All > 0.7	0.852
	OP2	0.828					
	OP3	0.851					
	OP4	0.863					
	OP6	0.914					
	OP7	0.858					

Source: Main Data 2021

The results from Table 2 show that all indicators that meet the outer loading value are > 0.7. Apart from the reliability value of the other model measurement indicators, it is by looking at the Composite Reliability value with the results of all variables having a value greater than the cut-off value, which is greater than 0.7. The Average Variance Extracted (AVE) value is more significant than 0.5 or higher. The results of the discriminant validity test are seen from the value of Cross loading and the Fornell Larcker Criterion. The results of the analysis show a value greater than 0.7. This means that the discriminant validity test meets the specified cut-off value. It is concluded that all assessments of the estimates indicate or show that the external has met the desired value limits so that it can continue to check information in the implementation, in particular, the assessments of internal performances and theory testing. The emergence of the second order of testing or bootstrapping testing is illustrated in the retrieval Table 3.

Results of Inner Model Analysis or Structural Model

The inner or structural research model that uses a structural equation model using the Partial Least Square (PLS) technique before being evaluated is tested or evaluated for an empirical research model by assessing it first. The calculated path parameter coefficients and significance levels are used to assess the inner model and see the relationship between the latent components. The following table summarizes the results of the second step test or bootstrapping analysis:

Table 3. Evaluation of the Structural Model or Inner Model

Latent variable	Indicator	VIF	Coefficient of determination (R2)	Cross-validated redundancy(Q2)
Transformational Leadership (TL)	TL 2	2,152		
	TL 4	2,048		
	TL 5	1,947		
Visionary Leadership	VL1	1,998		

(VL)	VL2	2,355		
	VL3	1,809		
	VL4	1,921		
	VL5	1,948		
	HR Strategy (HR)	SSDM 1	2,313	0.709
	SSDM 2	2,001		
	SSDM 3	1,983		
	SSDM 5	2,152		
	SSDM 6	1,945		
	SSD 8	2,415		
	SSD 12	1,641		
Organizational Performance (OP)	OP1	3,593	0.716	0.235
	OP2	4,182		
	OP3	2,637		
	OP4	3,025		
	OP6	4,581		
	OP7	3,024		

Source: Main Data 2021

VIF evaluation, with the cut-off value used to evaluate the inner model with the collinearity test evaluated with the VIF value, the value must be below 5. Table 5.6 shows that each indicator's VIF values have a value below 5 or < 5 . This means there is no collinearity for each indicator on the variable. Evaluation of R-square (R²) with the percentage of variation explained by looking at the value of R-square (R²) for the dependent latent construct from table 5.6 will be used to evaluate the structural model or internal model. Parameters for defining R-Square (R²) are as follows R² = 0.02; medium R² = 0.13; large R² = 0.26 (Cohen, 1992). (Cohen, 1992). The results show the R-Square value for each endogenous variable, namely HRMS and OP. The influence of TL and VL variables on HRMS is 0.709 or 70.9%, meaning that the influence of TL and VL is categorized as significant. The effect of HRMS on organizational performance (KO) is 0.716 or 71.6%, meaning that the influence of exogenous variables, namely HRMS, on organizational performance (OP) is categorized as significant. The blindfolding procedure showed the value of Stone-Geisser Q² (Stone, 1974; Geisser, 1974) as a predictive relevance criterion and analyzed the magnitude of the R² value as a predictive accuracy criterion. The blindfold approach was used to obtain the Q² value of the latent variables in the PLS pathway model. According to the data, the HRMS variable has a Q² value of 0.379, while the OP variable has a Q² value of 0.235,

Hypothesis Testing Results

Both hypotheses are said to be significant at a significance level of 5% or 0.05, according to the findings of hypothesis testing with Partial Least Square. The t-test (t-test) was used to test the hypothesis on each influence path between endogenous and exogenous factors. By using a one-way t-table, the t-test value is 1.6787. Table 4 shows the results of direct hypothesis testing.

Table 4. Hypothesis Testing

Relationships between constructs	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values	Decision
Transformational Leadership (TL) -> HR Strategy (HRMS)	0.703	0.688	0.066	10,593	0.000	Received *
Visionary leadership -> HR Strategy (HRMS)	0.220	0.234	0.060	3,633	0.000	Received *
HR Strategy (HRMS) -> Organizational Performance (OP)	0.594	0.613	0.067	8.855	0.000	Received *
Transformational Leadership (TL) -> HR Strategy (HRMS) -> Organizational Performance (OP)	0.417	0.423	0.039	3,351	0.000	Received *
Visionary Leadership (VL) -> HR Strategy (HRMS) -> Organizational Performance (OP)	0.131	0.143	0.039	3,351	0.001	Received *

Source: Main Data 2021

The above analysis results show that the 3 hypotheses have a direct effect. TL, which is described as ideal influence behavior, can increase the effectiveness of HR strategies, namely HR development strategies. This TL refers to behavior leaders who influence employees to follow them/superiors and become role models for subordinates in carrying out their duties, even in developing themselves when participating in the HR development training. The findings of this study corroborate the findings of previous studies by Zhu et al. (2005) and Wang et al. (2010), which state that a person's leadership style can increase the effectiveness of the human resource strategy in the organization. The analysis results show that visionary leadership (VL) strongly and positively influences HR strategy. That is, the increase in administrative capacity appears in the style of a visionary leader by setting an example by paying attention to the differences in conclusions in all individual organizations containing the effect of coordination to move forward and carry out HR improvement procedures. This study's findings align with previous research by Wang et al. (2010), which explains that leadership style can increase the effectiveness of HR

strategies in organizations. However, the explanation of the research results with the concept of visionary leadership in influencing the concept of HR strategy, with indicators from government regulations regarding visionary leadership, is still limited to this study.

The test results show that HR strategy is specifically able to improve organizational performance. The HR strategy is indicated by the HR development strategy, namely by training to improve employees' skills and competencies from resource persons, professional speakers from outside the organization, or the Katingan Regency Government. This will directly have an impact on increasing personal work skills and increasing teamwork to improve overall organizational performance. These results are in line with research by Zhu et al. (2005) and Wang et al. (2010), who explained that improving an effective HR strategy, can directly improve organizational performance.

The results showed that the HR strategy (HRMS) was a mediating or intervening variable. This means that organizational performance is achieved more optimally through developing and effectively implementing the Human Resources strategy in HR development indicators. Therefore, leaders as policymakers can demonstrate a transformational leadership style (TL) and leadership style.

Conceptually, visionary leadership research uses indicators from government regulations that are very relevant for employees in government organizations. These results explain that the transformational leadership style is more dominant in the leadership style in the Katingan Regency Government, so this leadership style is better able to develop and jointly implement HR development strategies. The Human Resources Strategy (HRMS) has proven to be a partial mediation (complementary mediation. The Transformational Leadership Style (TL) is more effective in developing HR strategies in the Katingan Regency government. Therefore, leaders at the Esselon II level and the Regent and Deputy Regent improve transformational leadership style competencies. The vital role of a leader in the organization, especially at the level of Esselon III and IV officials in government organizations, must have the ability of transformational leadership style and visionary leadership to develop and implement HR development strategies in the Katingan Regency Government. So that organizational performance will be achieved to the maximum.

Conclusions

Transformational leadership can improve and develop human resource strategy (HRMS) more than the visionary leadership style. The higher the competence of transformational leadership, the more capable of developing and increasing the effectiveness of HR development strategies. Visionary leadership can improve

and develop human resource strategy (HRMS) directly. This means the higher the visionary leadership competence, the more effective the HR strategy. Human Resources Strategy, which is well developed and able to be implemented, the organizational performance is indicated by the achievement of the performance of each work field, the organizational performance is achieved.

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