

## Transformational Leadership Style in STKIP Muhammadiyah Sorong – West Papua

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### ABSTRACT

*The study aims at testing and explaining the impacts of transformational leadership style, organizational environment and organizational culture on employees' performance in STKIP Muhammadiyah Sorong, West Papua. The study is an explanatory research that reviews correlations among variables of the data taken in Sorong, West Papua with 140 respondents i.e. the employees of STKIP Muhammadiyah Sorong, West Papua. The statistical analysis for hypothesis testing is Structural Equation Modelling (SEM). The study results show that the testing of direct impacts among variables in accordance with the problems and objectives of the study i.e. 5 from the 6 hypothesis have significant impacts and 1 does not have significant impacts i.e. Transformational Leadership Style. Transformational Leadership Style on employees' performance has a positive insignificant impacts with  $P = 0.812 > 0.05$  and coefficient value of **0.027** which shows that Transformational Leadership Style does not affect the value of employees' performance which also means that the hypothesis is not supported by empirical data hence rejected. The study also found that the variable of Transformational Leadership Style does not have significant impacts on employees' performance because Transformational Leadership Style does not guarantee improvement of employees' performance. This happens due to the fact that employees' performance improve more because of the impacts of environmental motivation in organizational environment and conducive organizational culture that create tranquillity and comfort for employees at work. This study is only focused on Transformational Leadership Style, therefore it is recommended to look at other leadership styles such as situational or transactional and to develop the study in other sites to find more general results.*

**Keywords:** Transformational leadership style, organizational environment, organizational culture, employees' performance

### INTRODUCTION

Organization is a social union that is consciously coordinated, with identifiable relative limitations and continuously works to achieve its purpose [1]. It is a result of interaction with respective characteristics and various interests that shape lifestyle, behaviour and work ethics, all of which will characterize a condition of an organization. Hence each individual in an organization cannot be separated from the essence of cultural values that he believes, that will eventually synergize with a set of organization, technology, system, strategy and leadership lifestyle. Human resource interaction pattern in an organization should be balanced and harmonized in order to keep an organization existing. So far, STKIP Muhammadiyah Sorong can be described as an organization that emphasizes on formalisation, a place that is structured under a joint coordination of formal rules or wisdom. The management rarely does

evaluation on employees' performance; hence the employees feel the lack of attention especially on their rights. One of the most important things to ensure that the existing human resources can support performance of STKIP Muhammadiyah Sorong, it is necessary to consider employees' work performance. Work performance that is felt by employees cannot be separated from the existing leadership factors and organisational culture. Subsequently, this can imply in the improvement of employees' performance.

Based on research problems developed by previous researchers about the correlation of transformational leadership style, organisational culture, organisational environment and employees' performance, as well as the phenomena that happen in STKIP Muhammadiyah Sorong, it is considered necessary to conduct a research on discovering the impacts of those variables. By identifying and researching various factors, it is expected to gain an illustration on the aspects that are related to the improvement of employees' performance. The study attempts to review the factors i.e. the impact of transformational leadership style, organisational culture and organisational environment in improving employees' performance in STKIP Muhammadiyah Sorong, West Papua.

Statement of the problems were as follow: 1) To what extent does transformational leadership style impact on organisational culture in STKIP Muhammadiyah Sorong, West Papua?; 2) To what extent does transformational leadership style impact on employees' performance in STKIP Muhammadiyah Sorong, West Papua?; 3) To what extent does organisational environment impact on organisational culture in STKIP Muhammadiyah Sorong, West Papua?; 4) To what extent does organizational environment impact on employees' performance in STKIP Muhammadiyah Sorong, West Papua?; 5) To what extent does organisational culture impact on employees' performance in STKIP Muhammadiyah Sorong, West Papua?; 6) To what extent does transformational leadership style, organisational environment and organisational culture impact on employees' performance in STKIP Muhammadiyah Sorong, West Papua?

## **MATERIALS AND METHODS**

### **Public Administration Theory**

Public administration is a dynamic social science; its theory continuously changes along with research findings, change of time, civilization and technology. Various aspects of administration has actually been existed and conducted since the structuring of human civilization. Ancient Roman Empire and various dynasties in China, for example, or even the monarchies in Indonesian archipelago had practiced administration. The initial thoughts or embryo from modern public administration conceptualization cannot be separated from the thinkers of politics and governance such as Plato, Aristotle and Machiavelli. For example, Machiavelli in 1532 wrote "*The Prince*" that described a few hints for leaders in conducting their authorities in Europe at that era.

### **Transformational Leadership Style**

In the evolution of organization reduction, Carmeli and Sheaffer [1] succeeded in identifying leadership styles that indirectly related to organization performance. The leadership style that Carmel and Sheffer referred to is risk avoiding leadership and self-focused leadership that are the characteristics found in various leaders hence need to be concerned of.

Robbin [2] added three leadership approaches with performance within its model. In addition to performance, Robbin saw that leader's style was always returned to fundamental things i.e. tasks and work correlation, the conditions in leadership, and target achievement strategy. The

newly identified leadership by Robbin is leadership attribution theory, charismatic leadership theory and transformational-transactional leadership theory. From the identified leadership style, leadership style that can be utilized by organization leaders, especially local government leaders is transformational-transactional leadership [3].

### **Organizational Culture**

Culture is commonly related to tradition and behaviour across different countries or regions. It eventually leads to the opinion that similar thing can occur in different organization. Every organization has its own way to work on something, different personality types tend to do different things and different correlation forms. Organisational culture utilization means to give opportunity to organisational culture to play more roles in improving organization performance to achieve its purpose. Nevertheless, every organization has its own different cultural characteristics based on its needs.

### **Organisational Environment**

All organization faces dynamic and changing environment. Organization external environment tend to be a power that encourages changes. On the other hand, organization internally experiences the need for change. Anderson and Anderson (in Wibowo [4]) revealed *The Drivers of Change Model* where environment factories the main triggering factor that initiates the next factor.

### **Employees' Performance**

The term performance originates from *Job Performance* or *Actual Performance* i.e. works achievement or actual achievement that is achieved by someone. Definition of employees' performance is quality and quantity of work result that is achieved by an employee in conducting his tasks in accordance to the given responsibilities.

Employees 'behavioural quality or the achieved result is fundamentally determined by employees 'expertise and ability [5] as well as motivation and opportunity. There are a variety of performance dimensions; many of which are not related to each other. Someone might achieve high in one dimension, but low in other dimensions.

## **METHODS**

### **Research Method**

This research designed to answer the formulated problems, research objectives and hypothesis testing by using quantitative approach. This research belongs to explanatory research i.e. a research that attempts to describe the correlation among variables through hypothesis testing [6]. The collected data are cross sectional of variables of organizational transformational leadership, organisational environment, organisational culture and employees' performance during the research.

### **Research Site**

The research site is STKIP Muhammadiyah Sorong, West Papua. The consideration of the research site selection is that employees' performance will be reflected from the performance of all employees in STKIP Muhammadiyah Sorong, West Papua in the year of 2013.

## **Population and Sample**

Population in this researches the whole employees in STKIP Muhammadiyah Sorong, West Papua. The number of employees in STKIP Muhammadiyah Sorong, West Papua is 140; hence the population size is 140.

The research involves 25 indicators, hence referring to the third rule, sample size of minimum  $5 \times 25$  is necessary hence 125 is needed. However, referring to the first rule, with Slovin formulation sample size of 140 is obtained i.e. considered to fulfil minimum sample size of 100 and minimum sample of 125 on the third rule. Thus, the research uses the whole 140 respondent as research subjects. Based on the consideration, sample decision in the research belongs to nonprobability sampling. According to Zikmund [7] nonprobability sampling is a sampling technique in which units of the sample are selected on the basis of personal judgement or convenience.

## **Research Hypothesis**

Based on the elaboration above, the research proposes 6 (six) hypotheses that can be verbally formulated as follows:

H<sub>1</sub>: There is a strong level of impact between Transformational Leadership Style and Organisational environment.

H<sub>2</sub>: There is a strong level of impact between Transformational Leadership Style and Organisational culture.

H<sub>3</sub>: There is a strong level of impact between Transformational Leadership Style and employees' performance.

H<sub>4</sub>: There is a strong level of impact between Organisational environment and Organisational culture.

H<sub>5</sub>: There is a strong level of impact between Organisational environment and employees' performance.

H<sub>6</sub>: There is a strong level of impact between Organisational culture and employees' performance.

## **Method of Data Analysis**

The research emphasizes on quantitative approach in the data analysis, hence the employed data analysis methods are classified into two i.e. descriptive statistical analysis and inferential statistical analysis.

### **Descriptive Statistical Analysis**

This analysis is employed to describe research variables, without drawing generalization. The collected data is then tabulated in the table and described descriptively. The descriptive measure is number scoring, either in the number of respondents (people) or average values of respondents or its percentage.

### **Inferential Statistical Analysis**

The causal correlation form needs an analysis tool that is able to describe simultaneously about the correlation, hence the inferential statistical analysis employed in the research is Structural Equation Modelling (SEM). Based on the background theory, and the path for SEM structural model is made as follows:

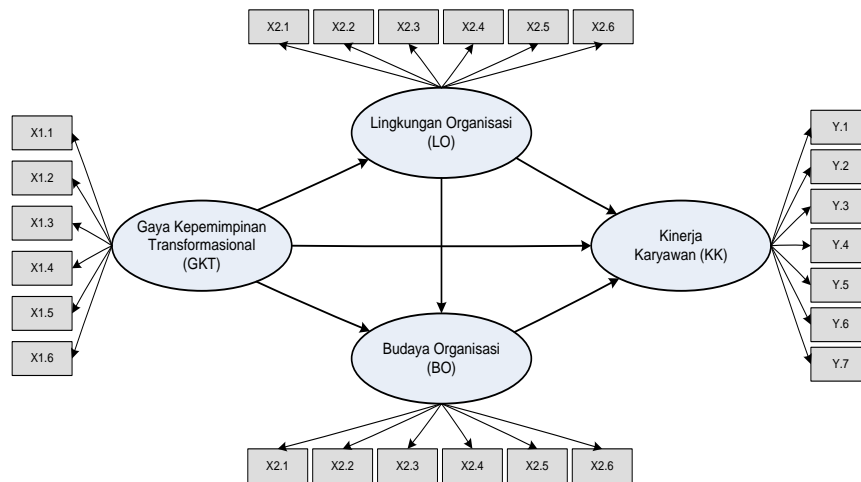


Figure 1. Flowchart for SEM Structural and Measurement Model

**Notes:**

Transformational leadership style indicators (GKT):

- GKT1 has a clear mission,
- GKT2 has an ability to influence by giving good model,
- GKT3 has an ability to appreciate,
- GKT4 has an ability to motivate,
- GKT5 has an ability to maintain correlation, and
- GKT6 has an ability to distribute tasks.

Organisational culture indicators (BO):

- X2.1 Process Oriented
- X2.2 Open System
- X2.3 Loose Control
- X2.4 Normal
- X2.5 Employee Oriented
- X2.6 Parochial

Organisational environment indicators (LO):

- X3.1 Vision, mission and regulation
- X3.2 Support from leader towards employee's innovation on improvement,
- X3.3 Close correlation among employees,
- X3.4 Tolerance towards risks,
- X3.5 Political support towards changes,
- X3.6 Technological transformation.

Employees' performance indicators (KK):

- Y.1 Organising work report,
- Y.2 Skill and technical knowledge,
- Y.3 Developing initiative,
- Y.4 Holding onto organizational policies,

- Y.5 Giving information,  
 Y.6 Controlling costs,  
 Y.7 Giving independence service.

## RESULTS AND DISCUSSION

### Hypothesis Testing

Based on the empirical model proposed in the study, testing on the proposed hypothesis can be done through path coefficient testing in structural equation model. Table 5.18 is a hypothesis is testing by looking at p value. If p value is less than 0.05, the correlation between variables can be considered significant. The results of the testing are presented in the following table:

**Table 1. Hypothesis Testing**

H1P	Independent Variables	Dependent Variables	Direct Effect		
			Standardized	p-value	Comments
H1	Transformational Leadership Style	Organisational Environment	0.340	0.006	Significant
H2	Transformational Leadership Style	Organisational Culture	0.302	0.012	Significant
H3	Transformational Leadership Style	Employees' Performance	-0.027	0.812	Not Significant
H4	Organisational Environment	Organisational Culture	0.295	0.025	Significant
H5	Organisational Environment	Employees' Performance	0.328	0.015	Significant
H6	Organisational Culture	Employees' Performance	0.382	0.006	Significant
Indirect Effect					
Independent Variables	Intervening Variables	Variables	Standardized	Comments	
Transformational Leadership Style	Organisational Environment	Organisational Culture	0.100	Significant	
Transformational Leadership Style	Organisational Environment	Employees' Performance	0,112	Significant	
Transformational Leadership Style	Organisational Culture	Employees' Performance	0,115	Significant	
Organisational Environment	Organisational Culture	Employees' Performance	0,113	Significant	

Based on Table 1, Structural Equation Model testing results are as follows:

1. Transformational Leadership Style has significant impacts towards Organizational environment, which can be seen from  $P$ -value of  $0.006 < \alpha/\text{error rate} (0.05)$ . Positive coefficient indicates that the correlation between both is unidirectional, which means that the higher the Transformational Leadership Style value, the higher the Organizational environment value.
2. Transformational Leadership Style has significant impacts towards Organizational culture, which can be seen from  $P$ -value of  $0.012 < \alpha/\text{error rate} (0.05)$ . Positive

coefficient indicates that the correlation between both is unidirectional, which means that the higher the Transformational Leadership Style, the higher the Organizational culture value.

3. Transformational Leadership Style does not have significant impacts towards Employees' Performance, which can be seen from  $P$ -value of  $0.812 > \alpha/\text{error rate}$  (0.05). This means that the high or low Transformational Leadership Style value does not impact on Employees' Performance value.
4. Organizational environment has significant impacts towards Organizational culture, which can be seen from  $P$ -value of  $0.025 < \alpha/\text{error rate}$  (0.05). Positive coefficient indicates that the correlation between both is unidirectional, which means that the higher the Organizational environment value, the higher organizational culture value.
5. Organizational environment has significant impacts towards Employees' performance, which can be seen from  $P$ -value of  $0.015 < \alpha/\text{error rate}$  (0.05). Positive coefficient indicates that the correlation between both is unidirectional, which means that the higher the organizational environment value, the higher the Employees' Performance value.
6. Organizational culture has significant impacts towards Employees' performance, which can be seen from  $P$ -value of  $0.006 < \alpha/\text{error rate}$  (0.05). Positive coefficient indicates that the correlation between both is unidirectional, which means that the higher the organizational culture value, the higher Employees' Performance value.

From Table 1, it can be seen that there are paths that give significant and insignificant impacts. Thus, hypothesis:

H<sub>1</sub>: There is a strong level of impact between Transformational Leadership Style and Organisational environment;

H<sub>2</sub>: There is a strong level of impact between Transformational Leadership Style and Organisational culture;

H<sub>4</sub>: There is a strong level of impact between Organisational environment and Organisational culture;

H<sub>5</sub>: There is a strong level of impact between Organisational environment and employees' performance;

H<sub>6</sub>: There is a strong level of impact between Organisational culture and employees' performance;

Are supported by empirical data and accepted.

Whereas hypothesis:

H<sub>3</sub>: There is a strong level of impact between Transformational Leadership Style and employees' performance employees;

Is not supported by empirical data and rejected.

Other than testing direct impacts, SEM acknowledges indirect impacts. Indirect impact is the result of multiplication by 2 (two) of indirect impact. Indirect impact is considered significant

if both direct impacts that form it is. Based on Table 1. Indirect impacts are presented as follows:

1. Indirect impact between Transformational Leadership Style ( $X_1$ ) and organizational culture ( $X_3$ ) through organizational environment ( $X_2$ ), obtains indirect impact coefficient of 0.100. Direct impact (Transformational Leadership Style ( $X_1$ ) to organizational environment ( $X_2$ ), and organizational environment ( $X_2$ ) to organizational culture ( $X_3$ )) is both significant, so it can be concluded that there is indirect significant impact between Transformational Leadership Style ( $X_1$ ) and organizational culture ( $X_3$ ) through employees' work satisfaction. It means that the higher Transformational Leadership Style ( $X_1$ ) value, the higher organizational culture ( $X_3$ ) value, if the value of organizational environment ( $X_2$ ) is also high.
2. Indirect impact between Transformational Leadership Style ( $X_1$ ) and Employees' performance ( $Y_1$ ) through organizational environment ( $X_2$ ), obtains indirect impact coefficient of 0.112. Direct impact (Transformational Leadership Style ( $X_1$ ) to organizational environment ( $X_2$ ), and organizational environment ( $X_2$ ) to Employees' Performance) are both significant, so it can be concluded that there is significant indirect between Transformational Leadership Style ( $X_1$ ) and Employees' performance through organizational environment ( $X_2$ ). It means that the higher Transformational Leadership Style ( $X_1$ ) value, the higher Employees' Performance value, if the value of organizational environment ( $X_2$ ) is also high.
3. Indirect impact between Transformational Leadership Style ( $X_1$ ) and Employees' performance ( $Y_1$ ) through organizational culture ( $X_3$ ), obtains indirect impact coefficient of 0.115. Direct impact (Transformational Leadership Style ( $X_1$ ) to organizational culture ( $X_3$ ), and organizational culture ( $X_3$ ) to Employees' Performance) is both significant, so it can be concluded that there is significant indirect impact between Transformational Leadership Style ( $X_1$ ) and Employees' performance through organizational culture ( $X_3$ ). It means that the higher Transformational Leadership Style ( $X_1$ ) value, the higher Employees' Performance value, if the value of organizational culture ( $X_3$ ) is also high.
4. Indirect impact between organizational environment ( $X_2$ ) and Employees' performance ( $Y_1$ ) through organizational culture ( $X_3$ ), obtains indirect impact coefficient of 0.113. Direct impact (organizational environment ( $X_2$ ) to organizational culture ( $X_3$ ), and organizational culture ( $X_3$ ) to Employees' Performance) is both significant, so it can be concluded that there is indirect significant impact between organizational environment ( $X_2$ ) and Employees' performance through organizational culture ( $X_3$ ). It means that the higher organizational environment ( $X_2$ ) value, the higher Employees' Performance value, if the value of organizational culture ( $X_3$ ) is also high.

## **RESULTS OF THE STUDY**

1. The originality of their search enriches performance measurement model by using modification of variables to predict employees' performance measurement in STKIP Muhammadiyah Sorong, West Papua, within which variables of Transformational Leadership Style, Organisational environment and Organisational culture are tested to see the correlation towards employees' performance. In the study, research subjects are employees of STKIP Muhammadiyah Sorong, West Papua.



2. The research results show that that there is no significant impact of Transformational Leadership Style towards employees' Performance. This indicates that the high or low value of Transformational Leadership Style value does not impact on Employees' Performance value. Therefore, it can be concluded that leadership style that is employed by a leader does not impact on employees' Performance.
3. The results of the research shows that 44,3% of the employees in STKIP Muhammadiyah Sorong, West Papua earn above IDR 2 to 4 million a month. This shows that the leader is concerned of the employees' prosperity, so it is expected that commitment and loyalty of employees will improve thus employees' performance will also improve. The improvement of employees' performance will be expected along with organizational objectives i.e. providing qualified education service for people.

## CONCLUSION

Based on the result and discussion, conclusion is obtained as follows:

1. Transformational Leadership Style has significant impacts towards organizational environment, which can be seen from  $P$ -value of  $0.006 < \alpha/\text{error rate (0.05)}$ . Positive coefficient indicates that the correlation between both is unidirectional, which means that the higher the Transformational Leadership Style value, the higher the organizational environment value.
2. Transformational Leadership Style has significant impacts towards organizational culture, which can be seen from  $P$ -value of  $0.012 < \alpha/\text{error rate (0.05)}$ . Positive coefficient indicates (0.302) that the correlation between both is unidirectional, which means that the higher the Transformational Leadership Style, the higher the organizational culture value.
3. Transformational Leadership Style does not have significant impacts towards Employees' Performance, which can be seen from  $P$ -value of  $0.812 > \alpha/\text{error rate (0.05)}$ . This means that the high or low Transformational Leadership Style value does not impact on Employees' Performance value.
4. Organizational environment has significant impacts towards organizational culture, which can be seen from  $P$ -value of  $0.025 < \alpha/\text{error rate (0.05)}$ . Positive coefficient (0.295) indicates that the correlation between both is unidirectional, which means that the higher the organizational environment value, the higher organizational culture value.
5. Organizational environment has significant impacts towards Employees' Performance, which can be seen from  $P$ -value of  $0.015 < \alpha/\text{error rate (0.05)}$ . Positive coefficient (0.328) indicates that the correlation between both is unidirectional, which means that the higher the organizational environment value, the higher the Employees' Performance value.
6. Organizational culture has significant impacts towards Employees' Performance, which can be seen from  $P$ -value of  $0.006 < \alpha/\text{error rate (0.05)}$ . Positive coefficient (0.382) indicates that the correlation between both is unidirectional, which means that the higher the organizational culture value, the higher Employees' Performance value.

## RECOMMENDATION

Based on the results and discussion, it is recommended that:

1. Future research should discuss not only the impact of Transformational Leadership Style towards organizational environment but also look at other leadership styles such as situational leadership style and transactional leadership style to obtain different research result.
2. Future research should not be limited into one organization i.e. in STKIP Muhamaddiyah Sorong, but can be expanded into using other organizations such as universities in Sorong, West Papua so that the result become more general.
3. Future research should develop qualitative method to know the answer or actual user's opinion through an in depth interview.
4. Data collection in the future research should be developed though qualitative method to explore deeper information about employees' performance i.e. data collection through questionnaire can be completed with in depth interview to obtain more accurate data based on the issue.
5. Future research can develop the concept of employees' performance measurement from the perspective of stakeholder and not employees that definitely will show the most dominant variables in employees' performance measurement.
6. Future research should add demographic variables to bring up community characteristics in Sorong, West Papua in leadership in an education institution.

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