The Effectiveness of Leadership in Improving Organizational Performance

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ABSTRACT

The role of a leader in a company is crucial for determining the direction and goals of the organization. A leader needs to ensure that the teams within the organization can break down the company's vision and mission into actionable work programs that support the achievement of organizational performance. Performance can be seen as the outcome or output of specific processes carried out by all components of the organization towards the utilization of resources (inputs). It requires the involvement of available resources within the organization to successfully achieve the organization's goals. This study aims to investigate whether leadership influences organizational performance in cooperatives located in Subang Regency. The research adopts a quantitative data analysis method, where data is obtained through questionnaires from a sample of 86 cooperatives out of a total population of 450 active cooperatives in the regency. The sampling technique used is random sampling. The analysis technique employed in this study is simple linear regression analysis. The results of the research indicate that leadership has an impact on organizational performance. The results of this study show that the leadership of the cooperative chairman of the 86 sampled influential cooperatives was positively correlated with organizational performance in cooperatives in the Subang district. To improve organizational performance, the role of all available resources within the organization, including leadership at the cooperative's helm, is essential for achieving success.

Keywords: Leadership, performance, improving, organization

1. INTRODUCTION

Performance organization is the sum of the shipments of all units involved in the organization to achieve organizational goals within a certain period certain (Lee and Hu, 2012). The performance of the organization is one level indicator of achievement and reflects the success of an organization.

Organizational performance is related to success, organizational ability to survive and win the competition and sustainability organization. Performance can also be said as a result (output) of certain processes carried out by all components of the organization against sources used (input), which requires a resource role to exist in the organization so can achieve the success of a goal organization.

A Cooperative is one organization working in the social sector economy for the sake of interest member welfare. A Cooperative according to Law No. 25 of 1992 is a business entity consisting of one person or a cooperative legal entity with bases its activities on cooperative principles as well as Based on people's economic movement based on kinship.

Quoted in Kompas.com, 2022 the phenomenon that has occurred recently is the emergence of cooperatives problematic so that the perception of cooperatives in society is getting worse. The problems that arise include: abuse of legal entity, potential members are not optimized and unfinished supervision maximum as well as asset deviation by the administrator.

Subang Regency has a number as many as 1050 cooperatives registered in Trade and MSME Cooperative Office Industry (DKUPP) Subang Regency but of these, only 450 cooperatives are still active, the remaining 600 a cooperative is not active. A total of 600 cooperative that is not active, because it is not reported at the annual member meeting. (Rri.co.id, 2022).

The government, in this case, the Ministry of Cooperatives, has a 2019 booster program in national economic recovery including Cooperatives as one of the community financing organizations or institutions that have a strategic role in achieving these government goals. Supporting government programs as a driving force behind the recovery of the national economy, cooperatives must have good organizational performance. Forming a well-performing organization requires a leader who is capable and able to encourage, direct and influence motivation. According to (Rivai, 2009) organizations that have good leadership will easily lay a foundation of trust in their members.

The attachment of leadership to organizational performance has been widely studied because the importance of leadership is following the implementation and achievement of organizational goals. This statement is supported by the results of previous studies which show the influence of leadership and organizational performance. (Noruzy, 2013) examined the relationship between transformational leadership, organizational learning, knowledge management, organizational innovation and organizational performance. Research results show the strong influence of leadership on organizational performance. Other research (Chen, 2007) confirms the influence of leadership and empowerment on performance in highly interrelated groups.

Braun. S. (2013) also examines the relationship between transformational leadership. Trust, job satisfaction, and group performance in certain units. The results show that transformational leadership that is strengthened by trust can affect the level of group performance. Research (Nohe, 2013) related to charismatic leadership, organizational change, commitment to change, and team performance in an organizational unit, shows that leaders who are charismatic and able to transmit commitment to change can improve group performance in an organization. (Carbonnier-Voirin., 2010) examined a model of transformational leadership in influencing adaptive organizational performance.

Along with very fast developments in the world of business and technology as well as various problems including the lack of trust of members/community in the management of cooperatives, the role of all existing resources within the cooperative is needed so that it can achieve success in the organization. Based on the description above, the researcher is interested in examining organizational performance and leadership with the research title "leadership effectiveness in improving organizational performance".

Identification of problems Based on the background, the formulation of the problem in this research is Can leadership effectiveness affect organizational performance? Research purposes

In general, this research is expected to reveal the academic (theoretical) and practical values of analysis of influence leadership in upgrading organizational performance.

2. LITERATURE REVIEW

Leadership According to (Yulk, 2008) leadership is a process to influence others, to understand and agree with what needs to be done and how the task is done effectively, as well as a process to facilitate individual and collective efforts to achieve common goals.
According to (Judge., 2016) leadership is the ability to influence a group towards achieving a goal. The broad definition of leadership includes the process of influencing in determining organizational goals. Motivate follower behaviour to achieve goals, and influence to improve the group.

Seeing the views of George Terry's classical theory in (Dharma., 2006) the meaning of leadership is the activity of influencing people to try to achieve group goals voluntarily. Meanwhile, leadership according to Robert Tannembun, Irving R Weschler and Freed Mesarin (Siagan, 2003) is leadership as an interpersonal influence that is carried out in a situation and is directed, through a communication process, at achieving certain goals or objectives.

According to (Marqurdt, 2022) Studies of several kinds of literature and statements from prominent executives from around the world state that there is a major role for leaders in the twenty-first century, consisting of 1. System thinker 2. Change agent 3. Creator 4. Servants and administrators 5. Polychronic coordinator 6. Instructors and trainers 7. Vision creates and visionaries.

Organizational Performance The meaning of performance in general is defined as a record of the results or achievements that have been achieved by the organization and the individuals within it. Etymologically, performance comes from the word to performance which means displaying or carrying out an activity. There are many opinions from experts regarding the meaning of performance. Performance indicators are quantitative and qualitative measures that describe the level of achievement of a predetermined goal or objective by taking into account input, output, outcome, benefit and impact indicators. (.E.J, 2006) defines that performance as a set of results that usually refers to the achievement of the implementation of the work done. (Ricard, 2009) emphasized that organizational performance "is one of the most important constructs in management research".

Measurements of company performance can be grouped (for example, investment taking ratio and earnings per share), stakeholder value (customers, suppliers, labour, compliance with regulations, and consumer protection), shareholder value (value-added economy and value-added market), and the balance score card (financial, customer, internal business perspective, and innovation and learning), as stated by (Wheelen. T.L & hunger). This study uses performance research from (Kaplan, 2000) with a balanced scorecard (BSD) approach, which includes the following dimensions: 1. Financial perspective 2. Customer perspective 3. Internal business process perspective 4. Learning and growth perspective. Hypothesis development in research, H1 Does leadership affect organizational performance based on the results of previous research (Noruzy, 2013) examining the relationship between transformational leadership, organizational learning, knowledge management, organizational innovation and organizational performance. The research results show a strong influence of leadership on organizational performance.

3. METHODOLOGY

This research was conducted to determine the effect of leadership on organizational performance. The object of research as an independent variable is leadership with the dimensions of a system thinker, change agent, creator, servant and administrator, polychronic coordinator, instructor & trainer and visionary. The dependent variable in this study is organizational performance with the dimensions of financial perspective, customer perspective, internal business process perspective, and growth and learning.

The unit of analysis for this research is active cooperatives in the Subang district. The unit of observation as the data source is the head of the cooperative and the samples for the research are the manager, secretary and treasurer of the cooperative.

This study uses a quantitative data analysis approach, with a verification method, namely by testing the hypothesis by collecting data and testing whether there is an influence between leadership and organizational performance in cooperatives in Subang Regency.

The population in this study were active cooperatives in Subang Regency, namely as many as 450 cooperatives and the sample of this study were 86 cooperatives spread across Subang Regency.

According to Hair, et al. (Kusnendi, 2017) Validity is the "extent to which a measure or set of measures correctly represents the concept of study". Testing the validity of using the product moment correlation formula.

test statistic: 1. total standard; sxi = standard deviation of the score for each item) if the number of items (i) 30).

The validity test will use the formula:

$$r_{xi-itc} = \frac{r_{xi}(sY) - s_{xi}}{\sqrt{(sY)^2 + (s_{xi})^2 - 2(r_{ix})(s_{xi})(sY)}} \quad (3.1)$$

positive rxi-itc with a value > 0.25 or > 0.30

To interpret the correlation coefficient (validity) can use the following criteria: Correlation Coefficient Interpretation

Validity Criteria Correlation Coefficient

Koefisien Korelasi	*Kriteria Validitas*
0.81-1.00	Sangat tinggi
0.61-0.80	Tinggi
0.41-0.60	Cukup
0.21-0.40	Rendah
0.00-0.21	Sangat Rendah

(Suharsimi, 2010)

3.1. Reliability Test

Measuring reliability with Cronbach Alpha statistical test (α). Something a construct or variable is said to be reliable if it gives a Cronbach Alpha value > 0.60.

3.2. Classic assumption test.

Normality Test

The purpose of doing a normality test is to find out whether a variable is normal or not. The assumptions that must be fulfilled in the regression model are those that are normally or not normally distributed. If the assumptions are violated, the statistical test becomes invalid for a small number of samples (Gozali, 2016).

Heteroscedasticity Test

The heteroscedasticity test was carried out in the SPSS program using the Scatter Plot test. If the dots in the Scatter Plot images spread randomly above and below the number 0, it can be concluded that there is no heteroscedasticity.

Simple regression analysis

Simple regression analysis according to (Gozali, 2016) is based on a causal or functional relationship of one independent variable with the dependent variable. The regression coefficient aims to determine whether the independent variables contained in the regression equation individually affect the value of the dependent variable. Simple linear regression analysis serves to test the causal relationship between the causal factor variables and the consequential variables. The following is a simple regression equation: $Y = a + bX + e$

Hypothesis test

Determination Coefficient Test (R^2)

The coefficient of determination (R2) is an indication of how well the model can explain variation in the dependent variable. Numbers around 1 imply that the independent variable provides almost all the information needed to predict the variation in the dependent variable. (Gozali, 2016).

Partial Test (T-Test)

The t-partial test was carried out aiming to find out how far the influence of one independent variable individually explains the dependent variable (Gozali, 2016). How to do the t test by comparing the statistical t-count value with the critical point according to the table with an error rate of 0.05. The criteria used are as follows:

 a. t count > t table, then H1 is accepted or H0 is rejected (an independent variable individually affects the dependent variable).
 b. t count < t table, then H1 is rejected or H0 received (an independent variable individually does not affect the dependent variable.

4. EMPIRICAL RESULTS

Validity and reliability test results

The validity test was carried out to find out whether the items presented in the questionnaire were able to express what was to be measured, in validity testing research using Pearson Correlation and assuming statement items were valid if the minimum value of the correlation coefficient (r) was > 0.30.

The results of the validity test of the instrument variable Y (organizational performance) by looking at the calculation of item correlation - Total corrected ($rxi-itc$) at α = 0.05 with N = 85. item Y4 and Y5 statement is said to be invalid because the total is corrected ($rxi-itc$) < 0.30. Item statements Y 1 to Y15 are said to be valid because they fulfill rxi > 0.30. With Paying attention to the table above, it can be seen that items Y1, Y2, Y3, Y6 to Y 16 instruments Variable Y is valid because the item correlation - Total corrected ($rxi-itc$) > 0.30.

The results of the instrument validity test Variable X (Leadership) test by looking at the calculation of item correlation - Total corrected ($rxi-itc$) at α = 0.05 with N = 85. item X1 statement is said not valid because Total corrected ($rxi-itc$) < 0.30. Statements of items X 2 to X 16 are said to be valid because they fulfill rxi > 0.30. items X2 to X 16 instruments Variable X is valid, because of the item-total correlation
corrected ($rxi-itc$) > 0.30.

4.1. Reliability Test

Y Variable Instrument Reliability Test Results

Reliability Statistics	
Cronbach's Alpha	N of Items
0.762	15

Based on the output above shows that the reliability coefficient for Organizational performance is 0.762, it can be seen that the test instrument is reliable with a Cronbach Alpha coefficient > 0.70. If these coefficients are classified, it can be concluded that the reliability of this test instrument is classified as High.

Instrument Reliability Test Results Variable X

Reliability Statistics	
Cronbach's Alpha	N of Items
0.776	16

Based on the output above, it shows that the leadership reliability coefficient is 0.776. It can be seen that the test instrument is reliable with a Cronbach Alpha coefficient > 0.70. If these coefficients are classified, it can be concluded that the reliability of this test instrument is classified as High.

4.2 Data Analysis Test

A. Residual Normality Test
The assumption of normality is the assumption that the residuals are normally distributed. This assumption must be met for a good linear regression model. The normality test needs to be done to check whether our research data comes from a normally distributed population. This test is necessary because all parametric calculations assume the normality of

the distribution Of the Asymp. Sig value > 0.05 then the data is normally distributed and if the Asymp.Sig value < 0.05 then the data is not normally distributed.

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		85
Normal Parameters^{a,b}	Mean	,0000000
	Std. Deviation	8,67006269
Most Extreme Differences	Absolute	,085
	Positive	,066
	Negative	-,085
Test Statistic		,085
Asymp. Sig. (2-tailed)		,182^c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

From the data above, after carrying out the normality test, it can be concluded that the data is normally distributed because the significant Asymp value is more than 0.05, which is Asymp. Sig = 0.182 > 0.05 thus it can be said that the data comes from a normal distribution.

The Normality test can also be carried out using the Plot normality test (Probability Plot).

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Kinerja Organisasi
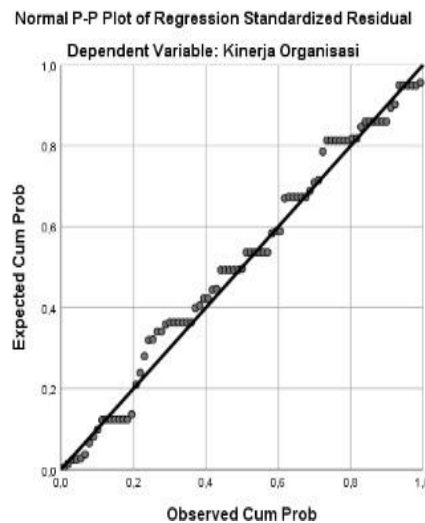
Judging from the plot, it can be seen that the dots follow or spread around the diagonal line and follow the direction of the diagonal line so that we can conclude that this data is normally distributed so that the regression test can be carried out.

B. Regression Test

The purpose of simple linear regression analysis is used to test the effect of one independent variable on the dependent variable.

If the value of Sig. deviation from linearity > 0.05 then there is a linear relationship between the independent variable and the dependent variable. And if the value of Sig. deviation from linearity < 0.05 means that there is no linear relationship between the independent variables and the dependent variable.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,435ª	,189	,179	8,722

a. Predictors: (Constant), Kepemimpinan

From the above data based on the results of the Linearity test it is known that there is a significant deviation from Linearity of $0.123 > 0.05$, it can be concluded that there is a linear relationship between leadership and organizational performance

Coefficientsª

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	34,656	5,031		6,889	,000
	Kepemimpinan	,346	,079	,435	4,399	,000

a. Dependent Variable: Kinerja_Organisasi

It is known that the Constant value is 34.656, while the leadership value (b/regression coefficient) is 0.346 so the regression equation can be written

$Y = a + bX + e$

$Y = 34.656 + 0.346X + e$

This equation can be translated as that

1. A constant of 34.656 means that the consistency value of the organizational performance variable is 34.656
2. The regression coefficient X of 0.346 states that for every 1% addition of leadership value, Organizational Performance increases by 0.346. The regression coefficient is positive, so it can be said that the direction of the influence of variable X on variable Y is positive.

5. CONCLUSION

Based on the results of the discussion it can be concluded that:

5.1. Based on the significance value: from the Coefficients table, a significance value of $0.000 < 0.05$ is obtained, so it can be concluded that the Leadership variable (X) affects Organizational Performance (Y).

5.2. Based on the t value: it is known that the calculated T value is 4.399 > T table 1.666 so it can be concluded that H1 is accepted or the Leadership variable (X) affects Organizational Performance (Y).

5.3. The leadership of the chairman of the cooperative

86 samples of cooperatives have a positive effect on organizational performance in cooperatives in Subang district, to be able to improve organizational performance requires the role of all existing resources within the organization itself, one of which is the leadership role of the chairman of the cooperative so that an organization can achieve success, according to (Rivai, 2009) Organizations that have good leadership will easily gain the trust of their members, while organizations that do not have good leadership will be chaotic and organizational goals will not be achieved. In addition, several research results (Nohe, 2013), (Noruzy, 2013) confirm that organizations with strong and effective leadership at all levels achieve superior results, while organizations with weak leadership achieve inferior business results.

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