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AND LEADERSHIP
EFFECTIVENESS OF EXECUTIVE
OFFICER IN SOUTHERN
SUMATRA
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VALUES, ATTITUDE TO CHANGE, AND LEADERSHIP EFFECTIVENESS OF EXECUTIVE OFFICER IN SOUTHERN SUMATRA

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ABSTRACT

This study aimed to determine the influence of leadership values on the leader attitude to change and the leadership effectiveness. The population in this study were 334 large-scale manufacturing industries in Southern Sumatra, Indonesia, where a sample of 110 industries was selected and determined by the proportional stratified random sampling method. Respondents in this study amounted to 660 people consisting of CEOs and staff under the CEO. The instrument in measuring variables in this study was questionnaires distributed to respondents. The results showed that the dimensions of leadership values in the form of openness to change and self-improvement had a significant effect on the leader attitude to change, while the dimensions of self-transcend and conservation did not have a significant influence on the leader attitude to change. Research also showed that conservation had a significant influence on subordinate commitment, while other dimensions of leadership values had no significant effect on subordinate commitment. Further research results also showed that self-improvement had a significant effect on the subordinate attitude to change, while the dimensions of other leadership values did not significantly influence subordinate attitude to change.

Key words: Leadership Values, Attitude to change, Leadership effectiveness, Large-Scale Industry.

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1. INTRODUCTION

The reforms that have taken place in Indonesia have changed many aspects of the lives of Indonesian people. Today, people only realize that during the "New Order" some important values have been indirectly shifted by government regulations and policies. This influence major changes in the social legality of bureaucrats and business people. On the other hand, the global economy and international perspective have adjusted their cognitive components to participate in the new world economy which has undergone major changes in many ways, for example: information, technology, labor, and organization. The complexity of the 21st-century global market is clearly illustrated by many nations and cultures of the world that are becoming increasingly interdependent. Global competition, new technology, shifting demographics, and social values changes are just a few of the significant trends that challenge the effectiveness of managers (Woods et al., 1998).

The reality of corporate depreciation, restructuring, de-massing, and its kind tends to be a serious concern for some time to come. As a result, new management philosophies and concepts have emerged. Along with technological change, the contemporary environment has also seen the emergence of new values and new ways of organizing at work (Woods et al., 1998). The behavioral theory holds that values influence behavior. Leader values influence the way they behave in their relationships with subordinates. Their interaction with their closest subordinates will lead to group sustainability and team effort. Therefore, the problem of this research is the importance of leadership values in influencing the leadership's attitude to change and the quality of leadership effectiveness to face the challenges of competition in the manufacturing industry in Southern Sumatra.

The purpose of this study was to determine the dominant values of CEOs and how these values influence executive officials' attitudes to the change and effectiveness of leadership in large-scale industries in Southern Sumatra, Indonesia. The study of leadership effectiveness in the context of industrial and business sectors is very rare, especially in developing countries such as Indonesia. Therefore, this study will contribute to the industrial sector in Southern Sumatra in particular and Indonesia in general. This research is also beneficial for CEOs in facing the problem of globalization and economic uncertainty and at the same time the CEO values need to keep changing and adjusting to existing conditions. It is important that managers understand the impact of their leadership. The values of leaders are important to share with their followers and how this can influence their attitude to change.

2. THEORETICAL BACKGROUND

2.1. Leadership

As social being, human must understand that there are five main factors that influence social interaction: (1) actions and other characteristics, cognitive (2) processes; (3) ecology variable; (4) cultural context; and biological aspects (5). Social behavior is strongly influenced by cultural norms, membership in various groups, and shifts in social values (Baron and Byrne, 1994).

Today there are many changes in human life whether they are in the family, groups in social organizations or business life. But still, the success of groups or organizations depends largely on leaders. Suppose you surveyed people belonging to various groups (Businesses, sports teams, charities, social clubs) and asked them to name the single most important factor in determining the success of their group. Perhaps most will answer "effective leadership". This answer reflects the widespread belief that leadership is key in group activities. For social psychologists, however, leadership has a clear focus: influence (Baron and Byrne, 1994). They also mentioned that leadership is a process in which one group member (leader)

influences the other group members towards achieving certain group goals (Yukl, 2002). According to Robbins, there are several approaches to leadership learning: the nature of theory, behavioral theories, contingency theories and Neo-charismatic theories (Robbins, 2001).

2.2. Values

One of the initial approaches to leadership learning is the characteristic approach. Underlying this approach is the assumption that some people have characteristics and abilities that make them seek and reach leadership positions and become effective in this position. The term characteristic refers to various individual attributes, including aspects of personality, temperament, needs, motives, and values (Yukl, 2002).

Values are global beliefs that guide action and judgment in a variety of situations, which are usually influenced by parents, friends, teachers, and external reference groups. Further other values gradually begin the process of cognitive transformation into beliefs and finally assumptions. When values begin to be taken for granted, they gradually become beliefs, assumptions, and disconnections of consciousness, such as habits of being unconscious and automatic. Leaders must understand their own values and how they influence their style and behavior and values of their followers (Nahavandi, 2000).

Gordon stated that the values of common beliefs or behaviors that are considered by an individual group are important. The relationship between leaders and organizational members is based on shared values. How is the leader; Ethical values influence organizational behavior and subject performance based on leadership values. Employees learn about values by paying attention to leaders. The role of leaders in advocating and upholding ethical behavior, the stages of moral development and how they influence an individual's ability to translate values into behavior, a framework for understanding global culture values of differences and implications for leadership practice are the topics studied (Lussier and Achua, 2001) Empirical study conducted by Frederich and J. Weber in 1990 about the rating of executive values, union members, and activists: instrumental executive rank values honest, responsible, capable, ambitious, and independent while for other members: responsible, honest, brave, independent, and capable (Robbins, 2001).

2.3. Attitude to Changes

In thinking about the future of the organization to deal with the uncertain 21st century, managers cannot escape the necessity of change. In addition, Yukl (2002) stated that effective managers must manage change as an integral responsibility and not as a side. Leading change is one of the most important and difficult leadership responsibilities.

According to Peter Drucker, many large companies are not prepared to face "surprises". Not just being unprepared, they don't even reject the changes that arise from the "surprise". Drucker argued that the global financial crisis that occurred was the result of the inability of many large companies to adapt to the changing conditions of the times (Drucker, 1994). Segal argued that every organizational leader will experience a vortex experience, namely the experience experienced due to a crisis in their leadership practices so that the leaders are forced to re-question all of their leadership concepts and styles. This is supported by Drucker who stated that the critical attitude of the leadership of the organization led to change, and whether or not an organization can respond to changes determines the life of the organization (Drucker, 1999).

2.4. Attitude to Changes

Bennis (1969) defined "organizational development" as a response to change, a complex educational exercise intended to change organizational beliefs, attitudes, values, and structures so that they can better adapt to new technologies, markets, and challenges, and the dizzying level of change itself. It is easy to change employee attitudes when it changes not very significant and is not very committed to it, employees are most likely to respond to changes in efforts made by someone who is liked, credible and convincing (Robbins, 2001).

If employees don't trust managers, they will not accept themselves or order or change attitudes. Like the communicator can cause an attitude to deal with change, because people try to identify with a communicator who is liked and tend to adopt the attitude and behavior of the person they like (Ivancevich and Matteson, 1999). Attitudes are also attached to mental categories. Mental orientation towards concepts is generally referred to as values. Attitude consists of four components: cognition, influence, intention, and evaluation behavior. The affective component refers to our feelings regarding the focus on objects such as fear, desire or anger.

2.4. Research Model and Hypothesis

The research model is illustrated in Figure 1. below:

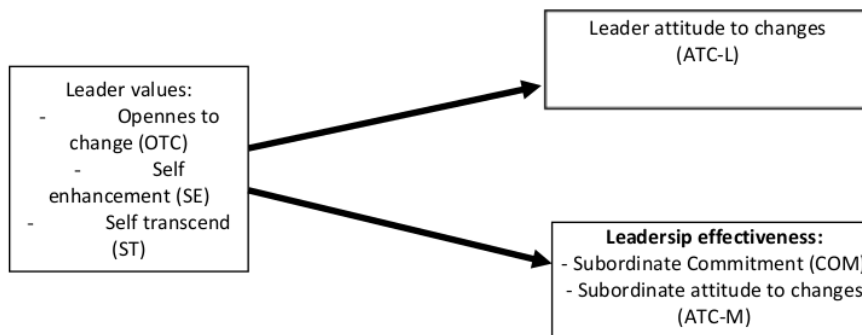


Figure 1 Research Model

Based on the literature review, the hypotheses built from this research are

1. Leader values influence the leader attitude to change

- 1.1. Openness to change influenced the leader attitude to change.
- 1.2. Self-improvement influenced the leader attitude to change.
- 1.3. Self-transcend influenced the leader attitude to change.
- 1.4. Conservation influenced the leader attitude to change.

2. Leader values influence the leadership effectiveness

- 2.1. Openness to change influenced subordinate commitment.
- 2.2. Self-improvement influenced subordinate commitment.
- 2.3. Self-transcend influenced subordinate commitment.
- 2.4. Conservation influenced subordinate commitment.
- 2.5. Openness to change influenced the subordinate attitude to change.
- 2.6. Self-improvement influenced the subordinate attitude to change.

2.7. Self-transcend influenced the subordinate attitude to change.

2.8. Conservation influenced the subordinate attitude to change.

3. METHOD

3.1. Population and Sample

The research location consisted of 5 (five) provinces in Southern Sumatra including the Provinces of South Sumatra, Jambi, Bengkulu, Lampung, and Bangka Belitung Islands. The object of research was a large-scale manufacturing industry, namely the manufacturing industry which has a number of employees over 100 people. The population in this study were 334 large-scale manufacturing companies. The number of samples taken was 30% of the population. The sampling technique used was proportional stratified random sampling. The number of samples per province is presented in table 1 below:

Table 1 Population and Sample

No	Province	Population	Number of Sample
1.	Bengkulu	15	5
2.	Jambi	70	23
3.	South Sumatra	103	34
4.	Lampung	110	36
5.	Bangka Belitung	36	12
Total		334	110

Respondents in this study were Chief Executive Officers (CEOs) of each sample company and their subordinates. Each CEO will be assessed by 5 of the subordinates. Thus, the total number of respondent samples in this study were 660 people, with details of the CEO of the company as many as 110 people and subordinates as many as 550 people.

3.2. Measurement

The instruments used to measure research variables are as follows:

1. Leader Values: The instrument used to measure leader values was a questionnaire developed by Schwartz & Boehnke (2004) consisting of 61 questions about 10 basic values of leader values composed of openness to change variables (OTC) which consists of 2 basic values, self-improvement (SE) which consists of 3 basic values, self-transcend (ST) which consists of 2 basic values, and conservation (CON) which consists of 3 basic values. Questionnaires were measured using a seven-point Likert scale (1-7). As for the details of the basic values on the variable dimensions of leader values, namely:
 - a. Openness to change (OTC)
 - Direction of self
 - Stimulation
 - b. Self enhancement (SE)
 - Hedonism
 - Achievement
 - Power
 - c. Self transcend (ST)
 - Virtue
 - Universalism
 - d. Conservation (CON)
 - Security
 - Suitability
 - Tradition

2. Leader attitude to change (ATC-L): The instrument for measuring job satisfaction was a questionnaire developed by Woods et al. (1998) and Robbins, (2001) as many as 10 questions. Questionnaires were measured using a seven-point Likert scale (1-7).
3. Leadership effectiveness: The instrument used for leadership effectiveness was questionnaire consisting of 18 questions regarding subordinate commitment variables (COM) developed by Porter & Smith (1979) and as many as 10 items of questions concerning the subordinate attitude to changes (ATC-M) developed by Hooper & Potter (2000). Questionnaires were measured using a seven-point Likert scale (1-7).

4. FINDINGS AND DISCUSSION

Of the 110 companies that became the unit of analysis, only 107 companies responded and returned the research questionnaire or 97% of the target. The number of respondents who returned the questionnaire was 642 respondents. Based on Table 2, the type of company that was the object of the study mostly came from the food industry (35.51%). Furthermore, 17.76% of the rubber industry, 12.15% of the beverage industry, and 8.41% of the pulp and paper industry, the remaining 26.17% of other industries.

Table 2 Number of Sample Companies by Type of Industry

No	Type of Industry	Number of Company	Percentage (%)
	Industry:	107	100
1	Food	38	35.51
2	Beverage	13	12.15
3	Textile	7	6.54
4	Wood	6	5.61
5	Pulp and paper	9	8.41
6	Chemical material	1	0.93
7	Rubber	19	17.76
8	Animal food	2	1.87
9	Furniture	1	0.93
10	Machine repair	6	5.61
11	Mining	5	4.67

Source: Processed data, 2018

Based on Table 3, sample companies that have 101-200 employees were 41.12% of the total sample, companies with 201-300 employees were 20.56%, and those with more than 300 employees were 38.32 %.

Table 3 Characteristic of Sample Companies

No	Characteristic of Companies	Total	Percentage
	Number of Employees		
1	101-200	44	41.12
2	201-300	22	20.56
3	> 300	41	38.32
	Company age (years)		
1	<10	11	10.28
2	10-19	22	20.56
3	20 – 29	42	39.25
4	≥ 30	32	29.91

Source: Processed data, 2018

Based on the age of the company, companies with less than 10 years old were 10.28% of the total sample, the companies aged 10-19 years were 20.56%, the companies aged 20-29 years were 39.25%, and the companies which more than 30 years old were 29.91% of the total sample.

The next step was to test the reliability of the research instrument. Reliability testing was performed to test whether the instrument used is reliable and reliable. The instrument is said to be reliable if the Cronbach's Alpha value from each item of the questionnaire question is greater than 0.6. Table 4 illustrates the results of the reliability tests conducted on the variable of leader values.

Table 4 The results of the reliability test instruments are the basic values of the variables of the leader values

No	Basic Value	Cronbach's Alpha	marks
4	Direction of self	0.78	Reliable
2	Stimulation	0.65	Reliable
3	Hedonism	0.65	Reliable
4	Achievement	0.71	Reliable
5	Power	0.63	Reliable
6	Virtue	0.75	Reliable
7	Universalism	0.75	Reliable
8	Security	0.64	Reliable
9	Suitability	0.77	Reliable
10	Tradition	0.58	Not Reliable

Source: Processed data, 2018

Table 4 shows that there is 1 basic value, namely tradition with a cronbach's alpha value less than 0.60. This shows that the instrument for measuring tradition was considered not reliable so that tradition cannot be included for further processing. Therefore, the basic values of the variables of leader values that will be used were 9 values. Reliability test was continued with the variables contained in this study, as presented in table 5 below.

Table 5 Reliability Test on Research Variable

Variable	Cronbach's Alpha
Openness to change (<i>OTC</i>):	0.79
Direction of self	
Stimulation	
Self enhancement (<i>SE</i>):	0.75
Hedonism	
Achievement	
Power	
Self transcend (<i>ST</i>):	0.86
Virtue	
Universalism	
Conservation (<i>CON</i>)	0.85
Security	
Suitability	
Leader Attitude To Changes (<i>ATC-L</i>)	0.85
Subordinate Commitment (<i>COM</i>)	0.92
Subordinate Attitude To Changes (<i>ATC-M</i>)	0.93

Source: Processed data, 2018

Table 5 shows that the cronbach's alpha value of all dimensions and variables in this study was greater than 0.60 so that the instrument was considered reliable and reliable. Then proceed to the hypothesis testing stage with multiple linear test. The first group of hypotheses in this study is that leader values influence the leader attitude to change. The details of each test result for the first group hypothesis are:

Openness to change influenced the leader attitude to change.

As a result of multiple regression analysis, the dimension of openness to change (OTC) influenced the leader' attitude to change with a significance level of $p = 0.00$ and has a positive coefficient of $\beta_1 = 0.49$. With this level of significance, the hypothesis is accepted.

Self transcend influenced the leader attitude to change.

The dimension of self-transcend (ST) did not influence the leader attitude to change because the level of significance was $p = 0.57$ ($p > 0.05$) and had a negative relationship ($\beta_2 = -0.08$). Thus, the hypothesis is rejected.

Self-improvement influenced the leader attitude to change.

Self-improvement dimension (SE) had an influence and influenced the leader attitude to change with a significance level of $p = 0.04$ ($p < 0.05$). It also had a positive relationship ($\beta_3 = 0.278$). Therefore, this hypothesis is accepted.

Conservation influenced the leader attitude to change.

The conservation dimension did not influence the leader attitude to change because of the significance level of $p > 0.05$ ($p = 0.36$) and the coefficient of the leader attitude to changes in $\beta_4 = 0.35$. Therefore the hypothesis is rejected.

Then proceed with the second hypothesis group, that is, the leader values influenced the leadership effectiveness. The details of each of the results of the second group hypothesis test are:

Openness to change influenced subordinate commitment .

Openness to change did not influence subordinate commitment because the level of significance $p = 0.73$ ($p > 0.05$) and had negative relationship ($\beta_1 = -0.59$). As a result, the hypothesis is rejected.

Self transcend influenced subordinate commitment

Self transcend did not influence subordinate commitment because the level of significance $p = 0.44$ ($p > 0.05$) and had positive relationship ($\beta_2 = 0.14$). As a result, the hypothesis is rejected.

Self enhancement influenced subordinate commitment.

The dimension of self-improvement did not significantly influence subordinate commitment with a significance level of $p = 0.66$ ($p > 0.05$) and had a positive relationship ($\beta_3 = 0.003$). Thus, the hypothesis is rejected.

Conservation influenced subordinate commitment.

The conservation dimension significantly influenced subordinate commitment with a significance level of $p = 0.03$ ($p < 0.05$) and had a positive relationship ($\beta_4 = 0.36$). Thus, the hypothesis is accepted.

Openness to change influenced subordinate attitude to change

The dimension of openness to change did not influence subordinate attitude to change with a significance level of $p = 0.5$ ($p > 0.05$) and had a positive relationship ($\beta_1 = 0.066$). As a result, the hypothesis is rejected.

Self transcend influenced subordinate attitude to change.

Self transcend did not have a significant influence subordinate attitude to change with a significance level of $p = 0.29$ ($p > 0.05$) and had a negative relationship ($\beta = -0.25$). As a result, the hypothesis is rejected..

Self enhancement influenced subordinate attitude to change.

The dimension of self-improvement significantly influenced subordinate attitude to change with a significance level of $p = 0.01$ ($p < 0.05$) and had a positive relationship ($\beta = 0.10$). Thus, the hypothesis is accepted.

Conservation influenced subordinate attitude to change

Conservation had no influence on subordinate attitude to change with a significance level of $p = 0.59$ ($p > 0.05$) and had a negative relationship ($\beta = -0.05$). As a result, the hypothesis is rejected.

4. CONCLUSIONS

The results of the study support some of the hypotheses that have been formulated previously. The first group of hypotheses in this study is that leader values influenced the leader attitude to change. The results showed that the dimensions of openness to change (OTC) and self-improvement dimensions (SE) had significant influence on the leader attitude to change (ATC-L) with a significance level of 0.00 and 0.04; whereas the dimensions of self-transcend (ST) and conservation (CON) were not significant. There was a negative relationship in the dimension of self-transcend with $\beta -0.08$. That is, the values of the self-transcend dimension which include the virtue and leader universalism did not influence the leader attitude to change, because the CEO has placed their consideration of decisions based on power and achievements rather than other things. This can have a negative impact on the "emotions" of some members of the company. Besides that, the dimension of self improvement (SE) which includes the values of hedonism, achievement, and CEO power did not influence the leader attitude to change

The second hypothesis group formulates that leader values influenced the leadership effectiveness. The results showed that the dimensions of openness to change, self-transcend, and self-improvement did not significantly influence subordinate commitment with a significance level of 0.73; 0.44; and 0.66. However, the conservation dimension had a significant positive influence with the value of $\beta = 0.36$ and the significance level of 0.03 < 0.05 . While the dimensions of openness to change, self-transcend, and conservation had no significant influence on subordinate attitude to change with a significance level of 0.5; 0.29; and 0.59. However, the dimension of self improvement had a significant positive effect with the value of $\beta = 0.10$ and the significance level of 0.01 < 0.05 .

This research is expected to be a reference for other researchers who are interested in leadership values. This study has limitations in terms of the number of provinces that are the analysis units and respondents. Further research is expected to involve more industrial fields, as well as increase the number of other variables.

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