The Effect of Transformational Leadership, Academic Culture and Organizational Health on Managerial Effectiveness: A Study of An Indonesian Public Higher Education Institution

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ABSTRACT

The objective of this study is to discover the influence of transformational leadership, academic culture and organizational health on managerial effectiveness at an Indonesian Public Higher Education Institution. A quantitative method was conducted to examine the correlation amongst variables. Simple random sampling was used as the technique to determine sample. Respondents of the study were 63 heads of study program. The path analysis was used to testing hypotheses. The results showed a) the managerial effectiveness of head of study program was directly and positively influenced by transformational leadership, academic culture and organizational health, b) transformational leadership and academic culture were directly and positively effect on organizational health, and c) transformational leadership had directy and positively effect on academic culture. The findings lead to a conclusion that having effective transformational leadership, strong academic culture and healthy organization, will increase significantly managerial effectiveness.

Keywords: managerial effectiveness, transformational leadership, academic culture, organizational health.

1. INTRODUCTION

The managerial effectiveness of the head of study program is influenced by many internal and external factors. Internal factors include role clarity, managerial competence, motivation, and commitment to the organization. These internal factors are interrelated to one another. The phenomenon that often occurs as a result of the dual role of the head of study program is in a form of role conflict as a result of excessive workload as a lecturer as well as academic managers. This role conflict faced by the head of study program is often compounded by the lack of managerial competencies required in managing the organization. At the same time, the head of study program also face external challenges such as the superiors’ leadership, the organizational culture, the organizational health, and the stakeholders’ demands on the service quality of the three university services (Tridharma). This study aims to examine causal relationship of transformational leadership, academic culture, and organizational health on managerial effectiveness.

2. LITERATURE REVIEW
Effectiveness is often described as doing the right things that is, doing the work activities that will result in achieving goals (Gibson et al., 2012; Robbins and Coulter, 2009; Daft and Marcic, 2012; Jones and George, 2014; and Mullins, 2010). Certo and Certo (2012) affirmed that as managers use their resources, they must strive to be both effective and efficient. Managerial effectiveness refers to management’s use of organizational resources in meeting organizational goals. If organizations are using their resources to attain their goals, the managers are said to be effective. In reality, however, managerial effectiveness can be measured by degrees. The closer an organization comes to achieving its goals, the more effective its managers are considered to be. Managerial effectiveness, then, exists on a continuum ranging from ineffective to effective.

Yulk (2010) concluded from several studies that managerial effectiveness is influenced by personality traits of the manager which include: 1) High energy level and stress tolerance, 2) Self-confidence, 3) Internal locus of control orientation, 4) Emotional maturity, 5) Personal integrity, 6) Socialized power motivation, 7) Moderately high achievement orientation, dan 8) Low need for affiliation.

Whetten and Cameron (2011) stated that seven key practices associated with managerial and organizational effectiveness: ensure employment security, selectively hire people, foster decentralization and self-managing teams, institute high levels of pay based on performance, train extensively, reduce status differences, and share information.

Managerial effectiveness can be achieved if supported by appropriate style of leadership. Transformational leadership in many studies is deemed to be suitable to be applied in higher education. Transformational leaders help followers grow and develop into leaders by responding to individual followers’ needs by empowering them and by aligning the objectives and goals of the individual followers, the leader, the group, and the larger organization. More evidence has accumulated to demonstrate that transformational leadership can move followers to exceed expected performance, as well as lead to high levels of follower satisfaction and commitment to the group and organization (Bass and Riggio, 2006; Griffin and Moorhead, 2014; Schermerhorn, Jr, et al., 2012; Lussier and Achua, 2010; Robbins and Judge, 2013).

Bass and Riggio (2006) identified four components of transformational leadership: Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration (Luthans, 2011). Benefits of Transformational leaders are to increase subordinates awareness of the importance of their task and the importance of performing them well; to make subordinates aware of their needs for personal growth, development, and accomplishment; and to motivate their subordinates to work for the good of the organization rather than exclusively for their own personal gain or benefit (George and Jones, 2012).

Yukl (2010) suggested some guidelines for leaders who seek to inspire and motivate their followers, namely: 1) Declaring a clear and compelling vision; 2) Explaining how this vision can be achieved; 3) Acting as confidential and optimistic; 4) Showing the confidence on the followers; 5) Using dramatic and symbolic actions to emphasize the important values; 6) Leading by giving example; and 7) Giving authority to the people to achieve the vision.

One distinguishing feature between an organization and another is its organizational culture. Higher Education as an organization can be said to be different than any other...
organization from the perspective of its culture. Higher education either in a form of university, academy, institutes or colleges has its own culture character known as academic culture (Smerek, 2010; Davies, 2001).

Rosser and Tabata (2010) asserted that colleges and universities have a strong academic culture and reward structure that requires performance in teaching and advising, research and scholarship, and service and committee activities for earning promotion and tenure. The academic culture of higher education can be classified into four types, namely the culture of discipline, the culture of profession, the culture of the enterprise and the culture of systems (Clark, 1980; Valimaa, 2006; Henkel and Vabo, 2006; Boss and Eckert, 2006; Morril, 2007).

Academic culture as a subsystem of higher education plays an important role in the effort to build and develop the culture and civilization of the society and the nation as a whole. As affirmed by Arimoto (2011) that Academics are involved in various knowledge functions, such as discovery, dissemination, application and control, and research, teaching, service, and management, respectively. They are expected to contribute to social development by way of pursuing their academic work so as to enhance academic productivity, especially in research and teaching. This can be understood because academics provide service to students, colleagues, their institution, their discipline or profession, and the public (Macfarlane, 2007).

Healthy organization is a supporting factor for the achievement of managerial effectiveness. Keller and Price (2011) defined organizational health as the ability of your organization to align, execute, and renew itself faster than your competitors can – is just as important as focusing on the traditional drivers of business performance. Furthermore, Keller and Price stated that organizational health is about adapting to the present and shaping the future faster and better than the competition. Healthy organizations don’t merely learn to adjust themselves to their current context or to challenges that lie just ahead; they create capacity to learn and keep changing over time.

Lencioni (2000, 2012) asserted that a Healthy organization is one that has less politics and confusion, higher morale and productivity, lower unwanted turn over, and lower recruiting costs than an unhealthy one. Organizational health is about making a company function effectively by building a cohesive leadership team, establishing real clarity among those leaders, communicating that clarity to everyone within the organization and putting in place just enough structure to reinforce that clarity going forward.

Rainey (2003), cited studies conducted by Cameron, explained that there are 9 criteria to measure the effectiveness of educational institutions, namely: 1) student educational satisfaction, 2) student academic development, 3) student career development, 4) student personal development, 5) faculty and administrator employment satisfaction, 6) professional development and quality of the faculty, 7) system openness and community interaction, 8) ability to acquire resources, and 9) organizational health. Moreover, the criteria of organizational health include: a) student-faculty relations, b) typical communication type, c) level of trust, d) cooperative environment and e) use of talents and expertise.

Tucker (1992) stated that a healthy department or study program is one whose faculty and staff are motivated, productive, appreciated, secure in their jobs, work well together
as a group, and able to reach consensus on issues concerning the governance and welfare of the department.

This research is interested in empirically reveal all factors determining the successful implementation of the duties of head of study programs. The purpose of this study was to determine the effect of transformational leadership, academic culture and organizational health on the managerial effectiveness of head of study programs at an Indonesian public higher institution.

3. RESEARCH METHOD

This study applied the survey method. The study population was 91 head of study programs at an Indonesian state university, with a sample of 63 people chosen by a simple random sampling method. The research data is analyzed using the descriptive statistic. The test requirement analysis applied the normality test using the estimated error with Liliefors formula at a significance level \( \alpha = 0.05 \). The hypotheses of this research are tested using the Path Analysis with trimming method. SPSS version 19.0 was used to analyse six hypotheses.

The research instruments were tested to 20 head of study programs. Of the 40 items on the instrument statement of managerial effectiveness, the 36 items were proven to be valid (\( \alpha = 0.984 \)). 36 of 40 items of statements on Transformational leadership were valid (\( \alpha = 0.976 \)). 32 of 35 items on statements on Academic culture were proven to be valid (\( \alpha = 0.963 \)). Moreover, of 45 items of statement on the organizational health, 41 valid statements were obtained (\( \alpha = 0.966 \)). Therefore, the research instrument was proven properly to be used in collecting the research data.

4. RESULTS AND DISCUSSION

In testing the hypotheses, trimming model was applied. There were three sub-structures. The calculation result of path analysis obtained coefficient values indicating a causal relationship in the model structure as analyzed as follows:

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
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<td>9.554</td>
<td></td>
<td>2.164</td>
</tr>
<tr>
<td>Kep_trans_X1</td>
<td>.317</td>
<td>.076</td>
<td>.385</td>
<td>4.191</td>
</tr>
<tr>
<td>Bud_akdk_X2</td>
<td>.297</td>
<td>.100</td>
<td>.289</td>
<td>2.979</td>
</tr>
<tr>
<td>Kes_org_X3</td>
<td>.238</td>
<td>.089</td>
<td>.316</td>
<td>2.682</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Efek_mnjr_X4

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Hypothesis 1: Transformational leadership has direct positive effect on the managerial effectiveness ($H_0: \beta_{41} \leq 0; \ H_1: \beta_{41} > 0$)

The results of path analysis calculations proved the direct effect of managerial effectiveness of head of study programs on transformational leadership ($p_{41} = 0.385$) with the value of the correlation coefficient of 0.747. After testing the significance of the path coefficients through t-test ($t = 4.191> t_{table} (0.05; 61) = 1.670$), the result shows that the effect path of transformational leadership on managerial effectiveness of head of study programs is empirically proven and acceptable.

Transformational leadership is a leadership approach by changing awareness, inspiring subordinates or members of the organization to employ extra effort in achieving organizational goals willingly. Transformational leaders will cause subordinates to see that the objectives to be achieved are more than just personal or group interests.

Transformational leadership is more effectively applied to the education sector compared to other leadership styles. Many research studies have been conducted in business and industry, government, the military, educational institutions, and nonprofit profit organizations, all showing that transformational leaders, as measured by the MLQ survey instruments derived from the Avolio and Bass model, were more effective and satisfying as leaders than were transactional leaders (Avolio and Bass, 2002).

In the context of public sector organizations, transformational leadership focuses on organizational formations, systems, and culture. By influencing those elements of work, transformational leaders implement change in service design, development, and delivery and the people working in such organizations find themselves also changing in ways that reinforce and support the organizational goals (Fairholm, 2007) the public sector leaders (primarily leaders in educational institutions and the military) were more transformational than those in private sectors (Bass and Riggio, 2006).

In the higher education sector, the implementation of transformational leadership style, either at the university, faculty and department level will show better results than transactional leadership. The practice of transformational leadership style in this sector produces more fundamental changes such as the expansion of values, goals and needs of subordinates. These changes will impact the efforts of head of study programs in that the fulfillment of those higher needs will increase the motivation to achieve better and optimal work result.

Transformational leadership has four dimensions which include: 1) the ideal influence; the behavior of a leader that result in subordinates’ admiration, respect, and trust; 2) inspirational motivation; a leader who is able to articulate a clear expectation of the achievements of subordinates, demonstrating a strong commitment to the objectives of the organization and is able to move the team spirit and develop optimism and enthusiasm of subordinates; 3) intellectual stimulation; a leader who is able to foster new ideas, providing creative solutions to problems faced by subordinates, as well as giving motivation to subordinates; and 4) individual consideration; a leader who will attentively listen to his subordinates and will perform the function of mentoring and coaching.

In the context of education, these four attributes of transformational leadership behaviors are very much suitable to be applied in the environment of higher education. Academic leadership must be transformative; it is about helping ordinary people to do
extra ordinary things, helping academics to embrace change, and as a leader, transforming one’s own performance (Shattock, 2003)

**Hypothesis 2 :** Academic culture has positive direct effect on managerial effectiveness

\( H_0 : \beta_{42} \leq 0; H_1 : \beta_{42} > 0 \)

The results obtained by path analysis calculation showed that the path coefficient \( \rho_{42} \) = 0.289 with a correlation coefficient of 0.709. After testing the significance of the path coefficients through t-test \( (t = 2.979 > t \text{ table (0.05; 61) = 1.670}) \), the result shows that the path effect of academic culture on managerial effectiveness of head of study program is empirically proven and acceptable.

In the organizational perspective, the higher education is perceived as a complex organization, located in a stable environment, decentralized, having autonomy. Therefore, according to Mintzberg, it can be included as professional bureaucracy - an organization whose members are professionals (lecturers) with diverse scientific backgrounds and has a distinctive culture, the academic culture. The academic culture identified by Clark (1980) includes the culture of the discipline, the culture of the enterprise, the culture of the academic profession and the culture of the national system.

Academic culture that is well managed will affect the progress of higher education. The characteristics of academic cultural include democratic attitude, creative and innovative in accordance with the concept of entrepreneurship in the business world and can be optimized in higher education sector. According to Clark (2001), keys to successful implementation of entrepreneurship in higher education lie in: 1) Strong Leadership (strengthened steering core), 2) Focusing on the development of cooperation networks (expanded developmental periphery), 3) Having a diversified funding base, 4) strengthening academic quality as a core competence of institutions (academic stimulated heartland), and 5) integrated entrepreneurial culture.

Conducive academic culture certainly supports managerial effectiveness. The effective manager may more usually be the one whose style naturally fits the context, rather than the one who changes the style to fit the context, or context to fit the style (Mintzberg, 1993).

**Hypothesis 3 :** Organizational health has positive direct effect on managerial effectiveness

\( H_0 : \beta_{43} \leq 0; H_1 : \beta_{43} > 0 \)

The results of path analysis calculations proved the direct effect of organizational health on managerial effectiveness of head of study programs with \( \rho_{43} = 0.316 \) and a correlation coefficient of 0.796. The significance test of the path coefficients by t-test \( (t = 2.682 > t \text{ table (0.05; 61) = 1.670}) \), shows that the path effects of organizational health on managerial effectiveness of head of study programs to be empirically proven and acceptable.

Mintzberg (2009) argued that a healthy organization is not a collection of detached human resources who simply look after their own turf; it is a community of responsible human beings who care about the entire system and its long-term survival. Organizational health applies clear direction of mission and vision, strong leadership, conducive culture and climate, the implementation of accountability, effective coordination and supervision, competitive advantage capability, developing motivation, external-oriented, providing space for learning and innovation (Keller and Price, 2011).
A healthy organization will be able to encourage all members to work effectively to improve the performance of the organization in the long run.

A healthy higher education will support the successful management of three services (Tridharma) of higher education as well as the institutional management of study programs and so on. Mintzberg (2009) stated that to assess managerial effectiveness, you also have to assess the effectiveness of the unit. The purpose of the manager is to ensure that the unit serves its basic purpose.

**Table 2: Path Coefficient of Sub-structure 2.**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
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</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
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<td></td>
<td>-.016</td>
</tr>
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<td></td>
<td>Kep_trans_X1</td>
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</tr>
<tr>
<td></td>
<td>Bud_aldik_X2</td>
<td>.700</td>
<td>.113</td>
<td>.515</td>
</tr>
</tbody>
</table>

*a. Dependent Variable: Kes_org_X3*

**Hypotesis 4:** Transformational Leadership has positive direct effect on organizational health ($H_0 : \beta_{31} \leq 0; H_1 : \beta_{31} > 0$)

Based on the results by path analysis calculation, it was obtained a path coefficient of $\rho_{31} = 0.444$ and a correlation coefficient of 0.697. After testing the significance of the path coefficients through t-test ($t = 5.358 > t_{table (0.05; 61)} = 1.670$), shows that the path effect of transformational leadership on organizational health to be empirically proven and acceptable.

Robbins and Coulter (2012) argued that transformational leadership is more impressive than transactional leadership. Studies that looked at managers in different settings, including the military and business, found that transformational leaders were evaluated as more effective, higher performers, more promotable than their transactional counterpart. In addition, evidence indicates that transformational leadership is strongly correlated with lower turnover rates and higher levels of productivity, employee satisfaction, creativity, goal attainment, follower well-being and corporate entrepreneurship, especially in start-up firms.

Mullins (2010) identified several characteristic of organizations with healthy climate follows: 1) The integration of organizational goals and personal goals; 2) The most appropriate organization structure based on the demands of the socio-technical system; 3) Democratic functioning of the organization with full opportunities for participation; 4) Justice in treatment with equitable HRM and employment relations policies and practices; 5) Mutual trust, consideration and support among different levels of the organization; 6) The open discussion of conflict with an attempt to avoid confrontation; 7) Managerial behavior and styles of leadership appropriate to the particular work situations; 8) Acceptance of the psychological contract between the individual and the organization; 9) Recognition of people’s needs and expectations at work, and individual differences and attributes; 10) Concern for flexibility and work/life balance; 11)
Opportunities for personal development and career progression; and 12) A sense of identity with, and loyalty to, the organization and a feeling of being a valued and important member.

Mintzberg (2009) argued that healthy organizations and a healthy society need leaders who both act and care. Transformational leadership is able to improve the performance of the organization facing renewal and change. Transformational leadership leads to superior performance in Organizations facing demands for renewal and change (Luthans, 2011). Thus transformational leadership is effectively applied in restructuring the organization wherein one of the dimensions of organizational health is the capacity of the organization for renewal, in addition to the internal alignment and quality of execution.

Transformational leadership which possesses attributes of Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration, is a style of leadership that is able to improve the health of the organizations. This is consistent with the research result conducted by Korkmaz (2007) that transformational leadership of school principals directly influence the job satisfaction of teachers and a high level of satisfaction of teachers affect the health of school organization.

Hypotesis 5: Academic culture has positive direct effect on organizational health \( (H_0: \beta_{32} \leq 0; H_1: \beta_{32} > 0) \)

Based on path analysis calculation, it was obtained a result of path coefficient \( (\rho_{32}) = 0.515 \) and a correlation coefficient of 0.733. After testing the significane of the path coefficients using t-test \( (t = 6.205 > t_{table} (0.05; 61) = 1.670) \), the result shows that the path effect of academic cultural on health organization to be empirically proven and acceptable.

Various theoretical studies concluded that there is direct influence of organizational culture on organizational success. Schein (2010) argued that the corporate culture that distinguished each of them today [in 2006] has, on the one hand, contributed to their success and, on the other hand, placed them in a strong position as they face challenges to come. This opinion of Schein can be understood, as according to Morrill (2010) in a healthy organizational culture, people feel intensely responsible to one another and depend on each other to reach common objectives. Having responsibility for a goal releases energy and commitment, born of both the satisfaction that comes from achievement and the fulfillment of sharing in a common enterprise.

Moreover, in the context of higher education, Smerek (2010) stated that culture could be described as work life that is infused with meaning. The decline of culture in academia and how administrators should nurture culture and manage meaning. Culture can be manipulated to improve organizational effectiveness and create a healthier organizational climate.
Hypotesis 6: Transformational leadership has positive direct effect on academic culture ($H_0: \beta_{21} \leq 0; H_1: \beta_{21} > 0$)

Based on the results from path analysis calculation, it was obtained a path coefficient of ($\rho_{21} = 0.491$) and a correlation coefficient of 0.491. After testing the significance of the path coefficients through t-test ($t = 4.398 > t_{table (0.05; 61)} = 1.670$), the result shows that the path effect of transformational leadership on academic culture is empirically proven and acceptable. Thus, this research shows that transformational leadership style is proven to have positive impact on academic culture in the environment of higher education.

The theoretical discussion suggests that leadership is one of the components forming the organizational culture of higher education. Smerek (2010) found that in the organization of higher education, culture is formed through several complex influences inside the organization as well as the external environment. In organizations, culture is a result of a unique history of an organization, its leadership, and critical events. Culture is also shaped by the subculture, including at the widest level of subculture which are the faculty and administrators. In this group, the faculty posses the identity of scientific disciplines, and the administrative managers are grouped into functional groups. Therefore, as a complex organization, there are various forces that shape the culture of higher education.

Transformational leadership, which possesses two characteristics, namely the intellectual stimulation and inspirational motivation, is effectively implemented within the higher education. This is caused by the fact that this leadership style is more attractive for highly educated subordinates who prefer the work challenges, professionalism and self-development. These positive responses may affect the motivation level of subordinates so that they will increase their efforts or do extra effort to achieve work result higher than expectation.

Luthans (2011) stipulated that characteristics of successful leaders implementing transformational styles include: 1) identify themselves as change agents, 2) courageous, 3) believe in people, 4) the value driven, 5) lifelong learners (lifelong learning), 6) the ability to deal with complexity, ambiguity, and uncertainty, and 7) visionaries.

Shattock (2003) described the relationship between leadership style with the academic culture that leadership styles must be qualified by disciplinary cultures as well as by the nature of university Organizations. Universities in crisis can be greatly assisted by the
charismatic leadership styles. A charismatic leadership in Bass perspective is identical with the transformational leadership.

**Figure 1: Path and Correlation Coefficients of All Sub-structures**

5. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

Based on the results of hypothesis testing and the above discussion, we concluded as follows:

a) Transformational leadership has direct positive effect on the managerial effectiveness of head of study programs. This means that transformative leadership style will increase in managerial effectiveness of the head of study programs.

b) The academic culture has direct positive effect the managerial effectiveness of head of study programs. This means that the academic culture can increase the managerial effectiveness of head of study programs. Conducive academic culture in the environment of higher education can improve the managerial effectiveness of head of study programs.

c) Organizational health has positive direct impact on the managerial effectiveness of head of study programs. Organizational health will be resulted in the managerial effectiveness of head of the study programs, in that a healthy higher education can improve the managerial effectiveness of the head of study programs.

d) Transformational leadership has direct positive effect on the organizational health. Transformational leadership style that is applied in the environment of higher education can improve its organizational health.
e) The academic culture has positive direct effect on organizational health. A positive academic culture will improve the organizational health of higher education.

f) Transformational leadership has direct positive effect on academic culture. The application of transformational leadership style can improve the quality of the academic culture in higher education.

5.2. Recommendation

The research results a number of recommendations should be considered in order to improve the managerial effectiveness of head of study programs:

a) Transformational leadership at the faculty level is needed in order to improve the success of managerial of head of study programs in conducting activities in education and teaching, research and community Services.

b) The Faculty institution need to maintain conducive academic culture so that the head of study programs can effectively carry out all managerial activities in order to achieve the vision, mission and objectives of the study programs.

c) The Faculty needs to create and maintain the organizational health to supports the managerial effectiveness of head of study programs in providing the best service of three services (Tridharma) of higher education to the stakeholders.

d) Transformational leadership needs to be effectively applied in order to improve the organizational health of the faculty so that the study programs are able to face the challenge of changes.

e) Conducive academic culture needs to be continually improved to advance the organizational health of the Faculty.

f) The implementation of effective transformational leadership is needed to improve the conduciveness of academic culture which will support the managerial effectiveness of the head of study programs.

REFERENCES


