“The influence of new leadership styles on employee performance in an automotive industry of Indonesia”

AUTHORS
Dewi Susita
I. Ketut R. Sudiarditha
Busharmaidi Busharmaidi
Immanoel Gunawan Hutajulu
Richard Surungan Hutajulu

ARTICLE INFO

DOI
http://dx.doi.org/10.21511/ppm.21(2).2023.54

RELEASED ON
Thursday, 22 June 2023

RECEIVED ON
Monday, 20 March 2023

ACCEPTED ON
Monday, 15 May 2023

LICENSE
This work is licensed under a Creative Commons Attribution 4.0 International License

JOURNAL
“Problems and Perspectives in Management”

ISSN PRINT
1727-7051

ISSN ONLINE
1810-5467

PUBLISHER
LLC “Consulting Publishing Company “Business Perspectives”

FOUNDER
LLC “Consulting Publishing Company “Business Perspectives”

NUMBER OF REFERENCES
52

NUMBER OF TABLES
2

NUMBER OF FIGURES
2

© The author(s) 2023. This publication is an open access article.
Abstract
Organizations began adapting to remote working patterns in the early pandemic, while human resource management faces new challenges in adapting to these changes. Leadership is the key to maintaining and improving employee job performance. Therefore, this study aims to find effective new leadership styles for adapting to the new work era. The paper analyzed employee perceptions of the leadership style (transformational, servant, and empowering) and measured their effects on employee job performance in current conditions. The survey was conducted online among 387 employees who had worked for at least five years and at least two years had worked virtually in an automotive manufacturing company in Indonesia that had implemented a virtual work pattern for most of its employees. Then, the data were processed using SEM Amos 25.0. Subsequently, the results showed that employee job performance has two critical dimensions, courtesy and sportsmanship, and is positively and directly influenced by the new leadership style. This study found an effective new leadership style for virtual leadership in the automotive industry with nine dimensions: openness, orientation to problem-solving, freedom at work, inspirational motivation, intellectual stimulation, individualized consideration, coaching, participatory decision-making, and showing concern. The contribution of this study for organizational managers is as a soft reference for functional leadership competencies during the new work period and a new reference for leadership science in human resources management.

Keywords
leader, high-performing employees, automotive companies, new work era, COVID-19

JEL Classification M12, L62, O33

INTRODUCTION
At the same time, the COVID-19 pandemic has brought changes in almost all organizations globally, including the automotive industry in Indonesia. These conditions changed the most appropriate leadership concept during a pandemic. Initially, management was looking for the most appropriate traditional leadership style, but now – looking for one that suits these conditions.

The concern of automotive industry players about the need for a leadership style that follows the conditions and the need to improve employee performance aligns with the growing and developing academic topic of authentic leadership. Hence, concerns about changes to authentic leadership conceptual and methodological foundations are arising (Gardner et al., 2021). This study follows up on the suggestion by Gardner et al. (2021) that future theories and studies analyze the similarities and differences between authentic leadership theories. Consequently, it was performed to find effective leadership styles during the COVID-19 pandemic and in the future.
COVID-19 has forced many workers to work remotely, resulting in changes in work patterns and organizational management (Van Wart et al., 2019). Although considerable attention is paid to remote work, including employees’ emotional state and productivity, there is a need to analyze how leaders adjust to the work from home patterns (Kirchner et al., 2021). The private and public sectors have experienced negative impacts from the pandemic in Indonesia. One of the crucial challenges is the transformation of leadership that can no longer perform face-to-face communication in the break room or specific places to establish team togetherness (Shaik et al., 2021). Regardless, they should be able to manage teams with virtual skills to ensure that relationships and social interactions between team members are maintained (Kniffin et al., 2021).

Although digital advances help improve the measurement and management of individuals, teams, and organizational performance drivers, significant gaps remain (Caputo et al., 2021). The goal of managing job performance is as old as human history and directs organizational leaders to focus on the individual (Levenson, 2021). The world faces increased digitalization and technological advancements in work conditions, e.g., employees can access their office devices while staying at home due to various virtual networks (Garro-Abarca et al., 2021). Digital transformation changes the way of working, the environment, and the location of the workplace, and leadership styles also change according to the goals and business models of today’s organizations (Helmold, 2021b). These new ways include collaboration, the dominance of e-networks, and automated processes, which all depend on leadership styles to change the risk structure and dynamics of relationships in organizations (Höddinghaus & Hertel, 2021).

Competition in the automotive industry that is getting more brutal forces it to continue to innovate by adopting technological developments to increase competitiveness. One of the concerns is how leaders can manage employees effectively and efficiently in order to improve the performance of these employees. Therefore, many automotive companies are experimenting to find the right leadership style in managing human resources that produce high-performing employees.

1. LITERATURE REVIEW

According to Robbins and Judge (2017), a good leader can motivate his team to follow the organizational mission, vision, and goals and ensure members feel satisfied performing their respective functions. Van Seters and Field (1990) noted that leaders influence others through communication and building good relationships to achieve common goals. Meanwhile, according to Armstrong and Cassidy (2019), leadership is the performance of duties through people by influencing, motivating, and enabling others to believe, thereby contributing to the organization’s success. Consequently, a leader is successful when he brings people to specific goals, even if his followers do not know or want. Likewise, Colquitt et al. (2018) stated that leaders use persuasion and authority to manage their followers to improve the performance and welfare of the unit, which is assessed from employee surveys or profit margins, productivity, costs, absenteeism, retention, and others. An effective leader also fosters a high-quality leader-member exchange relationship on a dyadic basis through role-taking and role-making processes.

Meanwhile, the servant leadership style effectively creates the passion of subordinates. It enables them to collaborate with coworkers to produce practical knowledge and encourage the desire to continue to share knowledge (Kadarusman & Bunyamin, 2021). According to Helmold (2021a), transformational leadership is the most appropriate leadership style in the current new work era, enhancing organizational citizenship behavior, workplace autonomy, and manager support behavior. In turn, workplace autonomy and manager support affect organizational citizenship behavior as partial mediators (Pattnaik & Sahoo, 2021). Roberge and Boudrias (2021), analyzing 625 workers, revealed that psychological strain negatively affects autonomy-oriented empowering leadership behavior and subsequent proactive performance.
1.1. Employee job performance

In social exchange theory, Hackman and Lawler (1971) stated that job satisfaction is a crucial aspect of team effectiveness and a significant indicator of their performance. COVID-19 negatively affected job satisfaction in both private and public sectors in Indonesia. Work from home is considered the most effective option for preventing the spread of COVID-19, even for public organizations, while anticipating further economic losses by implementing strict health protocols (Daraba et al., 2021). Moreover, the classic challenge of measuring and developing talent has evolved with the emergence of global supply chains and technology platforms. Virtualization technologies allow people to interconnect across space and time in an ever-evolving way (Garro-Abarca et al., 2021). The difference between job requirements and competencies is between the tasks required to succeed in an average job compared to what distinguishes superior from average performance (Blickle et al., 2022). Although digital advancements aid in measuring and managing individuals, teams, and organizational performance drivers, significant gaps remain.

Colquitt et al. (2018) argued that job performance is employee behaviors that contribute to organizational achievement goals, with important dimensions, namely task performance, citizenship behavior, and counter-productive behavior. Cho et al. (2021) demonstrated that humble leadership and employees’ autonomy increase the trust between managers and employees, thereby increasing organizational citizenship behavior (OCB). Banwo and Du (2020) defined such behavior as employee discretion that is voluntary and formally not included in the reward system but has implications for improving organizational functioning. Furthermore, Tefera and Hunsaker (2020) demonstrated that organizational citizenship behavior is found in employees oriented to voluntary collectivism beyond the usual demands of traditional work, which has implications for performance that exceeds organizational expectations.

Colquitt et al. (2018) state that citizenship behavior has interpersonal and organizational dimensions. Interpersonal dimensions measure employees’ OCB levels: helping, courtesy, and sportsmanship. The helping indicator based on Flavian et al. (2019) consists of two items “I try to help other team members even though the problem is not directly related to work” and “I help other team members when they cannot attend.” The courtesy indicator is adapted from Podsakoff and MacKenzie (1997), “I like to influence others to go the extra mile for the betterment of the organization” and “I avoid potential problems with coworkers.” Furthermore, the sportsmanship indicator is adapted from Lee and Allen (2002), “I show concern about the image of the organization” and “I enjoy conveying ideas to improve the organizational functioning.”

1.2. Servant leadership

Servant leaders serve others by sharing knowledge and power, putting the needs of others first, and creating an environment for follower growth (Maglione & Neville, 2021). This is an effective leadership style in creating a passion for subordinates. Hence, they can collaborate with colleagues to always share and encourage the desire to continually share practical knowledge. This is performed by emphasizing attention and involving employees in decision-making to get practical results and managerial knowledge. According to Gocen and Sen (2021), servant leadership has five open dimensions: 1. Vision: “My leader can tell something is wrong with the job”; 2. The prioritizing members’ careers dimension includes: “My leader makes my career development a priority.”; 3. The orientation toward problem-solving dimension includes: “My leader helps me when I have personal problems”; 4. The prioritizing members’ interests first dimension includes: “My leader puts my best interests first,” and 5. The freedom at work dimension: “My leader gives me the freedom to handle difficult situations as I feel best.”

Employees who were noticed and involved are expected to be enthusiastic about contributing to the organization as a response to the services they receive from the organization to improve the performance of individual employees (Kadarusman & Bunyamin, 2021). A servant leadership style can improve organizational performance (Lemoine & Blum, 2021), focusing on principles, morals, and emotional intelligence. Miao et al. (2021) confirmed a significant relationship between servant leadership and employee performance.
Furthermore, Song et al. (2022) found that such leadership helps to maintain a friendly atmosphere at work and increase individual and organizational engagement.

Servant leadership substantially impacts job satisfaction, organizational commitment, performance, employee engagement, atmosphere, creativity, psychological capital, and organizational citizenship behavior (Gui et al., 2021). Isabel et al. (2021) revealed that it significantly (directly and indirectly) influences organizational citizenship behavior through employee satisfaction and self-efficacy.

### 1.3. Transformational leadership

Transformational leadership is new leadership that can motivate, energize, and stimulate employees during crises and transformations (Helmold, 2021b). According to Northouse (2021), this leadership style is related to improving performance and fully developing employees with inner values and ideals. This style also effectively motivates workers to act in ways supporting the whole organization rather than their desires.

Transformational leadership has four dimensions: inspirational motivation, idealized influence, individualized consideration, and intellectual stimulation (Northouse, 2021). The inspirational motivation dimension includes “My leader speaks optimistically about the organization’s future.” The idealized influence dimension has “My leader transcends personal interests for the group’s good and considers moral and ethical consequences.” The individualized consideration dimension comprises “My leader helps others to develop their strengths.” The intellectual stimulation dimension includes “My leader re-examines critical assumptions to question whether they are correct.”

According to Khalid et al. (2021), transformational leadership significantly affects employee engagement, taking job characteristics as a moderator of this relationship. Transformational leaders stimulate employees to collaborate productively in a challenging work environment. Meanwhile, Matsunaga (2021) demonstrated that it has a direct positive effect on employee performance. Pattnaik and Sahoo (2021) confirmed its effect on organizational citizenship behavior. Dahleez and Abdel fattah (2022), considering SME business performance and market orientation in Oman, demonstrated that market orientation strongly affects organizational productivity. Furthermore, Mubarak et al. (2021) showed that a proactive personality, directly and indirectly, positively affects innovative work behavior through job involvement. It was also confirmed that transformational leadership moderates the correlation between job involvement and proactive personality. Similarly, Ehrnrooth et al. (2021) discovered that transformational leaders significantly influence individual performance after analyzing 308 subordinates from 76 managers in five multinational companies.

### 1.4. Empowering leadership

Empowering leadership emphasizes performance by focusing on participation. Such leaders empower their members by motivating, understanding behavior and desires, and involving them in decision-making (Mai et al., 2022). This leadership style is similar to the transformational style. However, this is wider than the delegation of tasks because a leader also explains the motivation or goals to be achieved in assigning job responsibilities. This motivates members to perform their responsibilities more effectively and efficiently (Rydén et al., 2021).

According to O’Donoghue and van der Werff (2022), empowering leadership includes five dimensions. The leading by example dimension refers to a series of leader behaviors that show commitment to working both on their own and in a team. In contrast, the coaching dimension focuses on how a leader helps and educates members to become independent. The participative decision-making dimension refers to a leader involving information from his members in decision-making, while the showing concern dimension shows a leader’s general concern for the welfare of his team members. Additionally, the informing dimension refers to disseminating company information to all employees, for example, vision, mission, work program, or other important information. Based on this, the leading by example dimension includes “My leader shows how to work well individually and in a team.” The coaching dimension has “My leader coaches us until we
can work independently,” while the participative decision-making dimension consists of “Our leader involves team members in decision-making.” Furthermore, the showing concern dimension includes “Our leader pays attention to the welfare of members in the organization” and the informing dimension – “Leader conveys and ensures we understand information and work programs.”

Empowering leadership generates more significant personal and work resources through psychological capital. Hence, employees engage more in positive work behavior, which increases individual performance (Kim & Beehr, 2021). Roberge and Boudrias (2021) assessed 625 workers and found that autonomy-oriented empowering leadership and proactive performance significantly affect individual and organizational work outcomes. Widianto (2021) showed that this leadership style is significantly related to job performance through self-efficacy but not knowledge sharing. Meanwhile, Akram et al. (2019) confirmed a positive effect on knowledge management, including a positive moderation, for manufacturing companies in India.

Similarly, Song and Chen (2021) proved that empowering leadership is vital for job satisfaction and organizational citizenship behavior. Employees value leaders that change their style from directing to empowering. This proves that empowering leadership provides satisfaction and improvement of individual performance-oriented OCB (Mukherjee & Mulla, 2021).

1.5. Aim and hypotheses

The study aims to analyze and measure the effects of the influence of modern leadership styles on employee performance for adapting to the new work era.

Following the literature review, the study elaborates on the conceptual model (Figure 1) and proposes the following hypotheses:

H1: Servant leadership has a direct and positive effect on job performance.

H2: Transformational leadership has a direct and positive effect on job performance.

H3: Empowering leadership has a direct and positive effect on job performance.

2. METHOD

A non-probability sampling method with a purposeful technique is used to determine samples with certain criteria limits to obtain a representative
Online questionnaires were distributed through LinkedIn and WhatsApp, with the respondent’s criteria being limited to a minimum of five years of work experience and at least two years of working virtually in an automotive manufacturing company in Indonesia that had implemented a virtual work pattern for most of its employees. A questionnaire was developed in Google Forms using a 6-point Likert scale. It was distributed among the study population; the study collected 387 responses from 17 automotive companies in Indonesia. Data were processed using SPSS 26.0 for the coding process of the instrument as the basis for the analysis of the structural equation model.

Since the data were complicated, SEM was used with the Amos version 25.0 application. According to Mueller and Hancock (2019), 20 indicator items were tested for their significance against each variable, namely, employee job performance with six indicator items, servant leadership with five indicator items, transformational leadership with four indicators, and empowering leadership with five indicators.

Modification indices is a method of achieving model fit (P > 0.05) by gradually eliminating the highest loading factor. Item indicator that is not eliminated is a dimension that builds a new model, which refers to estimating the influence of the relationship between the variables with a minimum CR > 1.96. According to Hair et al. (2014), data analysis is performed using SEM. This multivariate technique combines aspects of multiple regression and factor analysis in estimating a series of simultaneous dependency relationships > 1.96. The hypotheses test results are then analyzed to determine the most effective leadership style in the new work era.

**3. RESULTS**

SEM Amos requires a construct with a fit model before testing the hypothesis, where the fit model is known from P > 0.05. The P value in the initial model construct of the study was 0.00 (P = 0.00) which indicated the model was not fit. Therefore, according to Hair (2014) it is necessary to carry out a modification process so that the model becomes fit, by gradually eliminating the highest error item until it reaches a P value > 0.05. After eliminating items with the highest factor loading from 20 indicator items to 13 items, the model fit P = 0.224 > 0.05 was obtained, as shown in Table 1. Gradually eliminating the high factor loading is part of the modification indices in the Amos SEM 25.0 (Hair et al., 2014).

The model fit type standardized is the output of the modification indices process after P > 0.05 is reached, as shown in Figure 2.

Figure 2 shows the remaining indicators after the elimination process of 13 items, namely servant leadership (SL1, SL3, and SL5), transformational leadership (TL1, TL2, TL3, and TL4), empowering leadership (EL2, EL3, and EL4), and employee job satisfaction (EJP3, EJP4, and EJP6). Meanwhile, hypotheses testing results show that all hypotheses are accepted (Table 2).

The results of Amos 25 SEM data processing revealed two critical aspects of this study, namely:

1) The model reaches a fit after eliminating seven indicator items, resulting in a reliable and valid model consisting of only 13 items from the initial 20 items.

### Table 1. Model fit

<table>
<thead>
<tr>
<th>Description</th>
<th>NPAR</th>
<th>CMIN</th>
<th>DF</th>
<th>P &gt; 0.05</th>
<th>CMIN/DF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default model</td>
<td>32</td>
<td>66.893</td>
<td>59</td>
<td>0.224</td>
<td>1.134</td>
</tr>
<tr>
<td>Saturated model</td>
<td>91</td>
<td>0.000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independence model</td>
<td>13</td>
<td>3063.719</td>
<td>78</td>
<td>0.000</td>
<td>39.278</td>
</tr>
</tbody>
</table>

### Table 2. Hypotheses testing

<table>
<thead>
<tr>
<th>Hypothesis Description</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R &gt;1.96</th>
<th>P</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Job Satisfaction ← Servant Leadership</td>
<td>0.508</td>
<td>0.093</td>
<td>5.470</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>Employee Job Satisfaction ← Transformational Leadership</td>
<td>0.355</td>
<td>0.085</td>
<td>4.175</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>Employee Job Satisfaction ← Empowering Leadership</td>
<td>0.123</td>
<td>0.056</td>
<td>2.208</td>
<td>0.027</td>
<td>Accepted</td>
</tr>
</tbody>
</table>
2) All leadership styles tested have a positive and significant effect on employee job satisfaction, with servant leadership (CR = 5.47 > 1.96), transformational leadership (CR = 4.17 > 1.96), and empowering leadership (CR = 2.20 > 1.96) having the highest CR values.

4. DISCUSSION

Human resource management has faced new challenges adapting to organizational change patterns due to the COVID-19 pandemic in Indonesia. The leader’s role is crucial in managing employees to work optimally in these times of change to maintain and improve performance in an automotive industry. The results of this study show that three leadership styles (servant leadership, transformational leadership, and empowering leadership) positively and significantly affect employee job performance in Indonesian automotive companies. Furthermore, empirical results proved that in the new work era in Indonesia, the new leadership style combines servant, transformational and empowering dimensions. It is justified because servant leadership (Gocen & Sen, 2021) dimensions consist of openness (SL1), where the leader knows when something is wrong with his members’ work; orientation to problem-solving (SL3), where a leader helps his members if they have personal problems; freedom in work (SL5), where a leader gives freedom to his members in handling difficult situations. In turn, transformational leadership is represented by the following dimensions: idealized influence (TL1), where a leader can go beyond personal interests for the group’s good and considers moral and ethical consequences; inspirational motivation (TL2), where a leader speaks optimistically about the organization’s future; intellectual stimulation (TL3), where a leader constantly re-examines critical assumptions to question assumptions; individualized consideration (TL4), where a leader helps others to develop their strengths. Empowering leadership also plays an integral role in this combination. According to O’Donoghue and van der Werff (2022), empowering leadership dimensions consist of coaching (EL2), participative decision-making (EL3), and showing concern (EL4). So, in this case, a leader helps and educates his team members to become independent; he(she) uses information from his members; a leader is generally concerned for the welfare of his team members.
Meanwhile, employee job performance has two critical dimensions, namely: courtesy, adapted from Podsakoff and MacKenzie (1997), where employees feel happy to be able to influence others to go the extra mile for the betterment of the organization (EJP3) and to avoid potential problems with colleagues (EJP4); sportsmanship (EJP6), adapted from Lee and Allen (2002), where employees like to convey ideas to improve organizational functioning.

This study assists organizational managers in finding the soft competencies required for leaders who effectively manage employee performance during the new work period, including serving as a new reference for leadership science in human resources management. Cultural differences in certain organizations may be a limitation of this study. Therefore, further research can add organizational culture factors in other countries.

**CONCLUSION**

The study aims to analyze the impact of new leadership styles on employee performance and find the most effective in this post-COVID-19 era. This study provides evidence that employee job performance has two critical dimensions. First, courtesy is employees’ ability to influence others to go the extra mile for the betterment of the organization and avoid potential problems with coworkers. Second, sportsmanship is the willingness of employees to convey ideas to improve organizational functioning. The findings indicate that all three selected leadership styles have a positive and significant effect on employee job satisfaction in Indonesian automotive firms: servant (CR = 5.47), transformational (CR = 4.17) and empowering leadership (CR = 2.20) when CR values > 1.96. To achieve excellent employee job performance, this study also discovered a new effective leadership style in the post-COVID-19 pandemic, which is the new leadership style with nine dimensions, namely openness, orientation to problem-solving, freedom at work, inspirational motivation, intellectual stimulation, individualized consideration, coaching, participatory decision making, and showing concern. Therefore, organizational leaders during the new work period in Indonesia after the COVID-19 pandemic must adapt to the new leadership style approach to maintain and improve employee performance. Furthermore, the nine dimensions of leadership style are soft competencies that an effective leader should possess to face the challenges of changing organizational work patterns.

**AUTHOR CONTRIBUTIONS**

Conceptualization: Dewi Susita, Richard Surungan Hutajul.
Data curation: Immanoel Gunawan Hutajulu, Richard Surungan Hutajul.
Investigation: Dewi Susita, Busharmaidi Busharmaidi, Richard Surungan Hutajul.
Project administration: Immanoel Gunawan Hutajulu.
Supervision: Dewi Susita, Busharmaidi Busharmaidi.
Validation: Dewi Susita, Busharmaidi Busharmaidi.
Writing – original draft: Dewi Susita, Richard Surungan Hutajul.
Writing – review & editing: Dewi Susita, I. Ketut R. Sudiarditha, Busharmaidi Busharmaidi, Immanoel Gunawan Hutajulu, Richard Surungan Hutajul.
## REFERENCES


