

**EXAMINING THE ROLE OF POLITICAL SKILL IN
TRANSFORMATIONAL LEADERSHIP AND ORGANIZATIONAL
PERFORMANCE; EMPIRICAL STUDY FROM INDONESIA**

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Abstract

This study proposes to examine, the relationship between transformational leadership and organizational performance, through the role of political skill. Respondents were identified, by using saturated sampling technique, covering all top management level faculties, in Indonesian Universities. Partial least square (PLS) was used to analyze data and test the hypotheses. This study found that transformational leadership influenced political skill and organizational performance. In addition, political skill exercised positive and significant effect on the organizational performance. The result of mediation test justified that political skill mediated the relationship between transformational leadership and organizational performance. The findings would encourage leaders in higher education or other organizations to master the political skill necessary for transformational leadership and organizational performance.

Keywords: *Transformational leadership, political skill, organizational performance.*

JEL Code : *D23, O15*

Paper Received : *01-02-2020* **Revised :** *22-05-2020* **Accepted :** *29-05-2020*

1. Introduction

Organizational performance refers to the level of achievement of the organization, in one current period, usually reflected in the annual report (**Kreitner and Kinicki, 2003; Achmad Sani et al., 2018**). Performance is an action pattern, performed to accomplish a given target, based on the organizational standard. **Gibson, et al. (1996)** also noted that organizational performance depends on the leader of the organization. This indicates that the leader individually can affect organizational performance. The leader should take into account member's skill, career, commitment and motivation, to achieve the organizational goal. Higher members' performance higher the organizational performance (**Ali et al., 2019**). In a leadership context, performance always depends on leader and followers. They need each other, as complement to each other, to

create high organizational performance. In short, leadership is one of the key factors in organizational success.

Transformational leadership, affecting people by motivating and inspiring, was assumed by many scholars of leadership and organizational behavior, as a kind of leadership style that can effectively and efficiently increase organizational performance (**Cetin and Kinik, 2015**). In addition, **Bass (1985)** stated that transformational leadership has to begin with a vision that reflects organizational goals to be internalized by organizational members. Transformational leadership also should convince followers about organizational values, the importance of their work, and clear orientation to vision achievement by maintaining and developing an organizational commitment of the followers.

Understanding the characteristics of personality and traits of people in an organization is one of the tasks that should be undertaken by the leader, while making decision. Evolving issues, related to organizational human resource, demand a leader to be a master in negotiating, persuading, protecting and understanding people. A good leader can affect other people to act and support organizational program and target, vision and mission (Ewen et al., 2013). The skill of understanding people, according to Ferris (2005), is known as political skill. An effective leader in the organization, must have strong interpersonal influence, high social astuteness, networkability and skill to adapt to different condition, with apparent sincerity.

The role of political skill in the relationship between transformational leadership and organizational performance is crucial in the relation between leader and followers. This relationship has an important role when conceptually correlated to each dimension. While, transformational leadership is one of the forms of a conceptual pattern for leader-follower relation, political skill is soft-skill that helps leader in implementing organizational programs (Ferris, et al., 2005).

2. Review of Literature

Transformational leadership has been identified as leadership, that is concerned with to value changes in achievement, belief, attitude, behavior and follower demands, in order to get improvement in the future. A transformational leader is the agent of change, who transforms the whole organization and stakeholders, to achieve maximum performance (Bass and Avolio, 1994; Purwadita et al., 2018). Political skill is the most important ability for a leader and it has been examined by many scholars of organizational behavior. Gerald Ferris is one of them, who consistently examined in depth the

concept of political skill empirically (Ferris, et al., 2005). Ferris, et al. (2005) determined four dimensions of political skill, which included social astuteness, interpersonal influence, networking ability, and apparent sincerity. Social astuteness refers to individuals possessing political skill as astute observers of others and they are keenly attuned to diverse social situations. (Blickle et al., 2010). Interpersonal Influence is a second dimension that means politically skilled individuals have a subtle and convincing personal style, that exerts powerful influence, on those around them. (Ferris, et al., 2005). Further, networking refers to skill in developing and using diverse networks of people. (Ferris, et al., 2005). Apparent sincerity refers to politically skilled individuals, possessing high levels of integrity, authenticity, sincerity and genuineness. (Ferris, et al., 2005). transformational leadership behavior and leadership effectiveness, Ewen, et al. (2013) found political skill to be a predictor of both of them. A different result, however, was also found by Verdiguets (2008) who examined transformational leadership and job performance, mediated by political skill, self-monitoring, and social skill. The result was unexpected. While transformational leadership was positively correlated to job performance, political skill was not. There was no relationship between political skill and job performance and did not have any mediating role between transformational leadership and job performance. The concept of organizational performance is related to the survival and success of an organization (Parveen, 2020). One of the organizational goals is to maintain a competitive advantage and achieve a high performance. Thus, organizational performance is a reflection of the way by which tangible assets or intangible assets of the organization, are maximized, achieve its objectives (Robbins and Coulter, 2007; A. Sani et al., 2018).

3. Statement of the Problem

It is obviously recognized that organizational performance could be triggered by effective leadership. Previous studies have established that it can be a predictor, for the organizational performance. However, there is a lack of research regarding the relationship between transformational leadership, political skill and organizational performance. Therefore, this study aims to investigate the relationship between transformational leadership and political skill and organizational performance and finally, this study will examine the role of political skill, to find out whether it can be a mediator or not.

4. Need of Study

The finding of this study would possibly contribute essential inputs to government, higher education institutions, researchers, and practitioners, concerning the determinants, that boost the higher educational performance. Majority of studies have focused on manufactures rather than higher education institution.

5. Objective of the Study

The main purpose of this study was to investigate the relationship between transformational leadership, political skill and organizational performance, in higher education institutions in East Java, Indonesia. The analysis was performed by using Partial Least Square.

6. Hypotheses of the Study

The following hypotheses were formulated, to be tested in the study.

H-1: There is significant effect of transformational leadership on organizational performance

H-2: There is significant effect of transformational leadership on political skill.

H- 3: There is a significant effect of political skill on organizational performance.

H- 4: Political skill positively mediates the relationship between transformational leadership and organizational leadership.

7. Research Methodology

7.1 Sample Selection

The sample of this study consisted of all top management level leaders at Universities, including Rector and Vice Rector, Dean and Vice Dean, and other top management levels at faculties. Respondents were identified by using saturated sampling technique, and questionnaires were distributed directly to 150 respondents. Since 115 questionnaires were returned, 77% response rate level was reported. All items of each variable were measured on a five-point Likert scale.

7.2 Sources of Data

The primary data were collected from respondents, through questionnaires and the secondary data relied on the literature and empirical studies.

7.3 Period of the Study

This research was conducted over a period of six months, in different locations of higher education institutions in East Java, Indonesia.

7.4 Variable Measurements

Variables were measured by the Multifactor Leadership Questionnaire (MLQ), developed by **Bass dan Avolio (1994)**, for transformational leadership variable; Political Skill Inventory (PSI), with 18-items developed by **Ferris (2005)**, for political skill variable and financial and non-financial performance measurement, developed by Hirsch (**Pituringsih, 2011**), for organizational performance variable.

7.5 Tools Used for the Study

To analyze data and test the hypotheses, this research used partial least square (PLS).

8. Data Analysis

8.1 Validity and Reliability Tests

In the data analysis, convergent validity and discriminant validity for the instrument and reliability for the construct, were examined. For instrument validity analysis, the instrument was valid if the value of loading factor were to be more than 0.6 and the value of Average Variance Extracted (AVE) and commonality were to be more than 0.5, for all variables. The discriminant validity was calculated, by using cross-correlation with criteria as indicator and it was found to be valid in measuring the corresponding variable since the value of loading factor in corresponding variable was more than the correlation values of indicators on other variables (Chin, 1995; Ghozali, 2012). Further, for construct reliability, a construct or model was deemed reliable if the value of Cronbach alpha and composite reliability were to be more than 0.6 and 0.7 respectively (Chin, 1995).

According to the **Table-1**, the instrument for all items recorded more than standardized values and all items for transformational, political skill and organizational performance registered values of loading factor, above 0.6 and AVE and communality were above 0.5 (**Table-1**). Therefore, the instrument was declared valid, to measure each variable and construct, in explaining the relationship between indicators and variables. In addition, for discriminant validity, data analysis showed that all indicators, in one variable, have loading factor values more than cross-correlation values in other variables. This indicated that all indicators were declared able to measure corresponding latent variable. Further, for the construct reliability, the result fulfilled required values, with values of Cronbach

alpha being above 0.6 and composite reliability being above 0.7, for all variables (Table 1). Hence the construct was reliable.

8.2 Hypotheses Test

The next stage was the hypothesis test, to examine the causality of the dependent variable, and independent variable developed in the model. T-statistic was used to determine whether the hypothesis was significant or insignificant, and to be accepted or rejected. If the value of t-statistic was more than 96, the hypothesis could be accepted.

Table 2 shows the relation between X and Y, with beta coefficient value of 0.243 and t-statistic value of 3.850, while the correlation between transformational leadership (X) and political skill (Z) reported values of 0.598 and 4.537 for its beta coefficient and t-statistic. Therefore, **the hypotheses 1 and 2 were accepted.**

In addition, it was found that political skill (Z) and organizational performance (Y) correlation indicated a strong relationship, with 0.558 for the beta coefficient and 6.342 for its t-statistic as well as indirect correlation X-Z-Y, with positive and significant values 0.334 and 3.661 for its beta coefficient and t-statistics respectively. All the correlation values, from each variable, reported positive beta coefficient and t-statistic values at more than 1,960 and hence the relations of each variable was positive and significant. Therefore, it can be concluded that **the hypotheses 3 and 4 could be accepted**

9. Findings of the Study

This study found that all hypotheses were accepted. Transformational leadership did affect the organizational performance and political skill. In addition, political skill had not only reported a positive and significant influence on organizational performance but also mediated between transformational leadership and organizational performance.

10. Suggestions

The results suggested that organizational performance could be increased by effective transformational leadership and political skill. The findings also provided some essential insights. First, that political skill had exercised a significant effect on leadership and performance, as one of the determinants, especially in higher education institutions. Second, the findings revealed a significant factor to practitioners and higher education institutions, about particular features and characteristic for the leader in future.

11. Conclusion

The findings indicated that political skill did play a significant role in transformational leadership style and organizational performance. Hence strengthen the role of transformational leadership and political skill, for increasing the organizational performance. With higher transformational leadership characteristics, higher organizational performance could be enhanced. Higher the political skill of transformational leader, higher the organizational performance.

12. Limitations of the Study

This study suffered from a number of limitations such as using only two indicators for organizational performance, financial and non-financial performance. It should have considered taking other indicators, for more detailed and deeper understanding of higher education institutions' performance.

13. Scope for Further Research

Other performance indicators such as ranking criteria for top world universities, the 4ICU indicators, or other measurements, could be applied. The next study also could undertake other mediator variables, to provide a number of possibilities for organizational performance

in higher education institutions, such as organizational culture, motivation, employee commitment and workplace environment.

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Table-1: Results of Discriminant and Convergent Validity Test

	AVE	Composite Reliability	R Square	Cronbach's Alpha	Communality
X	0.506	0.935		0.925	0.506
X.1	0.606	0.822	0.82	0.674	0.606
X.2	0.599	0.857	0.843	0.777	0.599
X.3	0.579	0.805	0.866	0.635	0.579
X.4	0.613	0.864	0.847	0.789	0.613
Y	0.509	0.912	0.532	0.892	0.509
Y.1	0.651	0.848	0.712	0.73	0.651
Y.2	0.564	0.9	0.939	0.871	0.564
Z	0.51	0.949	0.358	0.943	0.51
Z.1	0.586	0.908	0.921	0.882	0.586
Z.2	0.61	0.862	0.694	0.786	0.61
Z.3	0.647	0.88	0.841	0.818	0.647
Z.4	0.723	0.886	0.719	0.807	0.723

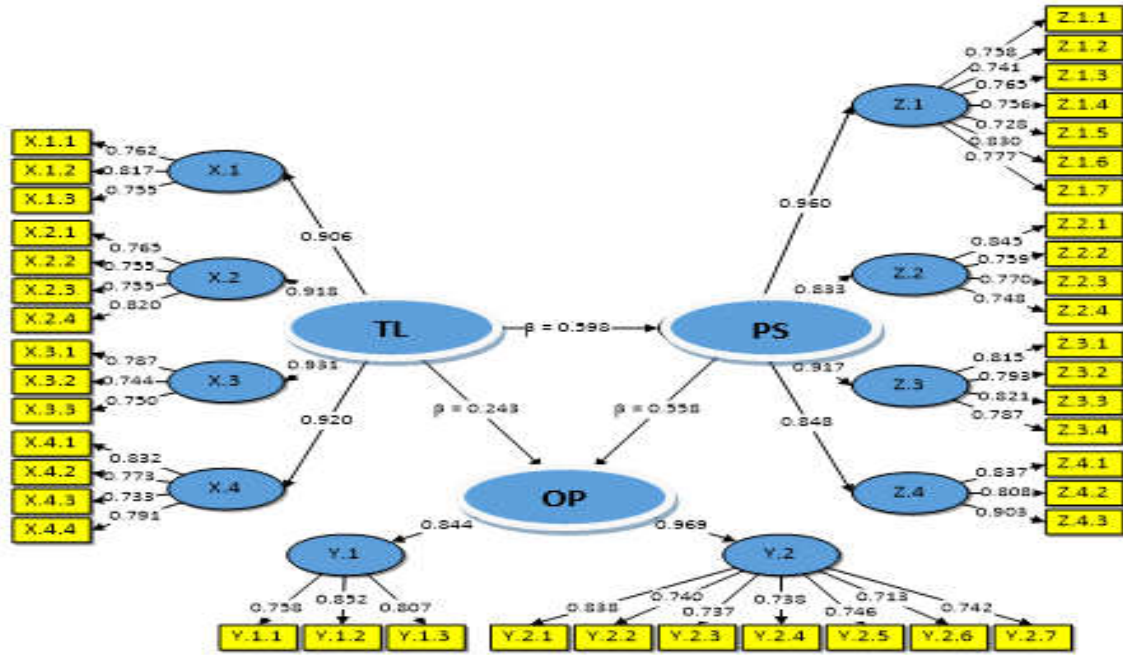
Source: PLS Analysis (2018)

Table-2: Results of Hypothesis Test

H	Variables	Coefficient	Std. Error	T-Statistic
1	X → Y	0.243	0.105	3.85
2	X → Z	0.598	0.131	4.537
3	Z → Y	0.558	0.087	6.342
4	X → Z → Y	0.334	0.091	3.661

Source: PLS Analysis (2018)

Figure-1: Results of PLS Analysis on Hypotheses Test (Path Diagram)



Source: PLS Analysis (2018)

TL : Transformational Leadership;

PS : Political Skill;

OP : Organizational Performance