The Effect of Servant Leadership and Breakthrough Leadership on Organization Performance with Employee Satisfaction as Intervening Variable at IDX-listed (Indonesia Stock Exchange) Coal Mining Companies in Indonesia

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ABSTRACT

Indonesia is the third largest coal producer in the world. Indonesia’s total coal production in 2018 is 528 million tons. Of this amount, 320 million tons are produced by coal mining companies listed on the Indonesia Stock Exchange. Among these coal mining companies, there are large performance gaps between each other, both in terms of financial performance and production achievement. Their performance is hypothesized to be influenced by leadership style. The purpose of this study was to analyze the influence of servant leadership and breakthrough leadership on organizational performance with employee satisfaction as an intervening variable in coal mining companies listed on the Indonesia Stock Exchange. Respondents from this study were 12 coal mining companies listed on the IDX in Indonesia. The type of research used is quantitative methods. The research respondents were 113 people in the position of supervisors to directors. Data were analyzed using the structural equation model (SEM - AMOS). The results showed that servant leadership did not have a positive impact on employee satisfaction but had a positive impact on organizational performance, while breakthrough leadership had a positive impact on employee satisfaction but did not have a positive impact on organizational performance. Employee satisfaction has a positive and significant impact on organizational performance but does not mediate organizational performance. Novelty from this research is about breakthrough leadership.

Keywords: Servant Leadership, Breakthrough Leadership, Employee Satisfaction, Organizational Performance

JEL Classifications: L1, L2

1. INTRODUCTION

The development of technology is so fast because it is a mining motor of economic activity in every country, especially in remote areas in developing countries (Syafarudin and Mulyana, 2019). At present the performance of coal mining companies in Indonesia still has to be improved if compared with other countries. The portrait of mining in Indonesia, especially the coal sector, has not provided an optimum contribution to the country and to the size of the people’s prosperity, so Resvani (2017) stated that the root problem lies in the gross domestic product (GDP) of the Mining Industry, State Revenues, employment, wages, development of human resource competencies, ecological development and linkage and multipliers. The performance or contribution of mining in Indonesia is not significant compared to other countries such as Australia, China, Peru or India, for example in Australia mining contribution to 2014 GDP Australian Government is 8.9%, Peru is 10%, Chile is 10%, while in Indonesia still at 3.64%. Indonesia is the third largest coal producer in the world. In 2018 it is a total of 528 million tons. Of these, 320 million tons are mined by coal mining companies listed on the Indonesia Stock Exchange. Among these coal mining companies, there are large performance gaps between each other, both in terms of financial performance and production achievement. Their performance is hypothesized to be influenced by leadership style.
Previous studies have also found that leadership is significantly related to organizational performance, as Arham (2014) states that servant leadership has a significant relationship to job performance. Muler et al. (2018) conveyed the results of his research that leadership behaviors served to improve organizational performance. Research conducted by Mitterer (2017) examined four leadership styles namely autocratic, paternalistic, servant and laissez-faire suggesting that the leadership style that is most suitable for the millennial generation is servant leadership. Mitterer (2017) presents the results of his research that serving leadership has an influence on job satisfaction.

Leadership competence which is a person’s competence, competence is described as the basic characteristics of a worker who uses the deepest part of his personality and can influence his behavior when he faces work and ultimately affects the ability to produce work performance in the organization. Competencies are skills, knowledge, talent, and other personal characteristics that produce superior performance. Competence is a characteristic that is owned by individuals and is used consistently to achieve desired performance. Another opinion says that competence is a level of performance that shows effective application of knowledge, skills and management (Hertati, 2015). Hertati (2016), states that the main competencies are knowledge and ability to carry out certain activities for organizational progress. The main competencies usually consist of a combination of technical expertise and application skills in designing organizations achieving excellence. In line with the above opinion, Hertati (2015) states that competence shows the knowledge and skills needed to carry out certain activities. Likewise, Syafarudin (2017) states that competence shows the knowledge, skills and abilities needed to carry out an activity for the progress of the organization. Furthermore, Syafarudin (2018) also defines competence as a collection of knowledge, skills, or abilities. Complementing the previous opinion, Hertati (2016) defines competence as knowledge, skills or behavior that is applied to produce better performance. A more in-depth explanation of competency has been put forward by experts Syafarudin and Mulyana (2019) who explain that competency is a basic characteristic of someone who allows him to provide superior performance in a particular job, role, or situation. According to Syafarudin and Sudiarditha (2018) competencies are divided into two main categories, namely threshold competencies and differentiating competencies. Threshold competencies include skills and knowledge, while differentiating competencies include social roles or adopted values, self-image, character and motives.

2. LITERATURE REVIEW

2.1. Servant Leadership (SRV)
Serving leadership, first coined by Robert K. Greenleaf in 1970. This idea is a theoretical framework that supports motivation and the main role of a leader to serve others. The concept in leadership theory is a simple, yet profound and powerful concept Hertati (2015). Servant leadership is defined by Greenleaf as a new type of leadership model, a model that places serving others as number one priority. Others, a holistic approach to work, promoting a sense of community and sharing power in decision making (Hertati, 2016). Albloshi, (2015) conveyed the dimension of servant leadership was service to others. Serving leadership begins when a leader takes the position of a servant in their interactions with followers. This leadership is identical not selfish but the desire to help others first. Motivation and the main purpose of servant leadership is to encourage the success of others, to help achieve the achievement of other people’s targets, then a common target or target organization can be achieved. Holistic Approach to Work Leaders use a holistic approach to achieve common goals. Promoting a sense of community (promoting a sense of community). Only by building a sense of community among followers, an organization can succeed in achieving its goals. Sharing of power in decision-making. Effective leadership is the best leadership, evidenced by the cultivation of leadership serving others (Hertati, 2016). By participating each other, empowering the environment, and encouraging followers’ talents, leaders who serve create a more effective, motivated workforce and eventually the organization will be more successful. the organizational structure resulting from service leadership is sometimes referred to as the reverse pyramid, with employees, clients, and other stakeholders at the top, and leaders at the bottom (Hertati, 2016).

The effect of serving leadership style on employee satisfaction. Research conducted by McCann et al. (2014) and Mehrmanesh, (2015), states that subscale employee satisfaction from intrinsic satisfaction, is influential even though not significantly with serving leadership, meaning that serving leadership must be combined with other factors to make employee satisfaction better. Mitterer (2017) conducted a research which stated that leadership serving had an effect on job satisfaction and desire to move. The consideration is the behavior of leaders who serve have humility, good communication, empowerment, and commitment to employee growth. This finding is supported by Sepahvand et al. (2015), where the results of his research state that there is a positive influence between serving leaders on employee satisfaction, therefore it is recommended that managers be better involved in their team. Leaders, who carry out leadership serve in relationships with their followers, not only contribute to their organization but also increase job satisfaction and reduce employee turnover, (Turgut et al., 2017).

Effect of serving leadership style on organizational performance. A study conducted by Koesmono (2014) states that servant leadership has a significant relationship to job performance. Servant leadership has a positive value and has a significant impact on organizational performance. The results show that service leadership behavior results in increased organizational performance (Muller et al., 2018). Albloshi (2015) who examined four leadership styles namely autocratic, paternalistic, servant and laissez-faire, suggested that the style best suited to the millennial generation was to serve. This study confirms that organizational performance is statistically dependent on the leadership style that serves. The servant leadership dimension used in this study is (Ali, 2016) service to others, holistic approach to work, promoting a sense of community and sharing of power in decision.

2.2. Breakthrough Leadership (BTR)
The American Management Association - AMA (2018) characterizes the breakthrough leadership style into 5 parts: The first is leading
people by giving examples and being directly involved, pe leading people, not companies. They realize that leading, motivating, and training is about people and not about an organization. Understanding what drives individual behavior is important, such as recognizing ways to motivate and inspire. Breakthrough leaders observe others and know that in the end, people want to live their own lives. Employees want to be empowered and inspired, but they want to travel alone. The power of breakthrough leadership does not come from position or authority, it comes from the authenticity and ability to connect with people, involve followers in organizational processes and involve their energy and emotions in organizational goals. Syafarudin and Mulyana (2019) states that violating leaders work to inspire and empower individuals, and that means being flexible enough to connect at various levels - even when the individual concerned rebels against authority.

The leader makes a breakthrough saying appropriate and congruent actions. They realize that you cannot lead from behind and have a clear understanding of what is going on in a narrow way to be effective, leaders must be in front of customers and employees Sepahvand (2015). Leaders who violate understanding different generations, cultures, and individuals and intrinsic desires, because they lead people, not processes or organizations. The second is to carry out the vision that he believes in. Breakthrough leaders know that vision does not exist in the distant future. Vision is where you come from every day. That’s how you think, and how you act. Living a vision means making deliberate efforts to reach the present goal and bring the future to the present. These leaders live in harmony with their vision. They think vision, act vision, and communicate vision. If the aim of a leader is to create an environmentally friendly company, the leader will do it immediately, even if it will take years to realize that vision. Office supplies, cleaning products, plants in the lobby, and even food served in the company’s canteen will reflect that vision. The leader’s personal choice, from his clothes to the car he drives, will symbolize his commitment to that vision.

The third always raises the standard. Syafarudin and Mulyana (2019) states that separating leaders set very high standards for themselves. They understand that they need to demand more than themselves than their followers. In a simple idea a good example. The offender leader believes that everything is possible because of that, he consistently tries to achieve the impossible (Bowen, 2004). A common mistake made by new leaders is to continue to operate at a level that brings it to its current position.

They consider that they are good enough, without realizing that this new promotion requires a totally new standard. This leads to general standards in “Business-like-Ordinary” mode without increasing their own standards. When a leader fails to improve his own standards, he lowers standards for the entire organization.

By showing that there is never a point where people can rely on someone’s victory, the breakthrough leader gives an example that sustainable growth is an important part of the company’s culture (Syafarudin and Mulyana 2019). The fourth is being able to lead, organize and guide, breakthrough leadership has three roles as leader, manager, and coach. They lead people, manage “goods” and practice performance. When leaders reduce that role to one, they do not fulfill their potential breakthrough. The role is mixed with nothing done maximally. For example, we have seen many executives placing each task on the “to do” list, operating as if they can manage each task. This type of leadership weakens the organization (Hertati, 2015). Does not require the skills of people to manage paper and projects (goods). However, it takes the skills of people to work with other people. They are different jobs. When a leader acts as a manager, he must work on timelines, projects, and deadlines instead of developing staff. People cannot be managed; they can be guided and inspired (Hertati, 2016).

They govern themselves. A leader manages tools, environment, and processes around people to help them succeed and empower staff by giving them tools.

When a leader works with his team and sees performance problems, his role at that time is to train (Arham, 2014). Again, this is a different function. This requires one-on-one attention, perhaps strengthening the vision, providing assistance in developing skills or ensuring employees are in line with the overall goals of the company. Great leaders understand the difference between leaders, managers, and coaches, and they hone their skills to be good to all three fifth is to create new leaders. Breakthrough leaders create more leaders, not followers. Syafarudin and Mulyana (2019) states that breakthrough companies need people at every level who can lead in line with the company’s vision. Creating leaders requires a number of openness and self-confidence from breakthrough leaders. Someone who feels threatened by the growth of the people who work for him will likely hinder this growth. What breakthrough leaders understand is that the success of an entire organization is a reflection of its leadership. Teams that produce outstanding performance, growth and innovation show that team leaders are extraordinary leaders.

Leadership psychology Australia, (2009) states in his research that the breakthrough leadership is clearly demonstrated by 6 behaviors, with the expectation that these behaviors will open potential followers as follows: First, show genuine interest in the development of everyone. The emphasis is on genuine interest. This means taking the time to build deeper professionals with each individual and do this personally. The second is listening to people and asking for their ideas. It shows respect for the person and the belief that they have something valuable to contribute and shows that the leader does not have all the answers and is ready to listen to other people’s thoughts and ideas. The third is acting on the advice of followers. You don’t have to follow up on all the suggestions that are received but enough to show people not only that the opinion is important, but also that they can influence the agenda. When people see the impact of their ideas about results, they have more significant ownership of the decisions taken. This is the first step on the road to empowerment where individuals gradually gain greater influence, accept greater accountability and provide better results. The fourth is building challenges for individuals and showing confidence in their ability to convey. To do this, you have to know everyone well. You need to know what challenges are right for everyone and to do this. You need to understand the harmony between business and personal goals and properly assess the learning abilities and talents of the person concerned. Fifth is support and training. When leaders provide support that places a safety net that can give individuals the courage to step “out of.
the branch” and foster then give them the development needed to master new skills. People will be more confident to try something new when they see the support available to them.

The sixth is giving feedback and recognition. Feedback and recognition are important elements in building relationships because they show the depth of attention a leader has. Over time they are a key element in building resilience and maintaining motivation. Active and constructive involvement with these leaders not only builds capacity but also contributes to building self-esteem in the individual concerned. Together, this behavior has a strong impact and can provide the necessary support to break down barriers to personal development. While behavior can be formed in an integrated manner, their action plan is only effective when delivered by the leader in an original, consistent, and personal manner.

Havard Business School Publishing 2015 states that more effective leaders are through breakthrough leaders. Breakaway Leadership provides a new perspective. Such leaders get more consideration of ideas to help develop their followers and improve the mentoring process (Muller, 2016). The network produced by breakthrough leaders is very valuable Sepahvand, (2016). Leadership breakthroughs have helped prioritize workloads, be more comfortable in delegating tasks, maintain a big picture in mind and constraints on work barriers can be anticipated so that tasks can focus (Syafarudin, 2016). Applying science learning to technology states that leading breakthroughs must master the digital age, we always do many things that we are now doing with technology (Syafarudin, 2016). Various explanations of several theories regarding the leaders of the American Management Association-AMA (2018) and Harvard Business School Publishing (2012) also from Australia’s leadership psychology, (2009). The dimensions of this study used are the American Management Association-AMA (2018), namely: The Frt leads people by giving examples and being directly involved (examples). The second is to carry out a vision that he believes is strong (visionary). The third is that breakthrough leaders always improve standards. The fourth leads, organizes, and guides, the fifth is creating new leaders (regeneration).

2.3. Employee Satisfaction (ES)
Experts provide a definition of job satisfaction/employees by emphasizing on different points of view according to their respective views, most of which viewpoints are all complementary so that more clearly visible dimensions of job satisfaction/employee satisfaction. Ebrahimi, et al. (2016). said that employee satisfaction is the level of pleasant feelings obtained from the assessment of one’s duties or work experience, in other words employee satisfaction is how employees feel about their work and what they think. Bowen, et al. (2004) provide a definition that job satisfaction is a positive feeling about work as a result of evaluation of its characteristics. Work requires interaction with the environment with various conditions, some of which are pleasant and unpleasant. Whereas Bobko, et al. (1995) see that job satisfaction is an evaluation of one’s work, then the work context is the characteristics of his work, environment and emotional experience in the perceived work, Bonn (2004) state that indirectly Job satisfaction is not a single concept, as people can be satisfied with one aspect but there are also those who are dissatisfied with one aspect. From the various views of experts, it can be concluded that essentially job satisfaction is the level of one’s pleasure as a positive assessment of his work and the environment in which the employee works.

The dimension of employee satisfaction according to Calquitt et al. (2011) are pay satisfaction, promotion satisfaction, coworker satisfaction, satisfaction with the work itself, altruism, status and environment. While how to measure it/the indicators respectively, according to Calquitt, et al. (2011): Value fulfillment, satisfaction with the work itself (meaningfulness of work, responsibility of outcomes and knowledge of result) Ali, (2016) provide a view of the way used to improve job satisfaction/employees is need fulfillment, discrepancies value attainment, equity and dispositional/genetic component. Resvani, (2017) state that job satisfaction can be known through careful observation and interpretation of what is said and what people do while doing their work, the dimensions used in this study are Kreitner and Kinicki (2010) namely need fulfillment, discrepancies value attainment, equity and dispositional/genetic component.

2.4. Organizational Performance (OP)
Organizational performance is the ability to obtain and process human financial and physical resources properly to achieve organizational goals. Organizational performance is the result of an organization so that it is measured based on its goals and objectives (Arham, 2014). In the general definition organizational performance is defined as the product of interactions between various departments and sectors in the organization, including financial and non-financial dimensions (Ibrahim and Primiana, 2015). The fiscal scale is generally based on financial report data (Hertati, 2015).

This criterion is more tangible at income level, profit growth rate, return on equity, return on sales, and return on assets, the definition of organizational performance is relatively complicated for non-profit organizations (Wibowo, 2016) stated that indicators non-financial consists of: First, satisfaction of users or beneficiaries with a program or service; second, increasing the number of exploitation users, and third, the quality of programs and public services; and finally the effectiveness and implementation of public services and programs can be achieved. Ibrahim and Primiana (2015), state non-financial indicators including service quality, service user satisfaction, supplier satisfaction, voluntary activities, and program effectiveness Researchers have shown that sustainable organizational performance is rooted in the exploitation of existing capacity and examination of new opportunities.

Hertati, (2016), and Schwarz et al., (2016), state that organizational performance will measure organizational financial productivity and implementation of business processes in organizations. The following are the indicators presented in measuring organizational performance in their research:
1. Our organization achieves productivity that is higher than productivity performance over the past 3 years.
2. Our organization is more profitable than profit performance over the past 3 years.
3. Our organization achieves higher ROI than ROI performance over the past 3 years.
4. Our organization achieves higher sales/performance than the last 3 years.
5. Our organization is better than other organizations in terms of information and communication.
6. Our organization is better than others in reducing labor costs and numbers.
7. Our organization is better than other public organizations in bringing complex analytical methods to be processed in the task.
8. Our organization is better than public organizations in bringing detailed information to process tasks.

Performance theory was first stated by Resvani, (2017), which was interpreted as the act of performing or presenting drama, concerts, or other forms of entertainment, or in an intended English dictionary: The act or process of carrying out or completing an action, task, or function. And continuous performance from one task to another thereby reducing human work towards mechanization. The comprehensive leadership contingency model was first developed by Fred Fiedler, in which Fiedler’s contingency model states that the performance of a group is strongly influenced by the suitability of leadership style and the amount of control and supervision of different situations. The Baldrige Excellence Awards (United States) in Colin Talbot 2010 said that leadership greatly influences organizational performance. Wahab et al. (2016) states that the dimensions of organizational performance are the effectiveness of quality service organizations and prologues. Hertati, (2015) state that organizational performance indicators are:
1. Company members obtain valuable sales knowledge and useful ideas.
2. Open new markets and product/service opportunities for companies.
3. Achieve important cost efficiency for the company.
4. Much lower costs for the company
5. The level of awareness of other companies’ products.
6. The level of sales and use of customers from other company products.

Syafarudin (2019), said that organizational performance is measured based on growth in the number of sales. Sales growth is considered an important performance result for economic growth.

3. CONCEPTUAL FRAMEWORK

3.1. Framework Study
The conceptual framework of this study is presented in Figure 1.

3.2. Hyphotesis
By referring to the conceptual framework above, the author formulates that:
H₁: Does servant leadership have an influence on employee satisfaction?
H₂: Does breakthrough leadership have an influence on employee satisfaction?
H₃: Does servant leadership have an influence on Organizational Performance?
H₄: Does breakthrough leadership have an influence on organizational performance?
H₅: Does employee satisfaction have an influence on organizational performance?
H₆: Does employee satisfaction mediate servant leadership towards organizational performance?
H₇: Does employee motivation mediate breakthrough leadership towards organizational performance?

4. RESEARCH METHODS
This research is quantitative by using data that will be taken directly from respondents who work in coal mines in Indonesia as well
as using secondary data from the company’s annual performance report. The number of sampling in this study refers to the opinion of Hair et al. (2014), where According the number of samples is at least 5 times the number of indicators. With this reference, the number of indicators from the 4 variables that the authors examined included 20 indicators, so that the sampling respondents that could be taken were $20 \times 5$ indicators, 113 respondent. The respondents of this study are 12 IDX-listed coal mining companies in Indonesia. The data were analyzed using structural equation model - analysis of moment structures.

5. RESULTS AND DISCUSSION

5.1. Goodness of Fit Model

The compatibility test of the structural model in SEM analysis was carried out by looking at several goodness of fit model criteria such as Chi-square, probability, df, GFI, AGFI, TLI, CFI, RMSEA and RMR. The estimation results of the structural model are the results of goodness of fit test the model can be seen in the figure. The Figure 2 is a complete structure of variables and indicators that are used in this research. After analyzing the data, we obtain a structure that has a goodness of fit Meeting the SEM AMOS prerequisites is as follows: The model above has a probability above 0.05 ($P = 0.146$), RMSEA is 0.02 (specifications: 0.02-0.08) thus, the model has been used to test the hypothesis in this study.

The model above has a probability above 0.05 ($P = 0.056$), RMSEA is 0.05 (specifications: 0.02-0.08) thus, the model has been used to test the hypothesis in this study.

5.2. Significant Test

Significant test requirements are if $P < 0.05$ then has a significant effect, and the value of $CR > 1.96$ then has an influence.

Result of significant test based on the result structure equation model (SEM) analysis in the Table 1, some result are obtained as follows:

a. There is an influence of servant leadership on employee satisfaction à not accepted ($H_1$).

b. There is an influence of breakthrough leadership on employee satisfaction à accepted ($H_2$).

c. There is an influence of servant leadership on organizational performance à accepted ($H_3$).

d. There is an influence of breakthrough leadership on organizational performance à not accepted ($H_4$).

Table 1: Result of significant test for regression weight

<table>
<thead>
<tr>
<th>Correlation variable</th>
<th>Estimate</th>
<th>SE</th>
<th>CR</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servant to employee satisfaction</td>
<td>-0.057</td>
<td>0.409</td>
<td>-1.40</td>
<td>0.889</td>
</tr>
<tr>
<td>Breakthrough to employee satisfaction</td>
<td>0.549</td>
<td>0.367</td>
<td>1.495</td>
<td>0.135</td>
</tr>
<tr>
<td>Servant leadership to organizational performance</td>
<td>0.537</td>
<td>0.323</td>
<td>1.666</td>
<td>0.96</td>
</tr>
<tr>
<td>Breakthrough to organizational performance</td>
<td>-0.059</td>
<td>0.295</td>
<td>-0.201</td>
<td>0.840</td>
</tr>
<tr>
<td>Employee satisfaction to organizational performance</td>
<td>0.241</td>
<td>0.104</td>
<td>2.303</td>
<td>0.021</td>
</tr>
</tbody>
</table>

5.3. Sobel Test

In this study, the employee motivation variable as an intervening variable, to test whether the employee motivation variable can mediate the effect of exogenous variables on the organization performance, so the Sobel test can be conducted (Table 2).

The hypothesis used in the Sobel test are as follows:

$H_0$: Employee motivation can mediate the effect of transformational leadership and breakthrough leadership on organizational performance.

$H_1$: Employee motivation cannot mediate the effect of transformational leadership and breakthrough leadership on organizational performance.

- If $P < 0.05$ be accepted.
- If $P > 0.05$ be rejected.

5.4. Result of Sobel Test

a. There is an influence of servant leadership on organizational performance à not accepted ($H_5$).
b. There is an effect of breakthrough leadership on organizational performance through employee satisfaction (H2).

6. CONCLUSIONS

The rapid change in the work environment and technology, the type of leader currently presumed to not be able to provide organizational improvements quickly, so this prompted researchers to present an aggressive type of Breakthrough Leadership and be able to improve quickly and produce high efficiency, with reference for the American Management Association-AMA (2018), Harvard Business School Publishing (2012) and Australian Leadership Psychology (2018), and the dimensions used in this study are the American Management Association-AMA (2018), with five dimensions of role models, visionary, always has a high standard of work, is able to lead, organize and guide and is able to regenerate quickly.

The results showed that servant leadership did not have a positive impact on employee satisfaction but had a positive impact on organizational performance, and then the breakthrough leadership had a positive impact on employee satisfaction but did not have a positive impact on organizational performance. Employee satisfaction has a positive and significant impact on organizational performance but does not mediate organizational performance. The novelty of this research is about breakthrough leadership.

REFERENCES


