

## Research Article

# The Influence of Situational Leadership on Organizational Performance Through Organizational Change in the Hospitality Industry in Southern Kalimantan

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**Abstract.**

This study aims to investigate the influence of situational leadership, organizational change, and organizational performance in the hospitality industry. A quantitative method is used to analyse data from a total population of 222 three- and four-star hotel management professionals in South Kalimantan Province. The data collection method was a census, to ensure the adequacy of the unit of analysis. The data analysis technique uses SEM Amos to jointly analyze the influence of situational leadership and organizational change on performance. The results of this study were that empirically, leadership's ability to give orders to hotel employees is the most decisive attitude in situational leadership, especially in terms of supervising its members in the settlement process. Moreover, readiness to change as a belief and attitude that must be carried out has the highest contribution value in organizational change. From an organizational performance organizational performance, at star hotels in South Kalimantan, the most decisive indicator is positive feedback from hotel guests regarding the product or service experience used. Organizational change is able to mediate the influence of situational leadership on organizational performance.

**Keywords:** situational leadership, organizational change, hotels performance

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## 1. Introduction

Tourism is a globalization phenomenon that requires organizations to continue to develop. One part of tourism is the hotel industry. Hotels have a strategic role so they need to always be dynamic and use the right strategy to develop their organization in order to win in competition. One of the efforts made is empowering human resources to meet the expectations of the company and its workers [1,2].

Leaders are very responsible for the organization they lead, which plays an important role in how to manage employees who are experiencing confusion and fear which is feared to disrupt employee performance. Situational leadership style is a leadership



style that considers the level of readiness of the subordinates faced and the uniqueness of each situation. This leadership style is flexible so that it can adapt the style to the level of subordinates [3,4]. The influence of leadership style on employee performance has been revealed by several research results [5,6].

Human resource empowerment (Empowering of Human Resources or Empowering Resources) is a very important, key and strategic aspect of management. Human resources must be able to play a role in translating the role of other resources into a management structure that is the goal of the organization. Human resource empowerment is defined as a concept that refers to efforts to foster a person's desire to actualize themselves, carry out upward mobility and provide psychological experiences that make a person empowered [7]. Empowerment requires expanding roles, authority and power and increasing flexibility in how these roles are carried out [8].

Organizational change is a process carried out so that organizational conditions can be better [9]. Organizational changes are carried out when the organization is experiencing a crisis. Organizational changes can be seen from downsizing, pruning, decentralization and structural methods [10,11]. Organizations should be managed to experience continuous change and the most effective effort to succeed in implementing change is to create it [12].

The organization related to this research is the hotel industry. During the COVID-19 pandemic, hotel industry occupancy in South Kalimantan experienced a significant decline which can be seen in the average occupancy rate of star hotel rooms. The growth in the occupancy rate of five-star hotel rooms in the 2017-2021 period is very fluctuating, if we look closely, before the Covid-19 pandemic (2017-2018) there was an increase of 7.13%, compared to when Covid-19 (2019-2020) there was a continuous decline of -6.67%, and in 2020 it became -11.84%, and began to increase in the new normal era (2021) by 3.33%.

Previous research has not conducted research on human resource empowerment and situational leadership which jointly influence organizational change and organizational performance. The organizational change variable is placed as an intervening or mediating variable which is in the middle between the independent variables human resource empowerment and situational leadership and the dependent variable performance. Theoretically, it influences the relationship between the independent and dependent variables to become an indirect relationship.

## 2. Literature Review

### 2.1. Organizational performance

Performance is generally divided into two, namely organizational performance and individual performance. Organizational performance is a combination of individual performance and group performance. Meanwhile, individual performance is the result of workers' work seen in terms of quantity and quality based on predetermined work standards [13-15]. Organizational performance is the ability of an organization to achieve its goals by using resources effectively and efficiently [16]. Organizations are essentially run by humans, so performance appraisal is actually an assessment of human behavior in fulfilling their roles in the organization.

Performance measurement is the process of assessing work progress towards achieving predetermined goals and objectives, this includes: information on the efficiency of using resources to produce goods and services, comparison of work results with targets, quality of goods and services, and effectiveness of activities to achieve goals [17,18]. Performance measurement can be done in various ways. This includes using two dimensions, namely objective performance and subjective performance. Objective performance is related to finance or comes from marketing, for example: market share, profitability and sales level. Meanwhile, subjective performance is related to customers and employees such as employee job satisfaction, consumer satisfaction, and service quality [19].

### 2.2. Organizational change

Change is important for organizations to face unstable conditions in order to continue to survive. Changes in the external and internal environment must be faced quickly, meaning changes in the organization must be followed by the speed of change itself, otherwise it will remain behind and have an impact on organizational performance [20,21].

Continuous and slow change is increasingly inadequate. Therefore it is necessary for a broader and more significant strategy to implement organizational change, namely by adapting to the speed of change that is occurring outside the organization [22]. Change is something that requires sacrifice and courage, because there are parties who are for and against this change. Change requires leaders who are able to break old traditions

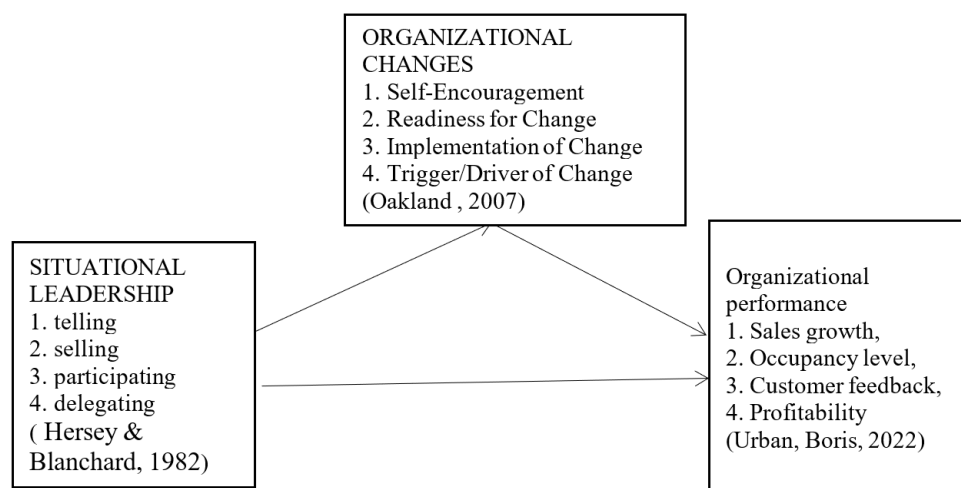
and create change, even these leaders can die in their struggle [23-27], which can be seen in the case of the death of former Japanese prime minister Shinzo Abe, who was known as a leader who promoted economic change known as “Abenomics”; although considered successful during his first term of office, his success began to be questioned when Japan experienced a recession in 2020. This change caused several parties who did not like his policies, so it was suspected that this disappointment was the reason for his firing.

This research uses indicators of organizational change from [28-30], which consist of: readiness to face change, implementation of change, trigger for change, and self-motivation to change. Research using this indicator has also been carried out [11] which resulted in descriptive statistics of organizational change being rated as good (high) from the results of questionnaires filled out by respondents. However, there are differences in the order of assessment in the level of positivity of the four indicators.

### 2.3. Situational leadership

The model predicts that leaders who have a task motivation orientation are more successful than leaders who have a relationship orientation, or that motivation will be successful in high and low control situations. Meanwhile, in moderate control situations, relationship-oriented leaders are more effective than task-oriented ones [31]. A leader is born with a “competitive” style in situations of high group performance and a “non-competitive” style in situations of low group performance [4]. The leadership style for each maturity level includes an appropriate mix of task (descriptive) behavior and relationship (supportive) behavior [31]. “Telling” is for a low level of maturity. People who are unable and reluctant (R1) to do something lack the skills and confidence. “Selling” is for low to medium maturity levels. People who are unable but willing (R2) to accept responsibility for carrying out tasks, are confident to carry out tasks but do not have the skills. “Participate” is for medium to high maturity levels. People with this level of maturity have expertise but are reluctant, they are reluctant to accept responsibility because they are unsure and do not feel safe in accepting responsibility. “Delegating” is the level for high levels of maturity. People at this maturity level have the skills and will, so they are confident to accept responsibility. Because they are psychologically mature so there is no need for two-way communication, this type of behavior is above average. This style consists of low relationship and task behavior [4].

Based on the development of the basic model for improving organizational performance mentioned above, this research is limited to improving organizational performance that comes from empowering human resources, situational leadership, and organizational change. Referring to the basic theoretical model described above, and reviewing the results of research conducted by several experts, a research model framework was developed. The conceptual framework proposed in this research is as follows (Figure 1):



**Figure 1:** Research conceptual framework model.

## 2.4. Hypothesis

Based on the problem formulations stated above, and based on the conceptual framework developed, the hypothesis formulation proposed in the research is as follows:

H1: Situational leadership has a positive and significant effect on organizational performance.

H2: Situational leadership has a positive and significant influence on organizational change

H3: Organizational change has a positive and significant effect on organizational performance.

H4: Situational leadership has a positive and significant effect on organizational performance through organizational change.

### 3. Methods

The design of this research is descriptive explanatory research with causality through hypothesis testing to analyze the influence of human resource empowerment, situational leadership and organizational change as exogenous variables, their influence on endogenous variables, namely organizational performance.

The population of this study were leaders (managers) of star hotels in South Kalimantan. Managers were chosen as the unit of analysis in this research, because this research measures organizational performance, which is based on managers' perceptions. Based on BPS information, the number of three and four star hotels in 2020 was 37 (three stars = 24, four stars = 13). The population consists of manager level hotel leaders who have manager positions in three and four star hotels in Banjarmasin. From each hotel, 6 people are taken who have manager positions, the total population is  $37 \times 6 = 222$ . The samples required for Structural Equation Modeling (SEM) testing require a number between 100 and 200 [33], so to fulfill this, an appropriate technique for determining and number of samples is determined, namely using the census method. So the number of samples is the entire research population, namely 222. The data analysis technique used is Structural Equation Modeling (SEM) using the AMOS 20 software program.

### 4. Results

Construct model evaluation is used to investigate the level of support of research indicators with the measured latent variables. In the structural equation model built there are five latent variables and twenty-one research indicators. To determine the factor loading value of research indicators for each latent variable in structural modeling, the AMOS program is used. The results of the factor loading values for each latent variable are presented in Table 1.

Results of evaluation of situational leadership loading factors. Situational leadership is reflected by four indicators, namely the Telling indicator: (the ability to tell members what they have to do), Selling: (the ability to provide ideas to members), Participating: (The ability to participate with members) and the Delegating indicator: (the ability delegate tasks to members). Based on the loading factor values in Table 1, it shows that the telling indicator, namely the leader's ability to provide ideas to subordinates, has a loading factor value that is greater than other indicators. This shows that the telling indicator is superior in reflecting the latent variable of situational leadership.

TABLE 1: Research indicator loading factor value.

Latent Variable	Indicator	Loading Factor	Prob.	Result
Situational Leadership (X2)	Telling (X21)	<b>0.910</b>	0,000	Valid
	Selling (X22)	0.880	0,000	Valid
	Participating (X23)	0.896	0,000	Valid
	delegating (X24)	0.868	0,000	Valid
Organizational Change (Y1)	Self-encouragement (Y11)	0.705	0,000	Valid
	Readiness for change (Y12)	<b>0.756</b>	0,000	Valid
	Implementation of changes (Y13)	0.737	0,000	Valid
	Drivers of change (Y14)	0.734	0,000	Valid
Hotel Performance (Y2)	Sales growth (Y21)	0.785	0,000	Valid
	Occupancy rate (Y22)	0.857	0,000	Valid
	Customer feedback (Y23)	<b>0.896</b>	0,000	Valid
	Profitability (Y24)	0.845	0,000	Valid

Organizational change is reflected by four indicators consisting of indicators of self-encouragement to change, readiness for change, implementation of change and indicators of triggers/motivators for change. Based on the loading factor values in Table 1, it shows that the change readiness indicator has a greater loading factor value than other indicators. This shows that the change readiness indicator is superior in reflecting the latent variable of organizational change.

Hotel performance in this research is reflected by four indicators consisting of sales growth indicators, occupancy rates, feedback from customers, and profitability indicators. Based on the loading factor values in Table 1, it shows that the customer feedback indicator has a loading factor value that is greater than other indicators. This shows that feedback indicators from customers are superior in reflecting the latent variable of hotel performance.

#### 4.1. Structural equation model test results

The results of SEM assumption testing prove that there are no multicollinearity problems, outliers and the data is normally distributed. The observation data has met the requirements to be tested on the structural equation model built by researchers with

the help of the AMOS (Analysis Moment of Structure) program. The overall modeling test results appear in Figure 2.

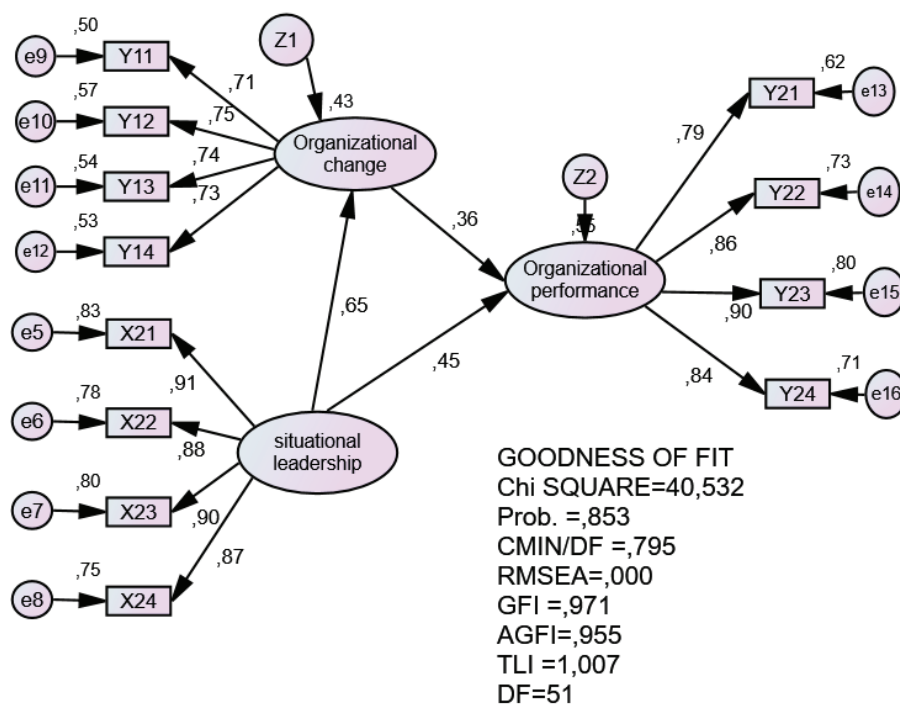


Figure 2: Structural equation modeling.

Acceptance criteria for structural equation models are carried out by comparing the size of the recommended cut-off values. The evaluation results show that the absolute criterion measures, namely the Chi-Square and Probability values, are in accordance with the recommended ones, namely the Chi-Square calculated value (83.694) < Chi-Square table (243.20) with a probability level of 19.9% greater than 5%. Meanwhile, the incremental criteria measures such as RMSEA, GFI and TLI have met the recommended cut-off values. In this way, the structural equation model that is built is acceptable and can then be used to analyze the influence between research variables and prove the research hypothesis.

#### 4.2. Hypothesis testing

The results of testing the first research hypothesis are in Table 2.

The coefficient value of the influence of the situational leadership variable on hotel performance is shown at 0.417 with a probability level of 0.000. This test shows that situational leadership has a significant effect on hotel performance. Thus, the third



TABLE 2: Third hypothesis testing results.

Exogenous Variable	Endogenous Variable	Standardized Coefficient	Prob.	Result
Situational Leadership	Hotel Performance	0,417	0,000	significant
Situational Leadership	Organizational Change	0,527	0,000	significant
Organizational Change	Hotel Performance	0,294	0,000	significant

hypothesis proposed, namely that situational leadership has a significant effect on hotel performance, can be proven.

The coefficient value of the influence of situational leadership variables on hotel performance is shown at 0.527 with a probability level of 0.000. This test shows that situational leadership has a significant effect on organizational change. Thus, the third hypothesis proposed, namely that situational leadership has a significant effect on organizational change, can be proven.

The third hypothesis is that organizational change has a significant effect on organizational performance. The results of testing the third research hypothesis show that the coefficient value of the influence of organizational change variables on hotel performance is shown at 0.294 with a probability level of 0.000. This test shows that organizational changes have a significant effect on hotel performance. Thus, the fifth hypothesis proposed, namely that organizational change has a significant effect on hotel performance, can be proven.

The fourth hypothesis, situational leadership has a positive and significant effect on organizational performance through organizational change. The results of testing the third research hypothesis are in Table 3.

TABLE 3: Fourth hypothesis testing results.

Exogenous Variable	Mediating Variable	Endogenous Variable	Direct effect	Total effect	Result
Situational Leadership	-	Performance	0,417	-	-
Situational Leadership	Organizational Change	Performance	-	0,572	0,136 < 0,188

The direct influence of the situational leadership variable on hotel performance has a standardized coefficient value of 0.417. Compared with the total influence of empowerment variables on organizational performance through organizational changes, the standardized coefficient value is 0.572. The comparison results showed that the total

effect was greater than the direct effect (Table 3). Thus, the seventh research hypothesis, namely that situational leadership influences hotel performance through organizational change, can be proven or accepted.

## 5. Discussion

This research succeeded in proving that situational leadership influences organizational performance. This means that the increasing quality of situational leadership as a leadership model with a style that focuses on followers to measure employee readiness and maturity can stimulate organizational performance to achieve organizational goals effectively and efficiently by using their abilities professionally. These findings support the results of research [31,34,35]. Situational leadership as a leadership model that focuses on followers to measure employee readiness and maturity can influence sales volume growth from year to year or over time.

This research succeeded in proving that situational leadership influences organizational change. This means that the more professional situational leadership is as a leadership model with a style that focuses on followers to measure employee readiness and maturity, the more it can stimulate complex positive organizational change and various organizational typology differences, as well as various organizational functional variations. Situational leadership as a leadership model with a style that focuses on followers to measure the readiness and maturity of hotel employees can influence positive change to do something to achieve better change. Apart from that, it can influence readiness for change as beliefs and attitudes that must be carried out.

This research succeeded in proving that organizational change influences organizational performance. This means that the increasingly rapid positive changes in organizations that are complex and various different organizational typologies can stimulate company performance to achieve company goals effectively and efficiently by using their abilities professionally. Positive changes to do something to achieve better change can stimulate company performance to achieve company goals effectively and efficiently by using their abilities professionally. Readiness for change as a belief and attitude that must be implemented can grow company performance to achieve company goals effectively and efficiently by using their abilities professionally.

Situational leadership as a leadership model with a style that focuses on followers to measure employee readiness and maturity can influence company performance to

achieve company goals effectively and efficiently by using their abilities professionally if through encouraging complex positive organizational change and various different organizational typologies, as well as various functional variations of the organization.

## 6. Conclusion

Situational leadership is empirically formed by the ability to give orders, provide ideas, participate actively, and delegate to employees. The leader's ability to give orders to hotel employees has the highest contribution value, especially in terms of supervising members in the process of completing tasks. Organizational change in star hotels is empirically shaped by self-motivation, readiness for change, implementation of change, and triggers or drivers. Readiness for change as a belief and attitude that must be implemented has the highest contribution value, especially in terms of readiness to adapt to organizational strategy and readiness for a mature change plan. Organizational performance in hotels is empirically shaped by sales growth, occupancy rates, customer feedback, profitability. Positive feedback from hotel guests regarding their experience with the product or service used has the highest contribution value, especially in terms of the hotel's accuracy in responding to guest complaints.

Situational leadership influences organizational performance, meaning that the more quality situational leadership that focuses on providing direction to employees and maturity can create organizational performance to achieve effectiveness and efficiency in sales growth. Situational leadership influences organizational performance through organizational change, meaning that the higher the quality of situational leadership which focuses on providing direction and employee maturity which is supported by the organization's readiness to face change, the more hotel performance can be improved.

## 7. Suggestion

As material for developing knowledge, this study can provide a deeper understanding of situational leadership theory in different needs and situations in the hotel industry, and to increase knowledge of human resource management science. The research results show that situational leadership has a higher influence on organizational performance through organizational change which can be used as a consideration for the hotel industry to improve organizational performance. The results of this research can be a reference for other researchers who are interested in studying and using variables

related to performance, human resource empowerment, situational leadership, and organizational change in industries other than hotels.

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