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International Journal of Public Leadership: Volume 16 Issue 4

Category:

Industry and Public Sector Management

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The hospital management responses in implementing transformational leadership style in Dr. Zainoel Abidin Regional Public Hospital

Implementing transformational leadership style

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Received 27 May 2019
Revised 19 September 2019
9 December 2019
4 February 2020
21 February 2020
12 June 2020
3 July 2020
Accepted 4 July 2020

Abstract

Purpose – This study aims to determine hospital management responses in implementing transformational leadership style, organizational commitment, budget business plan, work motivation, uniqueness of resources, and hospital performance.

Design/methodology/approach – The method used in this research is a quantitative research method with a deductive mindset approach. The population in this research is all organizational units under the Regional Public Hospital Dr. Zainoel Abidin with its observation unit. The obtained data will be processed by using inferential statistics, namely Structural Equation Modelling (SEM) by using Smart Partial Least Square (Smart PLS) software.

Findings – The overall results of the performance appraisal using the Balanced Scorecard approach seen from the financial, internal business, customer, and training and learning perspectives are right. Regional public Hospital Dr. Zainoel Abidin has provided excellent services, and the performance of its departments has generated the expected outcome and is realized by the hospital.

Originality/value – This research contains some innovation. First, the predictor variables used are transformational leadership, organizational commitment, budget business plans and the implementation of unique resources. Second, the response variable used is a performance in the service industry associated with hospital outpatient units (especially organizational units) and inpatient classes of public hospital hospitals. Third, the research location is at Dr. Hospital. Zainoel Abidin, Indonesia. The combination of the three originalities has never been done in previous studies. The object of research to be examined is hospital management, especially the management of outpatient and inpatient units in hospitals. So far, only employees in business units and educational institutions have been studied, and it only has been partially examined variables that affect leadership, resources, and organizational commitment.

Keywords Transformational leadership, Organizational commitment, Budget business plan, Uniqueness of resources, Hospital performance

Paper type Research paper

1. Background

Hospital is one of the sophisticated health care facilities with more comprehensive functions concerning promotion, preventive, curative and rehabilitative functions by bringing services to the community. Hospital has its characteristics influenced by the development of health science, technological advances and the socioeconomic life of the city. It must be able to keep improving services that are more qualified and affordable for the community to realize the highest degree of health.



In general, hospitals are functioned to serve the community and to provide health facilities for the community instead of just gaining profit. There are many activities in its organization, which held by the parties from various professions such as doctors, medical professionals, administrative employees, service officers and several other businesses. Hospitals are always required to provide services that are appropriate to the needs and desires of patients or prospective patients. Provided health services should be better in quality, faster in handling patients, relatively cheap and useful prices.

Government hospitals consisting of central and regional government hospitals are established based on the management of the Public Service Agency by the laws and regulations (UU No.44 of 2009 regarding Hospital). These hospitals are engaged in the public sector by providing health services. The current income of hospital operation depends heavily on the government subsidy. Therefore, the hospital is expected to be able to manage the existing resources for its operational sustainability. Hospital management cannot be just a social unit but also a socio-economic unit, having social responsibility, but applying economic principles in its financial management.

Proper management of resources is expected to make optimal hospital performance. The change in paradigm makes the hospital responsible for its performance optimally, both services and financial returns, by paying attention to continuous working standards and improvement of quality. The effort to balance the measurement of commercial with non-financial performance aspects produces Balanced Scorecard, which was first developed by [Kaplan and Norton \(1996\)](#). By applying the Balanced Scorecard method, managers of the company will be able to measure how their business units create current value creation while considering future interests.

Balanced Scorecard measures organizational performance through four perspectives, namely: learning and growth, internal business processes, customer and financial. The Learning perspective and growth of the measures used are the capabilities of the worker (employee job satisfaction, turnover and employee productivity), information system capability, motivation, empowerment and alignment (empowering). Growth and learning perspectives will affect the internal business processes, measures used in this perspective are innovation, process and after-sale service. The view of business processes will affect consumer performance measured by market share, customer satisfaction, customer retention and acquisition. In the end, the

Three performance perspectives will lead to financial performance, which can be measured from liquidity, solvency, profitability and performance ([Kaplan and Norton, 1996](#)).

Hospitals as an organization engaging in the health service industry can be measured its performance by using Balanced Scorecard, including financial, learning, customer and service performances. Financial performance can be measured through economic, efficiency and effectiveness ratios. Customer performance is measured through a patient satisfaction survey. Learning performance can be measured through employee satisfaction surveys and employee training. Service performance can be measured from the number of visits by polyclinics and inpatient numbers BOR, ALOS, BTO, TOI, NDR, GDR ([Wijono, 1999](#)).

Regional public Hospital, Dr. Zainoel Abidin from now on, referred to as Regional public Hospital Dr. Zainoel Abidin is a local hospital owned by the Aceh Provincial Government. According to the Qanun of Aceh Province No. 10 of 2003, it is explained that Regional public Hospital Dr. Zainoel Abidin has the duties and functions of providing comprehensive and affordable health services to all levels of the Aceh Province community; providing excellent and quality health services to the community, providing referral services from health centers, educating health professionals who provide public health counseling to provide comprehensive and thorough health recovery services.

According to Regulation of the Governor of Aceh No 12 of 2012, Regional public Hospital Dr. Zainoel Abidin was given the full status of the Financial Management Pattern of the

Regional Public Service Agency (PPK-BLUD). Hence, the hospital has the full authority to develop a Budget Business Plan. Since 2013 until now, hospital management has compiled an RBA based on the plan for income and financing from each work unit in the hospital environment.

There is an overview of hospital employees who have the opportunity to attend education and training. The opportunity is in the form of functional knowledge and training, as well as technical education and training funded by the hospital. Employees who get the chance to attend school and preparation are less than 50% per year on average, meaning that they have not fully reached the target above 50% per year according to the goal of the hospital. The achievement gap ranging just under 50% per year is not a small number if calculated from the employees of Regional public Hospital Dr. Zainoel Abidin, who need education and training every year. The reason is that the number of employees and employee qualifications tend to increase.

The condition of the hospital performance problems, as described in the information data above, allegedly due to weak hospital management. One of the main principles in managing an organization is management's ability to move people to do their jobs. In this case, two principles need to be considered, namely: the law of effectiveness, which involves doing the right things, and the law of efficiency that consists of doing something right. Both of these principles will determine the success of the organization in achieving its goals and growth.

Organizational experts and practitioners fully understand the importance of determinant (antecedent) that can bring excellent performance in the organization, including hospital organization. Previous studies found that several precursors are essential for the creation of an optimal organizational performance. Also, leadership, employee organizational commitment, implementation of the budget business plan and implementation of the uniqueness of resources are the four most important factors for creating an excellent performance in an organization.

The first antecedent that influences organizational performance is leadership. Leadership is the ability to influence people or groups towards achieving a goal. In the current very dynamic world, the organization requires leaders who are capable of challenging the status quo to create future visions as well as inspiring the members of the organization to have the desire to achieve those visions (Robbins, 2001). Probably, not even a single person can deny the importance of leadership for the success of an organization.

Although the hospital management has made transformative efforts such as the above description, according to the employees of the work unit based on the preliminary survey shows the majority of the leaders of the hospital work unit did not socialize the hospital's vision and mission. The leaders of the work unit did give enough clues to the employees at work. From 37 unit leaders, it is found that the majority of the respondents amounted to 25 (67.57%) tend to blame the less harmonious communication between subordinates and superiors. Aides think that their superiors are rarely communicated informally with subordinates and only communicate formally related to work. Thus, it is not uncommon for miscommunication between the two parties. Meanwhile, the superior considers informal communication with subordinates can cause bias in the performance appraisal of subordinates, which is part of his responsibility. Superior thinks that formal relationship at work with assistants is enough.

By considering those facts, the hospital requires a leader who is capable of carrying out organizational transformation and value systems as well as the courage to face regulators. Hence, the hospital can operate professionally with a healthy competition with hospital industry services that are increasingly tight. Paternalistic leadership should be abandoned to realize more professional collaboration between work units oriented to social, business, and customer satisfaction. Therefore, a transformational leadership style is very much needed in hospitals.

The second antecedent that influences hospital performance is employee organizational commitment. It is a work attitude directly related to employee participation, the desire to stick out in the organization, performance (Silverthorne, 2004). According to Allen and Meyer (in Luthans, 2002), organizational commitment has several components of organizational commitment, namely: affective, normative and continuance.

First, affective commitment is derived from the emotional attachment of employees to the organization. Thus, employees who have strong affective commitment will identify themselves by being actively involved in the organization and enjoying their membership in the organization.

Second, normative commitment is related to the employees' feelings about the need to stay in the organization. Therefore, employees who have a high normative responsibility will survive in the organization because they feel that they ought to. Third, continuance commitment is related to the commission based on the employees' perception of the loss that will be obtained if the employees do not do their work in the organization. Therefore, employees who have a strong rational commitment will survive in the organization because they need to.

It is suspected that Regional public Hospital Dr. Zainoel Abidin tends to be not optimal in carrying out organizational commitment. Based on the pre-survey observation and interview on 37 work units, it is found that 18 (48.65%) by assessing the experience of symptoms of lack of commitment of the employees at work. The subordinates see the leadership style of superiors in work units in increasing organizational responsibilities of employees tend to make them less motivated to serve the organization. Employees convey that the commitment of a superior toward the organization depends on the maturity of each excellent itself, not only by the motivation given by the superior.

The occurrence of this employee's organizational commitment problem has affected the employee's productive behavior. A previous study found evidence that leadership style affects organizational commitment. This is seen in the survey conducted by Sumantoro (2012), it is known that superior leadership with transformational style has a significant effect on organizational commitment in instructor institutions in the province DKI Jakarta. The more transformative the excellent leadership is, the stronger the organizational commitment will be. This can be interpreted that transformative supervisor leadership fosters organizational engagement within the employee (inside out), not based on force (outside-in).

The third *antecedent* suspected of influencing hospital performance is the implementation of a budget business plan in the organization. Hospital as an organizational unit that can run effective and efficient organization operations requires a budget business plan from their work units. Therefore, a good budget planning process for hospital operations requires a budget business plan. This planning process consists of two main activities, namely the preparation plan by leader and budgeting by related parties (Ulbert, 1989).

A budget plan can be considered as good when the policy is followed up practically into an operational program that is economical–equity – quality-oriented. This means that the hospital is managed effectively and efficiently, serving all levels of society by providing quality services. The hospital is required to be able to provide satisfying and professional services at competitive prices. Hence, the strategy and performance of the hospital must be oriented towards the desires of the customer (patient) (Trisnantoro, 2005).

The results of the preliminary observation at the Regional public Hospital Dr. Zainoel Abidin through interviews with several employees in the work unit simply to show that there is a problem with the preparation of a budget business plan. In their opinion, it was stated that hospital management leaders tended to be less effective in socializing the benefits of the implementation of RBA in-service units. From 37 work units interviewed, the majority of employees amounted to 26 work units (70.27%) said that they tended not to understand the preparation and implementation of RBA in-service units. The informants tended not to know

how to plan work programs and activities. They managed to be less understanding in estimating income, funding plans and realization of revenue and financing. Also, the evaluation of the implementation of RBA from each service unit tended not to be well understood.

It should be following the Aceh Governatorial Regulation No 12 of 2012 regarding the full status of BLUD for Regional Public Hospital Dr. Zainoel Abidin. Therefore, the hospital work unit has full authority to prepare a Business Budget Plan (RBA) from revenue sources in-hospital services. Since 2013, the hospital management is suspected of having issues in making RBA in each work unit of the hospital. The problem is in the form of leaders of the work unit that do not understand how to estimate income, lack of understanding in arranging financing plan and realization of revenue and financing and lack of integrity in evaluating the budget implementation

The results of the research by [Baiman and Evans \(1983\)](#) concluded that participatory budgeting could provide possibilities for employers to gain access to useful knowledge possessed by subordinates. It can be that superior transformational leadership can give direction to the assistants to arrange a budget business plan perspective to be effective.

The fourth antecedent that influences hospital performance is a factor in implementing the uniqueness of resources. The uniqueness of resources that can be used as a source of competitive advantage is superior resources, expertise in Human Resources (HR) and excellent control ([Cravens and Piercy, 2009](#)). The opinion from [Wheelen and Hunger \(2002\)](#) stated that to which hospital's resources are strengths or weaknesses can be done by comparing those resources with previously owned resources. Resources owned by the leading competitor and the entire industry.

The head of Regional Public Hospital, Dr. Zainoel Abidin, tends to have not explored the uniqueness of existing resources, which can be realized as a source of the creation of unique services. This hospital is a Class A referral hospital with the employees of over 1700 people from various professions. From a total of 210 specialist doctors in the hospital, 85 people (40.4%) specialist doctors come from the Medical Faculty of Syiah Kuala University, and this requires management of its human resource management. Hospital also has various kinds of health care facilities in the form of a magnificent building and strategic location. Besides, it has sophisticated medical equipment following the standards of class A referral hospitals. This is in desperate need of effective and efficient management.

Based on preliminary research through observation and interview with the leaders of 37 work units, it was found that 15 (40.54%) respondents considered that hospital management leaders tended not to explore the uniqueness of resources, which was manifested as a source of superior service creation. Subordinates considered that hospital leaders did not examine the specificity of resources to improve hospital performance.

The results of previous studies from the study by [Soebiandono \(2012\)](#) found evidence that there was an influence of the uniqueness of resources on positional advantage through partnership strategy and competitive strategy and partially all pathways have a significant impact. This means that the effect of the variable uniqueness of resources on company performance is significant both through partnership and competitive strategies. In which the uniqueness of resources through partnership strategy has a more significant influence. The uniqueness of resources that collaborate with partners and competitive strategy is an essential factor that must be considered in formulating company performance.

The number of tasks and responsibilities given to employees causes the results achieved to be less than the maximum because employees only have little time to complete many tasks. Not yet carried out the job description that has been made optimally by the hospital employees will have an impact on the results of the performance evaluation as evaluation material for hospital management. Efforts should be made to motivate employees to be able to carry out their duties properly according to the detailed job description. If this is not done, it

will have an impact on decreasing the quality of work and the declining quality of health services which so far has been quite good. Motivating efforts are made to improve employee work performance by their respective duties.

Based on the starting point from some of the results of previous studies as outlined above, it can be concluded that leadership, organizational commitment, budget business plan, uniqueness of resources are antecedents of organizational performance. On the other hand, organizational commitment, budget business plan, and the uniqueness of resources are antecedents of leadership. Until now, there have been very few (almost none) studies that integrate organizational commitment, the specificity of resources, and budget business plans as antecedents of transformational leadership. At the same time, looking at how organizational commitment, budget business plan, and the uniqueness of resources are being the part of antecedents of hospital organization performance.

Based on the starting point from some of the results of previous studies, it is necessary to do further research on transformational leadership, organizational commitment, budget business plan, uniqueness of resources and hospital organization performance. This research is summarized in one study, "Effects of Transformational Leadership on Organizational Commitment, Budget Business Plan and Uniqueness of Resources as Intervening Variables and Its Implications for Hospital Performance" (A Service Industry Study in Regional public Hospital Dr. Zainoel Abidin).

The formulation of the research problem is based on the problem in the performance of a hospital where it is suspected that the hospital leadership has not been effective in implementing a transformational leadership style. It is considered that the organizational commitment of employees in the work unit tends to be less effective. The implementation of a budget business plan tends to be less than optimal. Besides, the application of the uniqueness of resources tend to be less optimal, where the need to empower the uniqueness of resources. Those are tangible assets in the form of buildings and medical facilities, and intangible assets aspect: maintenance of reputation in the way of increased trust from the public.

This study aims to determine hospital management responses in implementing transformational leadership style, organizational commitment, budget business plan, uniqueness of resources and hospital performance and knowing the effect of transformational leadership style on organizational commitment, budget business plan, and the uniqueness of resources as intervening variables and their implications for the performance of Regional Public Hospital Dr. Zainoel Abidin.

2. Theoretical foundation

As a concept widely studied, the leadership of superiors, as referred to in this study, has various definitions. According to [Hersey and Blanchard \(1993\)](#), leadership is a broader concept than management, in which control is seen as a particular type of leadership to achieve organizational goals.

[Bohn \(2002\)](#) states that leadership is a way of creating a clear vision, filling subordinates with self-confidence built through coordination and communication of something detailed.

[Daft and Marcic \(2008\)](#) define leadership as the ability to influence people towards the achievement of organizational goals. Influence means relationships between people are not passive, and control is designed to achieve goals. [Robbins and Judge](#) describe leadership as the ability to influence a group toward achieving a vision or set of goals. According to [Greenberg and Baron \(2000\)](#), leadership is a process used by someone to control group members towards the achievement of group goals.

Overall, the theoretical foundation used is the relationship between variables based on the research or opinions of the experts mentioned above that can be explained starting from the grand theory concerning the strategic management and hospital management using the approach of [Hitt A Michael: Ireland et al. \(2008\); Hill et al. \(2009\)](#).

Middle range theory explains:

Transformational leadership style using [Berson and Avolio \(2004\)](#); and others. Organizational commitment using [Armstrong's theory \(2006\)](#); [Daft and Marcic \(2008\)](#); [Silverthorne \(2004\)](#); [Tsai and Huang \(2008\)](#); [Luthans \(2002\)](#); [Gareth \(2001\)](#). Budget business plans using the theory of [Blocher *et al.* \(1999\)](#); [Hilton \(2008\)](#); [Anthony *et al.* \(2007\)](#); [Mardiasmo and MBA \(2002\)](#); Minister of Home Affairs Regulation Number 61 of 2007; article 71 dd 83; Aceh Governor Regulation No 12 of 2012 concerning Full BLUD Status. The uniqueness of resources using [Barney's \(1991\) theory](#); [Cokins \(2004\)](#); [Ireland *et al.* \(2008\)](#); [Porter \(2008\)](#); [Grant's \(1991\)](#); [Mata *et al.* \(1995\)](#). Organizational performance using the theory of [Wheelen and Hunger \(2002\)](#); [Rivai and Fawzi Mohd Basri, 2005](#); [Hersey and Blanchard \(1993\)](#); [Kaplan *et al.* \(1996\)](#). Work motivation using [Mudayana \(2013\)](#).

Applied Theory discusses (1) organizational management responses in implementing transformational leadership, organizational commitment, budget business plan, uniqueness of resources and hospital performance, (2) knowing and considering the influence of transformational leadership style on organizational commitment, budget business plan and the uniqueness of resources as intervening variables and their implications for the performance of hospital organization.

[Figure 1](#) below illustrates the theoretical foundation of this research, they are:

The conceptual framework of this research illustrates the connection and relationship between variables. The following model in [Figure 2](#) is created. This model is established from existing theories and several related studies. Based on the frame of reference and theoretical foundation used, the framework of the research concept/paradigm can be described as follows:

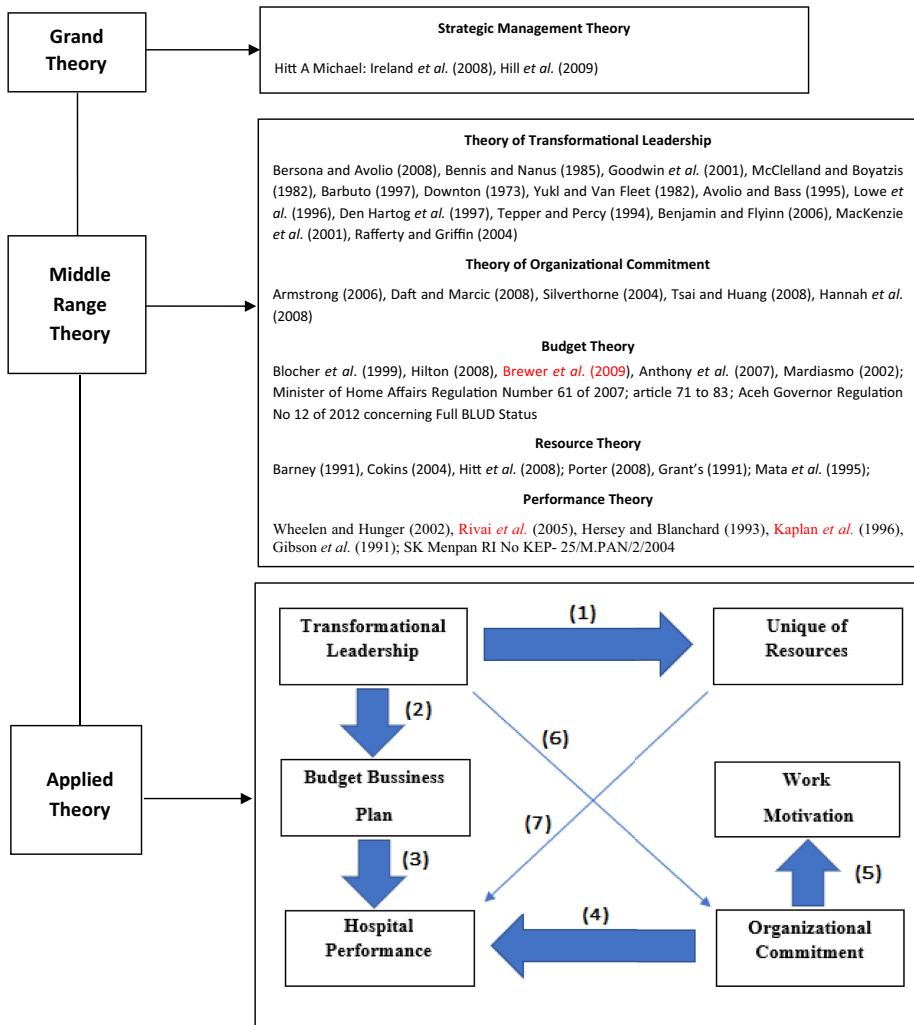
3. Research methods

The study was quantitative research with a deductive approach. Data were collected using questionnaires and were analyzed using inferential statistics of the Structural Equation Model (SEM) using SmartPLS software. The study took place at the Regional Public Hospital Dr. Zainoel Abidin Banda Aceh, located on Jl. Tgk H. M. Daud Beureueh 108 Banda Aceh.

Here is the description of the respondents involved in the study. As many as 17.8% of the respondents were male, and the rest 82.2% were female; these data also confirmed that the hospital had more female employees than male ones. As many as 14.9% of respondents were 30 years old or less, 2.9% were 31–35 years old, 26.7% were 36–40 years old, 24.2% were 41–45 years old, 20.2% were 46–50 years old, and the rest 10.9% were 50 years old or more. Thus, it can be concluded that the average age of employees in the hospital was 36–40 years old.

Of the respondents, 66% were married, 22.2% were unmarried, 11.1% were widows, while the rest 0.7% were widowers. As many as 6.7% of the respondents graduated Senior High School, 50.7% held a Diploma III Degree, 9.1% held a Diploma IV Degree, 26.9% held a Sarjana Degree or graduated S1, and the rest 6.7% held a Post-Graduate Degree. Thus, it can be concluded that the employees were mostly married and held a Diploma III Degree.

The population in this research is all organizational units under the Regional Public Hospital Dr. Zainoel Abidin with its observation unit. They are employees who work in each of the outpatient and inpatient organizational units. The sample of this study is the target population, namely the outpatient unit and inpatient unit of the Regional Public Hospital Dr. Zainoel Abidin is totaling 38 organizational units consisting of 16 outpatient units and 22 inpatient units. The sampling method in this study is Purposive sampling, with the consideration of sampling criteria as follows (1) Respondent are led by the head of the unit which has the authority to manage employees; (2) the unit produces income that can be measured and calculated; (3) the group can be measured through variables, dimensions and



Applied Theory:

- (1) Bass and Riggio (2006), Kawatra and Krishnan (2004)
- (2) Baiman (2011), Rafferty and Griffin (2004)
- (3) Nouri and Parker (2013), Ireland *et al.* (2008)
- (4) Soebiandono, (2012), Babatunde and Adebisi (2012)
- (5) Mudayana (2013)
- (6) Gardner *et al.* (2005), Bennis and Nanus (1985)
- (7) Hill *et al.* (2009), Soebiandono (2012)

Figure 1.
Related variable in research

indicators of the studied research. Based on data from Regional Public Hospital Dr. Zainoel Abidin, there are 757 employees in 38 organizational units. However, only 484 people are eligible as respondents. The consideration criteria for taking employees as respondents used as observation units are (1) Civil servants and contract employees who are active and creative

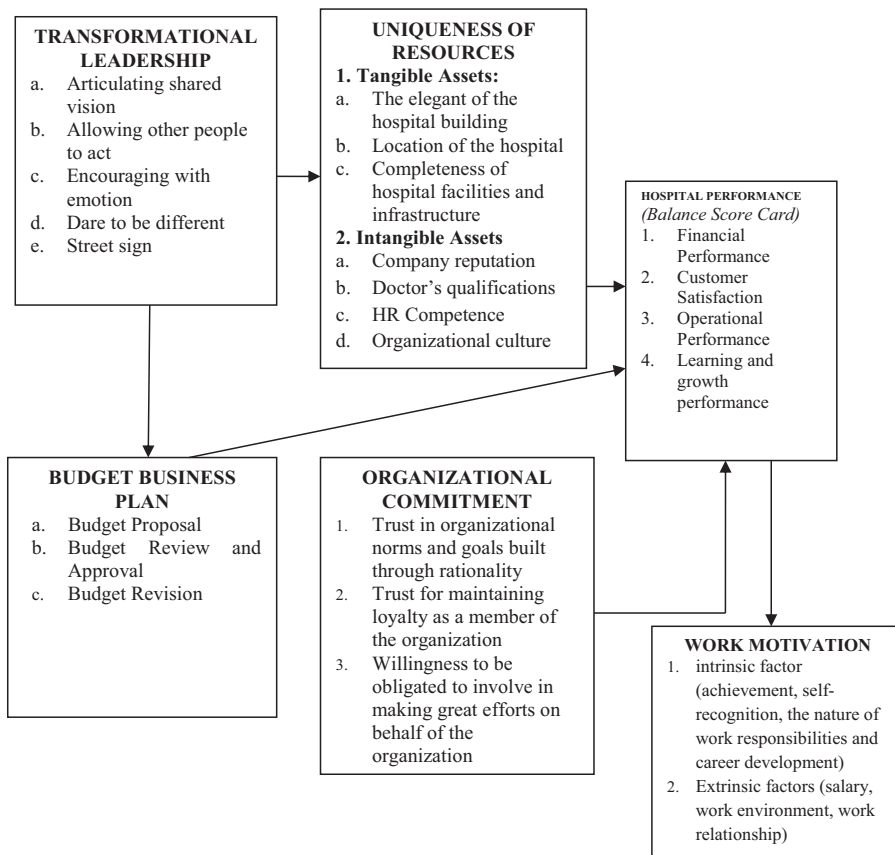


Figure 2.
Research conceptual
framework

in advancing work units; (2) Having the work experience in work units of more than three years and (3) Actively involved in every decision made at work units. The head of the work unit is not included as a respondent.

Descriptive analysis of performance measurement uses a Balanced scorecard approach through 4 (four) perspectives. They are financial perspective, internal business perspective, customer perspective and learning and growth perspective. Data sources of hospital performance are obtained from secondary data. They are from the annual report data on the hospital performance of 2014 and 2015.

The research hypotheses are formulated with the following statements:

- (1) There is an influence of transformational leadership on organizational commitment in the hospital.
- (2) There is an influence of transformational leadership on the implementation of budget business plans in the hospital.
- (3) There is an influence of transformational leadership on the implementation of the uniqueness of resources in the hospital.
- (4) There is an influence of organizational commitment on hospital performance.

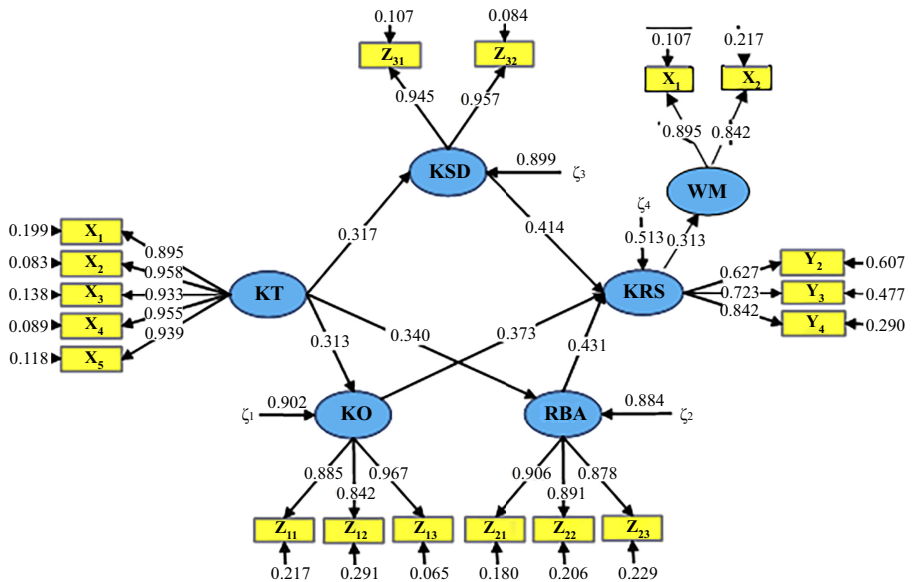


Figure 3.
Full model path
diagram

- (5) There is the influence of the implementation of the budget business plan on hospital performance.
- (6) There is an influence on the implementation of the uniqueness of resources on hospital performance.
- (7) There is an influence of work motivation on hospital performance.

The analysis in which its data can be calculated for quantitative interpretation includes performance measurement based on the balanced Scorecard expressed by the total score. This method is used to determine the weight of each indicator on the four balanced scorecard perspectives. Performance measurement with a higher score indicates that the measure is more appropriate and can be used as a recommendation for measurement tools that can be applied in the hospital in the future.

Quantitative analysis (verification) is emphasized to reveal the behavior of research variables. This analysis is used to answer the second to seventh problem formulations. Using this analysis, the obtained data will be processed by using inferential statistics, namely Structural Equation Modelling (SEM) by using Smart Partial Least Square (Smart PLS) software. This is a structural equation model (SEM) based on variance or component.

4. Analysis result

4.1 An overview of performance data based on the balanced scorecard

Determining the results of performance measurement with the Balanced Scorecard approach is possible to do by analyzing the data that can be calculated by measuring the performance of each perspective. After being processed, then the data was given a weighting score, whether the performance of all aspects of the company is "good/satisfactory/less than satisfactory." The information in Table 1 below illustrates the overall score for each sub-variable of hospital performance by using balanced scorecard measurement.

Variable	Sub-variable and score	Mean score hospital performance variable	Descriptive conclusion
Hospital performance Through	1. Economic ratio (Score 1)		Hospital performance based on the <i>balanced Scorecard</i>
	2. Efficiency ratio (Score 0.45)		
	3. Number of visits (Score 1)		Measurement is good
	4. Patient satisfaction (Score 0.95)		
	5. Employee satisfaction (Score 0.79)		
	6. Employee satisfaction (Score 0.79)		
	7. Employee training (Score 0.87)		

Table 1.
Descriptive analysis of hospital performance through the balanced scorecard approach in regional public hospital Dr. Zainoel Abidin

Source(s): Processing result of the hospital's data (2016)

In line with the information in [Table 1](#), it is known that the total results of performance score weight in Regional Public Hospital Dr. Zainoel Abidin. After obtaining the average score, the next step was to make a scale to assess the total score, so that the performance of Regional Public Hospital Dr. Zainoel Abidin can be said to be "less than satisfactory," "satisfactory," and "good." By using that scale, the performance of Regional Public Hospital Dr. Zainoel Abidin is knowable. Therefore, the results of the overall performance measurement in Regional Public Hospital Dr. Zainoel Abidin is excellent, with a total score of 0.80. It means the performance of the category is excellent when measured by the approach of Balanced Scorecard.

[Table 2](#) gives an overview of performance in outpatient and hospitalization work units based on the performance measurement with a Balanced Scorecard approach

The information in [Table 2](#) above illustrates that the majority of the outpatient work units in Regional Public Hospital Dr. Zainoel Abidin, based on the performance measurement result with the balanced scorecard approach, is overall good by obtaining an average score meaning that the performance of outpatient work units is excellent.

[Table 3](#) gives an illustration that the majority hospitalization service work unit in Dr. Zainoel Abidin, based on the results of performance measurement with the balanced scorecard approach, meaning that the performance of the hospitalization service work unit is in the same category. However, there are two work units, i.e., ICU and PICU getting a total score of balanced scorecard performance. It means the return of ICU and PICU in Regional Public Hospital Dr. Zainoel Abidin was reasonably good.

4.2 Verificative analysis (hypothesis testing)

The objectives of this research were to examine the effect of transformational leadership on organizational commitment, budget business plans and to test the impact of organizational commitment, budget business plans and the uniqueness of resources on the performance of the hospital. Furthermore, the author will conduct a series of hypothesis testing relevant to the research objectives. Because there are too few units of analysis (38 organizations), then the data is processed using structural equation modeling with an alternative method of partial least square using software Smart PLS 2.0. In the structural equation modeling, there are two types of models formed, namely measurement models and structural models.

No.	Service unit	Performance score of balanced scorecard
1	Surgical polyclinic	0.86
2	Internal and endocrine polyclinic	0.86
3	Midwifery polyclinic (Lactation & PKBRs)	0.86
4	Children's polyclinic	0.86
5	Nerve Polyclinic	0.86
6	Heart polyclinic	0.86
7	Eye polyclinic	0.86
8	ENT Polyclinic	0.86
9	Lung polyclinic	0.86
10	Skin and sex polyclinic	0.86
11	Diagnostic polyclinic	0.86
12	VCT polyclinic, domestic violence and life	0.71
13	Endoscopic polyclinic	0.86
14	Anesthesiology polyclinic	0.86
15	Emergency room	0.86
16	Dental and oral polyclinic	0.86
	The average performance of hospital <i>balanced scorecard</i>	0.80

Source(s): Data processing result of hospital (2016)

Table 2.

Overview of hospital performance with the balanced scorecard approach in outpatient work units

No.	Service unit	Balanced scorecard score
1	Cardiac surgery room	0.71
2	Combined patient care room	0.86
3	Eye patient care room/ENT	0.86
4	Nursing room for thalassemia patients	0.71
5	Pre-hospitalized patient care room	0.86
6	Nursing room for maternity patients	0.86
7	Nursing room for children patients	0.86
8	Female patient surgical room	0.57
9	Male patient surgical room	0.86
10	Nerve patient care room (Neurology)	0.86
11	Room for care for heart and lung patients	0.86
12	Male internal medicine room	0.86
13	Women's internal medicine room	0.86
14	Chemotherapy nursing room	0.86
15	ICU	0.43
16	ICCU	0.86
17	HCU	0.86
18	RHCU	0.86
19	PICU	0.43
20	NICU	0.86
21	Patient care room VIP service	0.86
22	Surgical room (COT)	0.86
	The average Performance of hospital <i>balanced scorecard</i>	0.80

Source(s): Hospital data processing result (2016)

Table 3.

Overview of hospital performance with the balanced scorecard approach in inpatient units

This study contained five latent variables with 17 manifest variables. Transformational leadership variables consist of five manifest variables, organizational commitment variables consist of three manifest variables, budget business plan variables consist of three manifest variables, resource uniqueness variables consist of two manifest variables, and hospital performance variables consist of 4 manifest variables. The calculation results using

SmartPLS obtained full model path diagram as follows: (abbreviation not: KT = Transformational Leadership, KO= Organizational Commitment, RBA = Business, and Budget Plan, KSD= Resources Uniqueness; and KRS = Hospital Performance).

After completing a measurement model test, the hypothesis is then tested through a structural model.

4.2.1 *Structural model testing (inner model)*. The hypothesis to be tested in this study is the effect of transformational leadership on the organizational commitment, business and budget plan, and the resources' uniqueness and their impact on hospital performance. The hypothesis was tested using the *t*-test with a critical value of 1.96. The following Table 4 provides information about the results of structural model testing.

According to the information in Table 4, explains that through the coefficient of determination (R^2) can be seen that transformational leadership has an effect of 9.8% on organizational commitment. Transformational leadership has an influence of 11.6% on business and budget plans. Transformational leadership has an impact of 10.1% on the uniqueness of resources. Then the organizational commitment, budget business plan, and the uniqueness of resources simultaneously have an effect of 48.7% on performance.

The Influence of Transformational Leadership on Organizational Commitment. According to the information in Table 4 above, t_{count} value of the supervisor leadership path towards organizational commitment is 1.292 with a probability value of 0.196. Because the t_{count} value (1.292) is smaller than $t_{critical}$ (1.96) so at the error rate of 5%, it was decided to accept H_0 and reject H_a . The test results can be concluded that transformational leadership does not affect the organizational commitment in Regional Public Hospital Dr. Zainoel Abidin

The research results are not in line with the research conducted by Gardner *et al.* (2005), which proves that a leader who plays a transformative leadership has a strong influence on employee organizational commitment. As with the research conducted by Bennis and Nanus (1985), which shows that the transformative leadership style possessed by supervisors proven effective in influencing subordinate organizational commitment. Also, the research conducted by Cooper (1999) found that the supervisor's transformational leadership style influences subordinate organizational commitment. On the one hand, a study conducted by Lok and Crawford (2004) shows that there is a correlation between transformational leadership and subordinate organizational commitment. The essence of the matter is that this hypothesis rejects the findings of all the intended research results, that transformational leadership significantly influences subordinate organizational commitment.

Based on the researchers' assumption, the research results of transformational leadership research do not affect organizational commitment in Regional Public Hospital Dr. Zainoel Abidin. One of the factors is that the hospital employees, especially medical specialists, are expected to have an attitude that tends to do whatever they want at work. As a result, these medical officers are lack of commitment in providing optimal service because at the same time they must complete their work, which is to provide teaching to the college students in their original assignment. On the other hand, they also offer health services to patients at

Path	Coefficient	T_{count}	<i>p</i> -value	R^2
KA → KO	0.313	1.292	0.196	0.098
KA → RBA	0.340	2.440	0.015	0.116
KA → KSD	0.317	2.302	0.021	0.101
KO → KRS	0.373	2.350	0.019	0.487
RBA → KRS	0.431	3.225	0.001	
KSD → KRS	0.414	3.393	0.001	
WM → KRS	0.399	3.337	0.001	

Table 4.
Summary of
hypothesis test results

private hospitals in Banda Aceh, so it is expected that their priority is in a private hospital than in a government hospital.

The influence of transformational leadership on the uniqueness of resources. According to the information in [Table 4](#) above, t_{count} value of the transformational leadership path towards the uniqueness of resources is 2.302 with a probability value of 0.021. Because the t_{count} value (2.302) is higher than t_{critical} (1.96), then at the error rate of 5%, it was decided to reject H_0 and accept H_a . Therefore, based on the research results, it can be concluded that the supervisor's transformational leadership style influences the implementation of the uniqueness of resources in Zainoel Abidin General Hospital (Regional Public Hospital). This research result provides empirical evidence that the more transformational superiors' leadership style, the higher the tendency of the resource uniqueness.

The results of this study are following the results of previous studies conducted by [Benjamin and Flynn \(2006\)](#) that transformative leadership is instrumental in triggering subordinate's work motivation. A study conducted by [Kawatra and Krishnan \(2004\)](#) shows that transformational leadership can improve organizational culture through these indicators, i.e., competitiveness, achievement-orientation, performance expectations, results-orientation, innovation, and using opportunities. Furthermore, a study carried out by [Suseno \(2005\)](#) shows that competitive advantage strategies have no effect on strategic implementation but a business performance. The operating environment harms business performance and moderates the influence of competitive advantage strategies on company resources. The company's funds have an influence on business performance and the implementation of the generic strategy. Generic application influences the small business performance of household-based craft in Central Java.

The essence is that this hypothesis supports the findings of all the intended research results, that the supervisor's transformational leadership style significantly influences the uniqueness of the resource.

Following the researchers' observations, the supervisor's transformational leadership significantly influences the implementation of the uniqueness of resources following the facts in the field. Based on the interviews conducted by researchers with hospital administrators, it was seen that the majority of respondents stated that hospital management had already implemented the control of the grandeur of the hospital building properly. The hospital already has a standard structure as a characteristic that becomes one of the attractions for customers. Field findings also revealed that the grandeur of the building was also a significant concern for shareholders.

The interview results of the majority of respondents stated that hospital management had implemented the strategic location of the hospital correctly. This overall indicates that hospital management has understood the importance of strategic location, and has applied it appropriately and adequately.

Another indicator of tangible assets except for the grandeur of the building and strategic location is the completeness of hospital facilities. Most of the respondents stated that hospital management had already implemented the integrity of hospital facilities. The hospital has advanced facilities such as CT-Scan and MRI. Overall, this stuff indicates that hospital management has prioritized the completeness of the hospital's facilities properly.

As the results of interviews with hospital managers about the implementation study of the uniqueness of resources on the dimensions of intangible assets, a large part of hospital managers stated that hospital management had implemented the control of the hospital's reputation well. The vast majority of hospital work units already have service quality standards that are accredited with regular evaluations.

One of the hospital's reputations is also supported by qualifications for the quality and quantity of doctors there. Based on the results of the interviews, most of the respondents stated that the doctor's requirements had been appropriately implemented. The medical

committee has already implemented credential at the time of admission, doing upskilling, and carrying out a doctor certification. This overall indicates that hospital management has understood the importance of doctor qualifications.

In addition to the doctor's qualifications, hospital management is also given responsibility for developing hospital qualifications. However, the results of field studies show that a large part of respondents said that the hospital management had implemented the development of hospital qualifications quite well, as with the hospitals have carried out several accreditations and the application of quality management systems. Hospital management considers that hospital qualifications are essentials for the development of hospitals. It is because this qualification is a supporting component that holds a vital role in improving hospital performance and the expansion of market share.

Other intangible asset indicators except for the doctor and hospital qualifications are handling complaints. The majority of respondents stated that hospital management had implemented fast and appropriate handling of complaints and increased concern for customers well. The hospital has implemented a broad standard-based customer complaint management workflow, so claims are handled and followed up in a short time. This overall indicates that hospital management has understood the importance of handling complaints quickly and precisely and concern improvement for customers as well as performing it by the procedure and stage that has to be passed.

The speed and accuracy of complaints handling cannot be separated from the competence development of HR carried out by the hospital. In line with the field findings above, most of the respondents also stated that hospital management had implemented HR development well, and several work units already have systems for developing medical competencies, nursing, support and administration.

In addition to HR competency development, hospital management must also evaluate its commitment to improving hospital performance. Based on the interview results, the vast majority of respondents stated that hospital management had implemented a management commitment to improving hospital performance well. The hospital has achieved the value of service performance and the system of performance awards in the form of remuneration, bonuses, etc.

Based on the results of the interview, it was found that the vast majority of respondents stated that hospital management had implemented the control of the internal capabilities adjustment of the organization in pursuit of market demands. This management of internal capacity adjustment is done by arranging regular management meetings. These results overall indicate that hospital management tends to understand the importance of internal organization capabilities alignment in pursuing market demands.

The influence of organizational commitment on hospital performance. According to the information in Table 4, the value of t_{count} of organizational commitment toward hospital performance amounted to 2.350 with a probability value of 0.019. Because the value of t_{count} (2.350) is greater than the t_{critical} (1.96) then the error rate of 5% has been decided to reject H_0 to accept H_a . Based on the results of the test, it can be concluded that organizational commitment influences the performance of Dr. Zainoel Abidin General Hospital. The results of this study provide empirical evidence that higher organizational commitment tends to improve hospital performance.

The results of this study are by the results of the study by Soebiandono (2012) that improving hospital performance and positional excellence can be established through a partnership strategy that focuses on raising partnerships with various stakeholders. Babatunde and Adebisi (2012) in his research "Strategic Environmental Scanning and Organization performance in a Competitive Business Environment," found that environmental analysis, both on the external and internal environment, has a positive and significant influence on the performance of companies especially those engaged in a tight competition system.

However, the results of this study are different from the results of the study by [Florackis et al. \(2009\)](#), which showed that there is no stable relationship between company ownership and performance at the middle and upper levels. The results of this study conclude that this hypothesis supports and rejects findings from the effects of previous studies.

Based on the researchers' assumption, the influence of organizational commitment on the performance of Regional Public Hospital Dr. Zainoel Abidin is due to the dedication of employees to work in hospitals so that they can contribute positively to hospital performance. Based on measurements of hospital performance indicators with the Balanced Scorecard approach, the average score is $= 5.6/7 = 0.80$. The results of the overall performance measurement from Regional Public Hospital Dr. Zainoel Abidin is in a functional area with a total score of 0.80. According to the information in [Table 4](#), it is known that the scores of each performance indicator are financial ratios (weight score 1), the efficiency ratio (weight score 0.45), effectiveness ratio (weighting score 0.55), outpatient visit and hospitalization (weight score 1), patient satisfaction (score weight 0.95), employee satisfaction (score weight 0.79) and employee education and training (weighting score 0.87).

The influence of budget business plan on hospital performance. According to the information in [Table 4](#), the t_{count} value of the budget business plan preparation for hospital performance is 3.225 with a probability value of 0.001. Because the value of t_{count} (3.225) is greater than t_{critical} (1.96) then the error rate of 5% has been decided to reject H_0 and accept H_a . Based on the results of the test, it can be concluded that the budget business plan influences the performance of Regional Public Hospital Dr. Zainoel Abidin. The results of this study provide empirical evidence that better budget business plans tend to improve hospital performance.

This is in line with the research by [Nouri and Parker \(2013\)](#). It is known that individuals with high organizational commitment will have a reserved relationship between participatory budgeting and the budget. Conversely, individuals with low commitment will have a connection between participatory budgeting and the budgetary gap in the same direction. Research by [Nouri and Parker \(2013\)](#) found that the relationship between participatory budgeting and budgetary slack is positive. The study concludes that this hypothesis supports the results of previous studies.

According to the researchers' assumption, the budget business plan affects the performance of Regional Public Hospital Dr. Zainoel Abidin due to its technical implementation of budgeting in the Regional Public Hospital Dr. Zainoel Abidin that has followed a mechanism regulated by the Aceh Province government. There are various obstacles, such as lack of coordination in some departments, sections, especially between PPTK and the program department. Thus, communication errors often happen. This situation is caused by some programs and activities that are not attached to Main Tasks and Functions (tupoksi) related to operations. However, it is carried out by other Main Tasks and Functions (tupoksi) that are not associated with the implementing activities. As a result, there is a delay in fulfilling the needs requested by the user/service unit.

The influence of uniqueness resources on hospital performance. According to the information in [Table 4](#), the t_{count} value of the uniqueness of the resource towards the hospital's performance is 3.393 with a probability value of 0.001. Because the value of t_{count} (3.393) is greater than t_{critical} (1.96), then the error rate of 5% has been decided to reject H_0 and accept H_a . Based on the results of the test, it can be concluded that the uniqueness of the resources influences the performance of the Regional Public Hospital Dr. Zainoel Abidin. The results of this study provide empirical evidence that higher the specificity of resources tends to improve hospital performance.

Research by [Newbert \(2008\)](#) showed that there is a relationship between a combination of resources, capabilities and business performance. The results of this study conclude that this hypothesis supports the results of previous studies.

Based on the observation of the researcher, the uniqueness of resources affects the performance of the Regional Public Hospital Dr. Zainoel Abidin, because in general, the leader of the hospital has implemented the uniqueness of funds for the dimensions of tangible assets and intangible assets properly. This fact is corroborated from the results of direct interviews with hospital management respondents with a variety of the given answers. The majority of respondents' answers said that the building, location and hospital facilities were excellent. Every year, the head of the hospital has conducted a survey of community satisfaction index on health services in each work unit of the organization of the hospital, and the results are socialized, and efforts are made to improve them. HR qualifications are by professional standards. However, there should be several improvements. Customer complaints are conveyed through a suggestion box provided at certain corners of the hospital. However, the procedure for handling charges is still not fast enough. On the other hand, there is an effort that can be done by hospital leaders through routine meetings by asking the opinions of employees according to their profession to convey new ideas to be able to serve the community optimally includes quick handling of patient complaints.

The influence of work motivation on employee performance. According to the information in Table 4, the t value of work motivation on hospital performance is 3,337, with a probability value of 0.001. because the value of t arithmetic (2.350) is greater than critical t (0.001) then an error rate of 5% has been decided to reject H_0 to accept H_a . Based on the test results, it can be concluded that work motivation affects the performance of Dr. General Hospital Zainoel Abidin The results of this study provide empirical evidence that higher work motivation tends to improve hospital performance. Overall there is a strong influence on the work motivation of hospital employees, work motivation still needs to be maintained and enhanced for better employee performance.

4.3 Limitations and novelty research

The implication of this research is to determine hospital management responses in implementing transformational leadership style, organizational commitment, business plan budget, uniqueness of resources and hospital performance. Research results obtained from this research are operational and are expected to provide solutions to problems in hospital performance in Aceh Province. The balanced scorecard performance at the hospital can be improved by increasing 4 (four) perspectives, namely financial perspective, internal business perspective, customer perspective and learning and growth perspective. The measured aspects are limited. Precisely, from a financial perspective, it consists of (1) economic ratio; (2) efficiency ratio; and (3) effectiveness ratio. From a customer perspective, it consists of customer satisfaction. In internal/operational business process perspective, it consists of: (1) the number of outpatient visits; (2) the number of inpatient visits. In the learning and growth perspective, it consists of: (1) employee job satisfaction and (2) employee education and training.

In carrying out this research, several limitations have implications in this study. The limitations in question are: (1) In this study the studied variables about antecedent factors that affect home performance are limited to transformational leadership style, organizational commitment, budget business plan and the uniqueness of resources variables. In further research, it can be considered to include variables that can influence or that can be influenced by the budget business plan, the uniqueness of resources and organizational commitment to obtain different observations. (2) Financial data collected are financial data in 2014 and 2015. The details of financial data consist of data on income and expenses of work units. Data on work unit expenditures include remuneration services, food ingredients, patient packages, medical costs and health consumables, maintenance costs, training expenses, ART fees, stationery and other expenses. The implication is that

the 2016 data was not obtained because the research was conducted from July to November 2016; the 2016 data was only available in the annual report of the hospital in 2017. (3) The busy routine of informants when being asked for information, especially when determining the interview time due to work routine, in which their data are very much needed in the writing of this dissertation. Thus, it can have implications for the limitations in exploring existing information. (4) The researcher only explores several indicators in each perspective in performance appraisal using the balanced scorecard approach. Hence, there are implications for many indicators in each standpoint in evaluating hospital performance that can be followed up by other researchers. (5) This study only describes the variables studied in outpatient and inpatient work units in hospitals in 2016, so the implications of the results can be different at different times.

This research has some novelty, which can be described as follows: (1) Research to measure the performance of the Balanced Scorecard in hospitals through 4 (four) perspectives, namely financial, business internal, customer and learning and growth perspectives. The measured view is limited to financial perspective, including (1) economic ratio; (2) efficiency ratio; and (3) effectiveness ratio. Customer perspective includes customer satisfaction. The standpoint of internal/operational business processes consist of (1) several outpatient visits; (2) the number of inpatient visits. Learning and growth effectiveness includes (1) employee job satisfaction, and (2) employee education and training. Sources of hospital performance data are sourced from secondary data, namely from the hospital's annual report data on the performance of 2014 and 2015. The results show that the performance instruments in the Balanced Scorecard can be applied, which shows that some perspectives show excellent performance; it can be seen from the results achieved by that perspective. Thus it can measure the performance of hospitals, especially in government hospitals. (2) This research is original/original because as far as the knowledge of the researcher there has been no previous research that examines the influence of transformational leadership, organizational commitment, budget business plan and implementation of the uniqueness of resources on performance in service industries related to hospitals (specifically unit organizations) outpatient unit and inpatient government hospital class A, (3) 5.5.2 The results of this study are operational and are expected to provide solutions to problems in the performance of hospitals in Aceh province. The originality of this study lies in the research model, which was formed. In contrast, independent variables are transformational leadership, organizational commitment, budget business plan and uniqueness of resources, as intervening variables. Dependent variables are hospital performance and testing of structured relationship models using Structural Equation Modeling (SEM). (4) Also, the object of research to be examined is hospital management, especially outpatient management units and inpatient units in hospitals, so far only employees in business units and educational institutions have only considered the influencing variables, leadership, resources and organizational commitment partially. (5) Throughout the knowledge of researchers there has never been a study of superior leadership towards organizational commitment, budget business plans and the uniqueness of resources in hospitals; Effect of organizational commitment on hospital performance, implementation of a budget business plan on hospital performance and the uniqueness of resources on hospital performance.

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Further reading

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