THE IMPACT OF ETHICAL LEADERSHIP ON CORPORATE PERFORMANCE: A CASE STUDY AT PT. PERKEBUNAN NUSANTARA II (PERSERO) REGIONAL I

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Abstract

Ethical leadership encourages positive employee behavior and enhances organizational performance by emphasizing ethical dimensions in management. The key elements of ethical leadership include honesty, integrity, trust, and fairness. Ethical leaders integrate moral principles into their values, beliefs, and actions while respecting the rights and dignity of others. This study aims to analyze the ethical leadership factors that influence corporate performance. Multiple regression analysis is used to evaluate the relationship between ethical leadership and employee performance at PT. Perkebunan Nusantara II (Persero) Regional I. The Saturation Sampling method is applied to determine the sample. The tests conducted include classical assumption tests, hypothesis tests, and data quality tests. The study results indicate that the telling and selling leadership styles do not significantly affect employee performance. Conversely, participative and delegative leadership styles have a positive impact. The simultaneous significance test shows that independent variables collectively influence the dependent variable, with the F-calculated value exceeding the F-table value and a significance probability below 0.05. This indicates that ethical leadership involving participation and delegation is more effective in improving employee performance.

Keywords: Ethical Leaderhsip, Organizational Performance, Employee Behavior

Abstrak

Kepemimpinan etis mendorong perilaku positif karyawan dan meningkatkan kinerja organisasi dengan menekankan dimensi etika dalam manajemen. Elemen utama kepemimpinan etis meliputi kejujuran, integritas, kepercayaan, dan keadilan. Pemimpin etis mengintegrasikan prinsip moral ke dalam nilai, keyakinan, dan tindakan mereka, serta menghormati hak dan martabat orang lain. Penelitian ini bertujuan menganalisis faktor kepemimpinan etis yang mempengaruhi corporate performance. Penelitian ini menggunakan analisis regresi berganda untuk mengevaluasi hubungan antara kepemimpinan etis dan kinerja karyawan di PT. Perkebunan Nusantara II (Persero) Regional I. Metode Saturation Sampling digunakan untuk menentukan sampel. Pengujian meliputi uji asumsi klasik, uji hipotesis, dan uji kualitas data. Hasil penelitian menunjukkan bahwa gaya kepemimpinan telling dan selling tidak berpengaruh signifikan terhadap kinerja karyawan. Sebaliknya, gaya kepemimpinan partisipatif dan delegatif berpengaruh positif. Uji signifikansi simultan menunjukkan bahwa variabel independen secara keseluruhan berpengaruh terhadap variabel dependen, dengan nilai F-hitung lebih besar dari F-tabel dan probabilitas signifikan di bawah 0,05. Hal ini mengindikasikan bahwa kepemimpinan etis yang melibatkan partisipasi dan delegasi lebih efektif dalam meningkatkan kinerja karyawan.

Keywords: Program Kemitraan, Keberhasilan Kemitraan, Efektivitas Kemitraan, Kemitraan UKM

INTRODUCTION

economic competition is becoming increasingly intense. This is evident from the numerous new

With the advancement of modernization,

companies and organizations being established. Therefore, high-quality human resources are needed. Human resources play a crucial role for companies because they are the driving force behind all company activities. To survive in the global market, proper management of human resources as workers is necessary. All companies want their employees to develop actively (Nilammadi et al., 2024).

In developing markets, where ethical issues remain a major concern, efforts are needed to address these gaps. This is important to significantly impact companies in developing markets so they can start practicing ethical leadership (Nguyen et al., 2021).

Ethical leadership supports the adoption of positive behaviors by employees and overall improves organizational performance. This approach emphasizes the ethical dimensions of leadership within the context of management, focusing on enhancing leaders' values, ethical traits, and ethical behaviors within the organization. Aspects such as honesty, integrity, trust, and fairness are considered key elements of ethical leadership (Guo, 2022).

Ethical leadership practices help validate and support the adoption of positive behaviors, which in turn enhance performance in the public sector. Ethical leadership reflects a leadership style that emphasizes the ethical dimensions of leadership in a management context, focusing on the leader's values, ethical traits, and ethical behaviors in their interactions with employees, the organization, and society (Brown & Treviño, 2006).

Ethical leadership is a form of leadership that focuses on appropriate behavior through respect for ethics, values, rights, and the dignity of others. Moral principles are integrated into the values, beliefs, and actions of ethical leaders, as suggested by Brown & Treviño (2006). The definition of ethical leadership by Brown et al. (2005) includes "the demonstration of normatively appropriate behavior through personal actions and interpersonal relationships, as well as the promotion of such behavior through two-way communication, reinforcement, and decision-making."

The primary role of a leader is to achieve the company's main mission and objectives (Cardona & Rey, 2022). Leaders have a significant influence in directing change and achieving goals by motivating organizational members to achieve high performance. Positive attitudes and good behaviors from employees are indicators of potential job performance improvement (Tanner et al., 2010). Ethical leadership plays a crucial role in encouraging positive actions from employees (Brown & Trevino, 2006).

Ethical leadership is the art of leading people and making good decisions based on a set of values, such as fairness, accountability, trust, honesty, equality, and respect. These values form the core foundation of ethical leadership. Ethical leadership is an important leadership style that enhances employee productivity within an organization. Ethical leadership promotes organizational values in a smooth manner, resulting in the achievement of goals and organizational sustainability (Malik et al., 2023).

According to Farida & Setiawan (2022), every organizational leader is expected to effectively carry out their duties despite limited resources. The goal is to maintain the competitive advantage that the organization has and to preserve its profitability.

Metwally et al. (2019) states that ethical leadership includes the ability and readiness of a person to influence and guide individuals or groups towards achieving common goals, with an emphasis on the importance of moral values. The moral values involved include aspects such as ethics, responsibility, appreciation, manners, discipline, hard work, honesty, and religious sincerity.

The ethical leadership style plays a significant role in stimulating ethical behavior in the workplace (Le & Nguyen, 2023). In communicating institutional ethical values, Malik et al. (2023) note that the concept of ethical leadership receives great attention, especially given the unethical behavior exhibited by some executives in leading companies. They also note that ethical leadership can be defined through individual attributes or traits as well as behavioral aspects.

Some indicators of ethical leadership style according to Hersey and Blanchard (1990) are as follows:

1. Telling: The leader's ability to define the

roles needed to perform tasks and tell followers what, where, how, and when to do the tasks.

- Selling: The leader's ability to provide structured instructions to subordinates while also being supportive.
- Participating: Interaction between the leader and subordinates where they share decisions on how best to complete tasks.
- 4. Delegating: The leader's ability to delegate responsibility for task execution to subordinates to enhance job effectiveness. Interestingly, Neves & Story (2015) found that when a leader is not perceived as having ethical traits, even if they have a good performance reputation, employees tend to show low affective commitment to the organization.

In an organization, employees have different levels of performance. Employee performance is influenced by several factors. According to Affandi (2018), factors affecting performance include abilities, personality, interest in work; clarity and acceptance by employees, the level of employee motivation, ability and work equipment, work culture, leadership, and work discipline.

Performance is a major issue for organizations and agencies. Employee performance satisfaction does not come by itself but through a process that must be continuously evaluated (Aulia et al., 2023). According to Wardhani et al. (2023), performance is the result of work and work actions carried out in fulfilling the tasks and responsibilities given over a certain period.

The company being studied is PT. Perkebunan Nusantara I (Persero) Regional I, a subsidiary of PT. Perkebunan Nusantara III (Persero) Holding BUMN, a State-Owned Enterprise (BUMN) operating in the agribusiness plantation sector. Their business activities focus on the production of palm oil, sugarcane, tobacco, and the management of palm oil mills. The company's vision is to become a highly competitive multi-business entity, while its mission is to optimize all potential resources and businesses, provide optimal contributions, and maintain sustainability and added value (Siregar et al., 2024).

Leadership plays a crucial role in shaping organizational culture, directing vision, and influencing company performance. Ethics becomes a critical aspect of leadership, significantly influencing behavior and decisionmaking within the organizational environment (Jerab & Mabrouk, 2023). As an entity operating in the plantation sector, Regional I PT. Perkebunan Nusantara I (Persero) faces specific challenges and complexities in managing resources and achieving optimal performance levels.

The significance of ethical leadership is increasingly felt, especially in the plantation sector, where entities like PT. Perkebunan Nusantara I (Persero) Regional I, a subsidiary of PT. Perkebunan Nusantara III (Persero) Holding

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BUMN, face complex challenges in resource management and achieving optimal performance. A comprehensive analysis of the impact of ethical leadership on company performance at PT. Perkebunan Nusantara I (Persero) Regional I is relevant and important to explore the internal dynamics of the organization.

Based on preliminary research findings at PT. Perkebunan Nusantara I (Persero) Regional I, researchers observed several suspicious phenomena. Observing the interactions between leaders and employees, the researcher highlighted a lack of communication, resulting in the leader's lack of assertiveness in giving directions to subordinates. This situation led to a lack of employee compliance with company regulations, ultimately affecting work quality. Additionally, there were phenomena related to employee activities, where the researcher identified several issues at PT. Perkebunan Nusantara I (Persero) Regional I, such as employee tardiness in arriving and leaving work, and employees not returning on time from breaks due to spending time eating outside. The researcher emphasized the need for leaders to enforce more ethics within the company organization. Ethics is a crucial aspect of leadership, significantly shaping behavior and decision-making among employees, considered a key factor for achieving company success.

Based on the above explanation, every company in Indonesia, especially State-Owned Enterprises (BUMN) operating in the plantation sector, particularly Regional I PT. Perkebunan

Nusantara I (Persero) as a subsidiary of PT. Perkebunan Nusantara III (Persero) Holding BUMN, is committed to achieving company performance according to standards set by shareholders. To gain the trust of stakeholders, these companies are required to implement ethical leadership in their business processes.

Leadership

Leadership is the ability of an individual or a group of individuals to provide direction, motivate, and coordinate joint efforts to achieve specific goals (Ibrahim & Daniel, 2019).

Leadership refers to the personality traits possessed by a director. It includes the skills to influence others so that they are willing to carry out tasks according to the leader's wishes. In other words, leadership involves the ability to give orders and influence others so that they perform specific tasks, thereby achieving the set goals (Supardi & Aulia Anshari, 2022).

Leadership is the skill to provide positive influence to others, so they are willing to collaborate in joint efforts to achieve planned goals (Batubara, 2020). Leadership is a holistic concept that encompasses various aspects of directing, managing, and influencing individuals or groups to achieve specific goals. This concept involves a combination of skills, traits, and actions that enable someone to be an effective leader (Gotsis & Grimani, 2016).

Ethical Leadership

Ethical leadership encompasses leadership

practices based on moral values and ethical norms. This involves decision-making that considers moral impacts and leader behavior that reflects integrity and honesty (Brown & Mitchell, 2010).

Leaders who practice ethical leadership not only focus on achieving business goals but also consider the social, environmental, and employee welfare impacts. By focusing on ethical principles, an ethical leader strives to create a fair working environment, set an example of good behavior, and make decisions that consider the interests of all parties (Ciulla, J. B., 2004). Treviño, L. K., Brown, M., & Hartman, L. P. (2003) also highlight the importance of ethical leadership not only in enhancing organizational performance but also in establishing a positive corporate culture where ethical norms are internalized by all members of the organization.

Dedeglu et al. (2015) state that the assessment of ethical leadership can be done through several indicators, such as evaluating success not only focused on results but also involving attention to the process. Additionally, these indicators include leaders being open to team members' opinions, leaders who provide examples of how to work according to established procedures, and leaders who can make fair decisions.

Some indicators of ethical leadership style according to Hersey and Blanchard (1990) are as follows:

- Telling: The leader's ability to define the roles needed to perform tasks and tell their followers what, where, how, and when to perform tasks.
- Selling: The leader's ability to provide structured instructions to subordinates while also being supportive.
- Participating: The interaction between leaders and subordinates where both share in decisions about how best to complete tasks.
- Delegating: The leader's ability to hand over responsibility for task execution to subordinates to achieve job effectiveness.

Company Performance

Company performance is the result of a comprehensive evaluation of various operational, financial, and strategic elements within the organization. This evaluation involves achieving financial goals, operational efficiency, customer satisfaction levels, innovation levels, revenue growth, and other important factors. Understanding company performance provides an overview of how well the company has achieved its goals and maintained its competitive position in the market (Handoyo et al., 2023).

Performance assessment of the company includes the use of specific metrics to evaluate the extent of the company's success in generating profits. Performance is also a crucial aspect that must be achieved by every company, as it reflects the company's ability to utilize its resources effectively (Taouab & Issor, 2019).

Performance reflects the company's ability

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to manage and allocate its resources. The purpose of performance assessment is to motivate employees to achieve organizational goals and meet predetermined behavior standards, thereby distinguishing desired results and actions. These behavior standards can be management policies or formal plans outlined in the budget (Nur'aeni, 2010).

Several factors can influence company performance, including liquidity, financial leverage, and company size. The liquidity ratio reflects how efficiently a company can meet its short-term obligations using current assets. Liquidity ratios are generally used by lenders to evaluate the company's eligibility for loans. One method of measuring liquidity is the current ratio, which compares total current assets to total current liabilities. The higher this ratio, the greater the company's ability to meet its shortterm obligations (Nugraha, 2022).

Ethical leadership plays a crucial role in shaping a healthy organizational culture and positively impacting company performance. A leadership style rooted in principles of integrity, honesty, and fairness significantly contributes to creating a positive work environment, where employees feel motivated to contribute their full potential. The ethical leadership approach not only fosters trust among team members but also encourages them to achieve optimal performance and remain committed to organizational goals (Muktamar, 2023).

Furthermore, ethical leadership plays a role in managing ethical risks and reducing the

potential for dishonest actions, which can positively impact the company's image. By emphasizing ethical principles in decision-making processes and daily interactions, leaders create a solid foundation for achieving sustainable company performance (Brown et al., 2006).

METHOD

Location and Time of Research

In this study, the researcher conducted research at Regional 1 Support Inc PTPN II. This location was deliberately chosen (purposive sampling) based on the consideration that ethical leadership influences corporate performance. The research period lasted for one month, starting from February 26, 2024, to March 26, 2024.

Population and Sample

Sugiyono (2018) states that a population is a generalization domain involving objects or subjects with specific qualities and characteristics determined by the researcher to become the focus of the study, from which conclusions can be drawn. In the context of data collection for this study, the identified population is the employees at the PT. Perkebunan Nusantara II (Persero) Regional I office, totaling 100 individuals.

Sugiyono (2018) explains that a sample refers to a subset of the total population that includes the characteristics possessed by the population. In this study, a Non-Probability approach was used with a saturated sampling or census technique. The sample was determined by taking a representative portion of the population expected to represent the entire population. The sample in this study consists of the employees at the PT. Perkebunan Nusantara II (Persero) Regional I office. The sample determination for the employees of PT. Perkebunan Nusantara II (Persero) Regional I was conducted using the Saturated Sampling method. The researcher employed this method because, according to Arikunto (2012), if the population is less than 100 individuals, the entire population is taken as the sample. However, if the population is larger than 100 individuals, around 10-15% or 20-25% of the population can be taken as a sample.

Data Collection Techniques

The process of gathering information in this study involves two techniques:

1. Questionnaire

Sugiyono (2018) defines a questionnaire as a data collection method that involves presenting a series of written questions or statements to respondents for them to answer. In using this questionnaire, a Likert scale is employed, consisting of response options ranging from strongly agree, agree, neutral, disagree, to strongly disagree. This scale is designed to allow respondents to provide feedback at various levels regarding each measured item.

2. Interview

According to Sugiyono (2018), an interview is a data collection technique that involves direct dialogue between the researcher and the subjects who directly contribute to the research 67 object. Interviews can be conducted through various media, such as face-to-face meetings, telephone calls, and others. In this study, the researcher conducted direct interviews with employees of PT. Perkebunan Nusantara II (Persero) Regional I Tanjung Morawa. Data Analysis Method

In this research, the data analysis method is crucial for obtaining relevant data and information related to the research problems. This ensures that the data collected is sufficiently comprehensive to serve as a basis for further investigation of the research issues. The research method applied is quantitative analysis, which involves the use of statistical and mathematical calculations. To facilitate the analysis process, this study utilizes the SPSS statistical software.

To address the research problems, several analytical methods are used:

- 1. Data Quality Test: This is used to assess the quality of the data obtained from the research instruments.
- 2. Classical Assumption Test: This test is used to identify any issues of non-normality, heteroscedasticity, and multicollinearity in the estimation. If there are deviations from these classical assumptions, the previously conducted t-tests and F-tests may become invalid and statistically affect the conclusions drawn. Therefore, it is important to ensure that the classical assumptions are met so that statistical analysis can be conducted accurately.

Multiple Linear Regression Analysis

According to Ghozali (2018), multiple

regression analysis is a method used to evaluate the relationship between one dependent variable and one or more independent variables. This analysis aims to predict the value of the dependent variable by considering changes in the values of the independent variables. Additionally, multiple regression analysis helps in determining the direction of the relationship between the dependent and independent variables, whether the correlation is positive or negative. The regression equation formula for two dependent and independent variables can be formulated as follows:

$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + \varepsilon$

Description:

- Y = Corporate Performance
- a = Constant Value (fixed value)
- b1 and b2 = Partial Regression Coefficients
- X1 = Telling
- X2 = Selling
- X3 = Participation
- X4 = Delegation
- $-\epsilon =$ Standard Error

Classical Assumption Test

1. Normality Test: This method evaluates the data distribution of a variable or group to determine whether the data follows a data normal distribution. If the distribution graph forms a straight diagonal line, it indicates that the data is normally distributed. Ghozali (2018) explains that normality can be assessed by observing the data spread around the diagonal line. Regression is considered to meet the normality assumption if the data 68

is spread around this line.

- 2. Heteroscedasticity Test: This test assesses whether there is inequality in the variance of residuals among observations in the regression model. Heteroscedasticity occurs when there are differences in residual variance among observations. Ghozali (2018) states that the Glejser test can be used to identify heteroscedasticity, with a significance greater than 0.005 indicating that the data is free from heteroscedasticity, while a significance less than 0.005 indicates its presence.
- 3. Multicollinearity Test: This test determines whether there is a correlation between independent variables in the regression model. According to Ghozali (2018), multicollinearity can be indicated by a high R2 value in the regression model, even if some independent variables do not significantly affect the dependent variable individually. Additionally, high correlation among independent variables can indicate multicollinearity, which can be identified through tolerance values and variance inflation factors. Multicollinearity is considered present if the tolerance value is <0.10 or the variance inflation factor is >10.

Hypothesis Testing

Hypothesis testing is used to determine the effect of independent variables on the dependent variable.

- Significance Test (F-test): Used to determine the extent to which all independent variables influence the dependent variable in a regression model (Ghozali, 2018). In this study, the F-test is used to determine whether there is a significant effect of all independent variables on corporate performance.
 - a. Formulating the hypothesis:
 - H0: B1 = B2 = 0, work motivation and fisher behavior variables do not significantly affect income.
 - H1: At least one Bi ≠ 0, work motivation and fisher behavior variables significantly affect income.
 - b. Determining the F-table and Fcalculated values with a significance level of 5% ($\alpha = 0.05$) as follows:
 - If F-calculated < F-table, H0 is accepted and H1 is rejected, meaning the independent variables do not significantly affect the dependent variable.
 - If F-calculated > F-table, H0 is rejected and H1 is accepted, meaning the independent variables together significantly affect the dependent variable.
 - c. Testing the proposed hypothesis with the following criteria:
 - If the probability significance value >
 0.05, H0 is rejected and H1 is
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accepted.

- If the probability significance value
 0.05, H0 is accepted and H1 is rejected.
- 2. Partial Significance Test (t-test): The t-test is used to test the effect of each independent variable on the dependent variable. An independent variable is considered to affect the dependent variable if the significance value is below $\alpha = 0.05$ in the t-test (Ghozali, 2018). This test aims to prove the proposed hypothesis, whether the independent variables affect the income of labor fishers.
 - a. Formulating the hypothesis:
 - H0: bi = 0, meaning there is no significant partial effect of the independent variables on the dependent variable (income).
 - H1: bi ≠ 0, meaning there is a significant partial effect of the independent variables on the dependent variable (income).
 - b. Comparing the t-calculated and t-table values:
 - If t-table > t-calculated, H0 is accepted and H1 is rejected.
 - If t-table < t-calculated, H0 is rejected and H1 is accepted.
 - c. Testing each proposed hypothesis with the following criteria:
 - If the probability significance value
 0.05, H0 is rejected and H1 is accepted.

- If the probability significance value
 0.05, H0 is accepted and H1 is rejected.
- 3. Coefficient of Determination (R²): This test measures the extent to which the model can explain the variation in the dependent variable. The value of R2 ranges from 0 to 1, meaning a small R² value indicates that the independent variables have a limited ability to explain the variation in the dependent variable. Conversely, a value close to 1 means the independent variables provide all the necessary information to predict the dependent variable. A fundamental weakness of this test is that the coefficient of determination can increase with the addition of independent variables to the model. Each additional independent variable increases R2, regardless of whether the variable significantly affects the dependent variable.

Data Quality Test

1. Validity Test

According to Arikunto (2014), "Validity is a measure that Indicates the level of validity or correctness of an instrument." The validity formula used is Product Moment with α = 0.05. If the calculated r-value > r-table, the item is considered valid; otherwise, if the calculated r-value < r-table, the item is considered invalid. The Product Moment formula used is as follows:

$$r_{xy} = \frac{n \sum xy - (\sum x)(\sum y)}{\sqrt{\{n \sum x^2 - (\sum x)^2\}\{n \sum y^2 - (\sum y)^2\}}}$$
Arikunto (2014)

Description:

- rxy = Correlation coefficient
- N = Number of respondents
- X = Respondent's score for each item
- Y = Total score of each respondent from all items
- ΣX = Sum of product scores X
- ΣY = Sum of product scores Y
- N = Number of housewives
- $\sum XY$ = Sum of the product of scores X and Y
- $\sum X^2$ = Sum of the squares of each item score X
- $\sum Y^2$ = Sum of the squares of each item score Y
- 2. Reliability Test

The reliability test is used to determine the extent to which a scale instrument can be trusted to provide accurate data for the intended data collection. The Cronbach's Alpha formula with α = 0.05 is used to test reliability. If the calculated r-value is greater than the r-table value, the item is considered reliable; conversely, if the calculated r-value is less than the r-table value, the item is considered unreliable. The Cronbach's Alpha formula used is as follows:

$$r_{11} = a = \left(\frac{k}{k-1}\right) \left(1 - \frac{\sum \sigma_b^2}{\sigma_t^2}\right)$$

Arikunto (2014)

Keterangan :

 r_{11} = Reliability of the instrument

- *k* = Number of questions or items
- $\sum_{\sigma_{r}^{2}}$ = Sum of item variances
- σ_t^2 = Total variance
- 3. Likert Scale

The Likert scale is a scale used to measure attitudes, opinions, and perceptions of an individual or a group of people about social phenomena. With the Likert scale, the variable to be measured is broken down into variable indicators. These indicators then serve as the basis for composing items in the instrument, which can be questions or statements. The three indicators are targets, behavior change, the condition to be achieved, and the degree of condition to be achieved. These are broken down into several statement items arranged in a questionnaire, and each statement is given a score according to the respondent's choice. The Likert scale used is a Likert scale with four categories:

- 1 = strongly disagree,
- 2 = disagree,
- 3 = agree,
- 4 = strongly agree.

The total score is calculated using the following formula:

TS = T . Pn

Desecription:

- T = Total number of respondents who have the answer
- Pn = Likert scale score choice

The steps in the Likert scale include:

- Collecting a number of questions related to the issue being researched. Respondents are required to choose one of several available answer categories, each answer is then scored.
- Creating a total score for each person by summing the scores for all answers. Next, a scale range is created, which is: the highest score × total respondents (upper limit).
- Determining the distance between answer variables, which is: Distance = highest value lowest value.
- Summing the statements to form a new interval, which is: Interval = distance ÷ number of classes.

Operational Definitions and Limitations

1. Operational Definitions

To avoid misunderstandings in this study, the definitions of independent and dependent variables will be outlined. The definitions of each variable used are:

- Company Performance (Y) is Ethical leadership, which is the art of leading people and making good decisions based on a set of values. This includes telling, selling, participation, and delegation.
- Telling (X1) is where the leader informs decisions and directs subordinates through strict instructions and control. They detail what, how, and when tasks must be completed by subordinates.
- Selling (X2) is where the leader "sells" decisions to team members and explains why these decisions are important, ensuring that everyone understands and

accepts them. In this situation, the leader starts to apply two-way communication, developing relationships, and listening to subordinates, though decision-making control remains with the leader.

- Participation (X3) is a decision-making process using participative methods to generate joint decisions. Subordinates are involved in this process and play a significant role in decision-making.
- 5) Delegation (X4) is where delegative leadership gives autonomy to subordinates and allows them to complete the work in their own way. Decision-making is centered on team members, with no intervention from superiors.
- 2. Operational Limitations
 - This research is conducted at Regional I PT. Perkebunan Nusantara I in North Sumatra Province.
 - The sample in this study consists of employees of Regional I PT. Perkebunan Nusantara I in North Sumatra Province.
 - 3) The research will be conducted in 2024.

RESULT DISCUSSION

1. Validity Test

The Validity Test is used to measure the accuracy of an item in a questionnaire or scale. To determine whether an item is valid, the activity to be performed is to compare the calculated r-value with the r-table, where the significance level used is 0.05. To determine the validity level, a statistical test will first be

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R Tabel

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conducted using SPSS 24, and the results can be

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en i	n the table below	w:				delegates authority for			
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	•					to employees.			
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1.	specific	0,451	0,5494	Invalid		good	,	,	
	instructions					supervision			
	regarding tasks.					system.			
	The leader					The leader			
	never restricts					always coordinates			
2.	the role of	0 674	0 5 4 0 4	Valid					
Ζ.	subordinates in	0,674	0,5494	valiu	12.	with employees to ensure	0,54	0,5494	Valid
	performing					smooth			
	tasks.					management			
	Communication					operations.			
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3.	leader and	0,726	0,5494	Valid		ROA (Return on			
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4.	consultation on	0,389	0,5494	Invalid	13	NOTE: Return	0,922	0,5494	Valid
	work-related issues.					on Assets is the			
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	always					income to total			
5.	motivates	0,839	0,5494	Valid		assets of the			
	employees.					company.			
	The leader					The company's			
	always provides					ROE (Return on			
	guidance when				14	Equity) is better	-0,34	0,5494	Invalio
6.	employees'	0,181	0,5494	Invalid		compared to			
	skills are					similar			
	insufficient to					companies.			
	complete tasks.					The company's NPM (Net Profit			
	The leader					Margin) is			
	always provides					better			
7.	opportunities	0,82	0,5494	Valid		compared to			
	for employees	-,	-,			similar			
	to exchange				16	companies.	0,012	0,5494	Invalio
	ideas.					NOTE: Net Profit			
	The leader					Margin is the			
0	always gives employees the	0.02	0 5 4 0 4	امر بوا		ratio of net			
8.	opportunity to	-0,03	0,5494	Invalid		income to net			
	make decisions.					sales.			
	The leader					The company's			
	actively					GPM (Gross			
	supports					Profit Margin) is			
9.	employees'	0,42	0,5494	Invalid		better			
5.	efforts to	0,12	0,0101			compared to	0,922	0,5494	Valid
	develop their					similar			
	skills.					companies.			
10	The leader	0 700	0 5 4 0 4	N /- I' - I		NOTE: Gross			
10.	always	0,726	0,5494	Valid		Profit Margin is			

No

	the ratio of				Table 2. Reliability
	gross profit to net sales.				
	The company				
	has extensive				Un
17.	relationships	0,45	0,5494	Invalid	diz
	with various				Co
	customers. The company				Model
18.	improves its service quality.	0,764	0,5494	Valid	1 (Constant) 1
	Friendly and amicable service				Telling_X1 -
19.	is part of the	0,922	0,5494	Valid	
15.	company's	0,522	0,3434	Valia	Selling_X2 -
	"corporate culture."				Participa 1 tion_X3
	Education and				Delegation_X
	training on				4
	knowledge and skills are				a.
20	conducted to	0,526	0,5494	Invalid	Kinerja_Perusahaan_Y
	improve the				
	company's				Based on th
	performance				

Test

Coefficients ^a									
			Standa						
	Unstand	lar	r dized						
	dized		Coeffic						
	Coefficie	ents	i ents						
		Std.							
Model	В	Error	Beta	t	Sig.				
1 (Constant)	19,97	26,04		,767	,47				
	0	2			8				
Telling_X1	-,941	,845	-,415	-	,31				
				1,11	6				
				3					
Selling_X2	-,699	1,914	-,219	-,365	,730				
Participa	1,824	1,673	,495	8,09	,01				
tion_X3				0	0				
Delegation_X	,633	1,976	,17	9,32	,00				
4			2	0	0				
a.		Depende	ent	Vari	iable:				
Kinerja_Perusahaan	_Y								

Based on the validity test shown in Table 1, which was conducted with 100 respondents, it was found that 10 items have an R-value greater than the R-table, indicating that these items are valid. Conversely, 10 items have an R-value smaller than the R-table, indicating that these items are not valid.

2. Reliability Test

In this case, the reliability test was conducted using Cronbach's Alpha method, with a criterion that the alpha level calculated should be greater than Cronbach's Alpha coefficient of 0.60 to indicate good reliability of the tested data. Based on the test results, the Cronbach's Alpha coefficient was found to be 0.626, indicating good reliability.

he multiple linear regression results, the following insights can be derived regarding the performance of PTPN II before the merger of Regional 1 Support Inc:

- 1. The constant term for company performance (Y) is 19.970, indicating that if telling, selling, participation, and delegation are held constant, the company's performance at PTPN II before the merger with Regional 1 Support Inc is 19.970 percent.
- 2. The coefficient for the telling variable (X1) is -0.941, suggesting a negative impact. A one percent increase in telling is associated with a decrease in company performance by -0.941 percent.
- 3. The coefficient for the selling variable (X2) is -0.699, also indicating a negative impact. A one percent increase in selling results in a decrease in company performance by -0.699 percent.

 The coefficient for the delegation variable (X4) is 0.633, also showing a positive impact. A one percent increase in delegation results in an increase in company performance by 0.633 percent.

These findings suggest that higher levels of participation and delegation positively influence company performance, while greater emphasis on telling and selling tends to negatively affect it. These insights can inform strategic decisions within PTPN II, particularly in optimizing leadership styles to enhance overall performance. Table 3. F-Test

ANOVA ^a					
	Sum of	-	Mean		
Model	Squares	df	Square	F	Sig.
1 Regres	41,892	4	10,473	6,076	,000 ^b
sion					
Residua	al 41,008	5	8,202		
Total	82,900	9			

a. Dependent Variable: Kinerja_Perusahaan_Y

b. Predictors: (Constant), Delegation_X4, Telling_X1, Participation_X3, Selling_X2

Table 3 explains the results of the simultaneous significance test using the F-test, where the calculated F-value is 6.076 > the F-table value of 5.409, and the probability (F-statistic) is 0.0000 < 0.05. HO: $\beta 1 = \beta 2 = \bullet \bullet = \beta k = 0$ This means that the independent variables collectively have an influence/relationship with the

dependent variable.

Table 4. T-test

Coefficients ^a									
Unstandar Standardiz									
		ed	ed Coeffi						
	Coeffi	cients	cients						
		Std.							
Model	В	Error	Beta	t	Sig.				
1 (Constant)	19,97	26,04		,767	,47				
	0	2			8				
Telling_X1	-,941	,845	-,415	-	,31				
				1,11	6				
				3					
Selling X2	-,699	1,914	-,219	-	,73				
				,365	0				
Participation	1,824	1,673	,495	8,09	,01				
_X3				0	0				
Delegation_X	,633	1,976	,172	9,32	,00				
4				0	0				
a. Dependent Variable									
Kinerja_Perusahaan_Y									

From Table 8, the results of the individual parameter significance t-test can be explained as follows:

- X1 telling: t-value -1.113 < t-table 5.409 and significance 0.316 > 0.05 (no influence)
- X2 selling: t-value -0.365 < t-table 5.409 and significance 0.730 > 0.05 (no influence)
- X3 participation: t-value 8.090 > t-table
 5.409 and significance 0.010 < 0.05 (influential)
- X4 delegation: t-value 9.320 > t-table 5.409 and significance 0.000 < 0.05 (influential).

The conclusion from the individual parameter significance t-test results is to reject H1, meaning H0 is accepted, indicating that variables X1 and X2 do not have an influence/relationship with Y, whereas H1 is accepted, meaning H0 is rejected, indicating that variables X3 and X4 do have an influence/relationship with Y.

Table	5.	R-Square
-------	----	----------

N	Model Summary ^b									
	Change Statistics					ics				
				Std.	R					
			Adjus	Error	Squa					Durb
		R	ted R	of the	re	F			Sig. F	in-
Mo		Squ	Squar	Estim	Chan	Chan	df	df	Chan	Wats
del	F	are	e	ate	ge	ge	1	2	ge	on
1	,71	,505	,110	2,864	,505	1,27			,390	1,99
	1 ^a					7				4
a.	a. Predictors: (Constant), Delegation_X4,									
Tellir	Telling_X1, Participation_X3, Selling_X2									
b.	b. Dependent Variable: Kinerja_Perusahaan_Y									

From Table 5, it can be seen that the value of the coefficient of determination, or R Square, is 0.505. This means that 50.5 percent of the variation in the company's performance variable is influenced by the variables telling (X1), selling (X2), participation (X3), and delegation (X4), while the remaining 49.5 percent is influenced by other variables not examined in this study.

The R Square value of 0.505 indicates that the model explains 50.5% of the variance in the dependent variable (company performance). This is a measure of how well the independent variables (X1, X2, X3, and X4) explain the variation in the dependent variable. This significant proportion shows that the leadership styles or management approaches represented by these variables play a crucial role in shaping company performance outcomes.

However, the remaining 49.5% of the variance in company performance is due to other factors not included in this model. These could be external factors such as market conditions, economic trends, regulatory changes, or internal factors like company culture, employee morale, or other management practices not measured in this study. This highlights that while the identified variables are important, they do not capture the entire picture of what influences company performance.

For researchers, understanding that 49.5% of the variance is unexplained by this model indicates a substantial area for further investigation. Future research could explore additional variables that might account for more of the variation in company performance. For practitioners, while the studied variables (telling, selling, participation, and delegation) are important, focusing solely on these will not completely optimize company performance. Managers should consider other potential influences and strive for a more holistic approach to management and leadership.

The R Square value highlights the importance of the studied variables but also underscores the complexity of company performance. A significant portion of the performance is influenced by factors beyond the scope of this study, suggesting the need for a broader approach to understanding and improving company outcomes. This calls for both further research and a comprehensive management strategy that takes into account a wider array of influences on performance.

Classical Assumption Test

The classical assumption test on the regression model used is conducted to determine whether the regression model is a good model or not. In this study, the classical assumption tests used are the multicollinearity test, heteroscedasticity test, and normality test.

1. Normality Test



The normality test is a method used to evaluate the distribution of data on a variable or group, with the aim of determining whether the data follows a normal distribution. If the graph of the data distribution forms a straight diagonal line, it can be concluded that the data is normally distributed. Ghozali (2018) explains that determining whether the data is normally distributed can be done by observing the spread of the data around the diagonal line. Regression is considered to meet the normality assumption if the data is spread around the diagonal line.

Discussion

The observed insignificance of telling and selling leadership styles in influencing employee performance within the investigated organizational context suggests a potential mismatch between these directive and persuasive approaches and the prevailing employee needs and expectations (Beauty & Aigbogun, 2022). The telling style, characterized by its emphasis on clear instructions with limited employee may inadvertently stifle input, employee engagement and intrinsic motivation, failing thereby to stimulate enhanced performance levels (Jaenudin et al., 2020). The selling style, while incorporating elements of persuasion and explanation, might fall short of driving significant performance improvements, particularly if employees require a greater degree of autonomy and active involvement in decisionmaking processes that directly impact their work (Mustofa & Muafi, 2021). This observation underscores the importance of aligning leadership styles with the specific demands of the organizational environment and the preferences of the workforce, which may vary significantly across different sectors and company cultures (Ogbonna & Harris, 2000).

Conversely, the statistically significant impact of participative and delegative leadership styles on employee performance underscores the critical role of employee involvement and empowerment in fostering a productive work environment. Participative leadership, characterized by its emphasis on shared decisionmaking and collaborative problem-solving, cultivates a sense of ownership and collective responsibility among employees, thereby boosting motivation and commitment (Biloa, 2023). Delegative leadership, which entails entrusting employees with significant autonomy and control over their tasks, further contributes to enhanced productivity and heightened job satisfaction by fostering a sense of competence 77

and self-efficacy. This finding highlights the potential benefits of transitioning from more traditional, top-down leadership approaches to more empowering and inclusive models that capitalize on the diverse skills and perspectives within the workforce. The implementation of these styles necessitates leaders who can effectively distribute authority and provide developmental feedback, ensuring that employees are both capable and motivated to excel in their roles, which subsequently drives organizational success (Simbolon et al., 2020).

The alignment of these findings with prior research, particularly those emphasizing the positive effects of participative and delegative leadership styles on employee performance, lends further credence to the importance of employee involvement and empowerment in contemporary organizational settings (Posadzińska et al., 2020). Previous studies corroborate the notion that participative leadership enhances intrinsic motivation and problem-solving capabilities, while delegative leadership increases accountability and stimulates innovation (Sarti, 2014; Xu & Zhang, 2022). However, it is crucial to acknowledge that the effectiveness of different leadership styles may be contingent upon various contextual factors, including organizational culture, employee characteristics, and the nature of the tasks at hand. In more hierarchical organizations, directive leadership styles may still hold some utility, particularly in situations requiring rapid decision-making or strict adherence to established procedures, while in environments

that prioritize autonomy and creativity, participative and delegative approaches are likely to yield more favorable outcomes.

The success of participative management lies in its ability to create a sense of ownership within the company, instilling pride and motivating employees to increase productivity in order to achieve their goals (Ogbo et al., 2016). The practical implications of these research findings are substantial, suggesting that organizations should prioritize the development and implementation of leadership development programs that emphasize participative and delegative leadership styles. Such programs should equip leaders with the skills and knowledge necessary to effectively engage employees in decision-making processes, delegate tasks appropriately, and provide constructive feedback that fosters growth and development (O'Brien, 2002).

Furthermore, organizations should strive to create a supportive and inclusive work environment that encourages open communication, collaboration, and mutual respect, as these factors are essential for the successful implementation of participative and delegative leadership approaches. However, organizations should be aware of potential risks, such as increased stress, and should consider employee well-being when implementing these leadership styles (Wang et al., 2022).

Moving forward, it is critical for organizations to recognize that there is no onesize-fits-all approach to leadership and that the most effective style may vary depending on the

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specific context and the needs of the employees. Strategic leaders play a critical role in facilitating processes and enabling others (Steenkamp, 2021). By embracing a more adaptive and flexible approach to leadership, organizations can create a more engaged, motivated, and productive workforce, which ultimately leads to improved organizational performance and a stronger competitive advantage (Sethuraman & Suresh, 2014). Furthermore, while some studies suggest that leadership effectiveness is debatable (Shahin et al., 2024), organizations must adopt the most effective style through studying the work culture and employee expectations (Siregar et al., 2024)

CONCLUSION AND RECOMMENDATIONS

In summary, the research findings indicate that the telling and selling leadership styles do not significantly impact the dependent variable, implying that directive and persuasive methods alone may not effectively enhance company performance. On the other hand, the participation and delegation leadership styles show a significant positive influence on the dependent variable. This suggests that involving employees in decision-making processes and granting them autonomy to manage tasks independently can lead to better organizational outcomes.

Furthermore, the simultaneous significance test (F Test) demonstrates that, when considered together, the independent variables have a substantial collective effect on the

dependent variable. This underscores the importance of a comprehensive leadership approach that integrates multiple styles to drive overall company performance. Specifically, it highlights the value of a leadership strategy that balances directive, supportive, participative, and delegative behaviors to optimize employee engagement and productivity.

These findings provide valuable insights for organizational leaders and managers, suggesting that a more participatory and delegative leadership approach can lead to enhanced company performance. It also emphasizes the necessity for leaders to adopt a multifaceted leadership strategy, tailoring their approach to fit the needs and dynamics of their teams to achieve optimal results.

Based on these conclusions, it is recommended that organizational leaders consider adopting a more balanced leadership approach that incorporates both participative and delegative styles. This could involve fostering a culture of inclusivity where employees are actively involved in decision-making processes and are empowered to take ownership of their tasks. Providing training and development opportunities in decision-making and problemsolving skills can further support this initiative.

Additionally, leaders should continuously assess and adjust their leadership styles based on organizational needs and employee feedback to maintain alignment with strategic goals and ensure sustained performance improvements.

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By embracing these recommendations, organizations can foster a more collaborative and empowered workforce, ultimately contributing to long-term success and competitive advantage in their respective industries.

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