




# Jurnal Administrasi Negara


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Praktek *Good Governance* dan Implikasinya Terhadap Konsep dan Idiologi Penyelenggaraan Pemerintahan dan Administrasi Di Negara-Negara Berkembang (*Sound Governance* Sebagai Antitesis dari *Good Governance*)  
Sangkala
- 

*The Effect of Makassar Leadership Behavior Towards The Subordinate's Performance and The Business Growth Of Small Industry*  
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Pendekatan Etika dalam Penyelenggaraan Pemerintahan  
Muh. Basri
- 

Konsep Pembangunan Daerah dari Sudut Pandang Administrasi Negara  
Istyadi Insani
- 

Pengaruh Restrukturisasi Organisasi Birokrasi terhadap *Job-Insecurity* Pemerintah Daerah di Kota Makassar  
Kartini
- 

Pengaruh Karakteristik Pribadi, Kompetensi Individu dan Kemampuan Komunikasi Pemimpin Terhadap Kepuasan dan Kinerja Sumberdaya Manusia  
Mashur Razak
- 

Penyusunan Evaluasi Jabatan dalam Rangka Perbaikan Sistem Remunerasi  
Rohana Thahier



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Jurnal  
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## The Effect Of Makassar Leadership Behavior Towards The Subordinate's Performance And The Business Growth Of Small Industry

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### Abstract:

In general, this research aimed to find out the consistency of the effect of the leadership behavior towards the subordinate's performance and the effect of subordinate's performance towards business growth. In particular, this research aimed to find out the effect of consideration towards the subordinate's performance and business growth, the effect of initiation structure towards the subordinate's performance and business growth, the effect of subordinate's performance towards the business growth, the dominant factor have effect towards the subordinate's performance and business growth. This research was carried out in Makassar Area consist of sampling cluster in Makassar City, Gowa Regency and Takalar Regency. The data were obtained through direct interview or distributed questionnaire to the 271 respondents of the leaders of small industry selected using proportional accidental random sampling. The model of analysis is structural equation modeling (SEM). The results of this research showed that generally the leadership behavior effect towards the business growth. Particularly the consideration behavior have direct effect, positively and significantly towards the subordinate's performance but not significant towards the business growth. The initiation structure have direct effect, positively and significantly towards the subordinate's performance but not significant towards the business growth. The subordinate's performance have direct effect, positively and significantly towards the business growth. There are consistency of the effect of the leadership behavior towards the subordinate's performance and the effect of subordinate's performance towards business growth. The most dominant factors effect towards the subordinate's performance was the consideration behavior then the behavior of initiation structure. The most dominant factor effect towards the business growth was the subordinate's performance followed by the initiation structure and consideration.

**Key Words:** Leadership behavior, subordinate's performance, business growth.

### INTRODUCTION

Some researches about the effectiveness of leadership in an organization using the trait approach showed that there has not occurred the consistency of the trait owned by the effective leadership so it is appear the behavior approach assuming that the effectiveness of leadership was determined by the leadership behavior. The pioneer of

behavior research was carried out by the researcher group from Ohio University. This analyzed the leadership behavior and its effect towards the level of satisfaction and the turn over of Subordinate's in a company. From some results of studies showed that the higher consideration causing the lower of turn over. The higher consideration causing the higher of satisfaction but there has

not occurred the consistency.

From BPS (2003), it showed that the business growth level of small industry in South Sulawesi was smaller than the business growth level of big industry while small scale industry possessed the adequate raw material and resources in domestic area while big industry mostly imported their raw material from abroad. The results of Syamsuddin research (2006 : 207) showed that the leadership behavior effect directly, positively, and significantly towards the business growth in Makassar city, Wajo regency, and Enrekang regency. This results is necessary examined in other place and need the research about the direct effect of leadership behavior towards the business growth.

Relating with the above explanation, the aim of this research was to know the effect of Makassar leadership behavior towards the subordinate's performance and the business growth, the effect of subordinate's performance towards the business growth at small industry managed by Makassar people. The behavior approach assuming that the effectiveness of leadership determined by the leader behavior. The research used the behavior approach pioneered by the research group from Ohio university about 60 years ago. This research analyze the leadership behavior and it effect towards the level of satisfaction and the turn over of Subordinate's in a company. From some results of study conducted by the research group from Ohio university found two types of leadership behavior namely consideration and initiating structure. According to Yulk (1994 : 54) "Consideration is the degree to which a leader acts in a friendly and supportive manner, shows concern for

subordinate's, and looks out for their welfare. Examples include doing personal favors for subordinates, finding time to listen to subordinates' problems, backing up or going to bat for a subordinate's, consulting with subordinate's on important matters before going ahead, being willing to accept subordinate's suggestions, and treating a subordinate's as an equal. Initiating structure is the degree to which a leader defines and structures his or her own role and the roles of subordinate's toward attainment of the group's formal goals. Examples include criticizing poor work, emphasizing the importance of meeting deadlines, assigning subordinate's to tasks, maintaining definite standards of performance, assigning subordinate's to task, maintaining definite standards of performance, asking subordinate's to follow standard procedures, offering new approaches to problems, coordinating the activities of subordinate's, and seeing that subordinate's are working up to capacity".

The consideration and initiation structure were not effect each other. This means that the implementation of the first behavior was not effect on the implementation of the other leadership behavior. In this case, a leader can behave directly the consideration and initiation structure leadership in the equally high position or consideration and initiation structure in the equally low position or the high consideration while initiation structure is low or vice versa (Yulk, 1994 : 54).

Research group from Ohio University found the most effective leadership behavior between two behaviors towards the group performance, the employee turn over was low and the work satisfaction was high on the high

consideration. While high complaint and turn over from the subordinate's on the low consideration and high initiation structure (Yulk, 1994 : 55-56).

In the further study, Fleisman and Harris found that low complaint from Subordinate's. If the leader behaved in equally high consideration and initiation structure. While high complaint from Subordinate's if the leader behaved in equally low consideration and initiation structure. According to Yulk (1994 : 62) that the effective leader is the leader who have the high consideration and initiation structure. This is well known with the term high-high leader.

Yulk (1994) said that the optimal performance will cause the increase of company performance and then increase the company income. The qualitative growth of business covering the increase of business superiority and the increase of product/service quality while the quantitative growth of business covering the increase of labor force, asset, profit, etc.

From theoretical point of view, the hypothesis of this research were the consideration effect directly, positively, and significantly towards the subordinate's performance, the initiation structure effect directly, positively, and significantly towards the subordinate's performance, the subordinate's performance effect directly, positively, and significantly towards the business growth.

## II. RESEARCH METHOD

This research was carried out in Makassar area by selecting Makassar city, Gowa Regency, and Takalar Regency.

The determination of sample was conducted with accidental random sampling. The collection of primary data was conducted by using direct interview or distributing questionnaire towards 271 small industrial business leader as the respondent in Makassar area consisting 202 sample in Makassar City, 60 sample in Gowa Regency and 9 sample in Takalar Regency. All values from each indicator converted into Likert Scale i.e. in score 1, 2, 3, 4 and 5. Score 1 indicated very low (very bad), score 2 indicated low, score 3 indicated higher (good), score 4 indicated the higher and score 5 indicated very high (very good).

The procedure of data processing consisting of instrument validity test, goodness test of fit and structural model test. The aim of structural model test was to test the hypothesis of causal relationship among the construct (Hair, , 1986 : 613). The mathematical model used in this researched is structural equation modeling (SEM).

## III. RESULTS AND DISCUSSION

The valid and reliable indicator to measure the construct (unobservable variable) can be seen at the following table 1.

Table 1 Valid and reliable indicator

Construct	Indicators
Consideration	1 Co2= giving the opportunity to subordinate's to express their idea 2 Co3 = the friendship towards the subordinate's 3 Co4 = Assistance towards the subordinate's problem 4 Co5 = Keep the subordinate's feeling
Initiation structure	1 Is1 = the dearness of job performance 2 Is2 = the standard of subordinate's performance 3 Is3 = Business controlling and management 4 Is4 = compensation for subordinate's
Subordinate's performance	1 Sp2 = Loyal on the leader instruction 2 Sp3 = speed work 3 Sp4 = the quality of work results
Business growth	1 Bg1 = the growth of labor 2 Bg2 = the growth of asset 3 Bg3 = the growth of sale 4 Bg4 = The growth of net income

A structural model can be considered fit if the obtained model fulfill the criteria at the following table

Table 2 Criterion and Cut off goodness of fit test

Criterion	Cut off
Chi-Square	Expected to small
Significance Probability	> 0,05
Relative Chi-Square	< 2,00
RMSEA	< 0,08
TLI	> 0,95
CFI	> 0,95

Source: Syamsuddin (2007: 58)

The results of goodness of fit test for structural equation modeling (SEM) on figure 1 can be seen at the following table.

Table 3 Comparison cut off and results of data processing at first level

Criterion	Cut off	Result	Remark
Chi-Square	Expected small	268,467	Not fulfilled
Significance Probability	≥ 0,05	0,000	Not fulfilled
Relative Chi-Square	≤ 2,00	3,158	Not fulfilled
RMSEA	< 0,08	0,089	Not fulfilled
TLI	≥ 0,95	0,981	fulfilled
CFI	> 0,95	0,986	fulfilled

Data from each indicator above had the different units so all the obtained data inputted into the computer program and conversed into the standard value. Therefore, the obtained results selected the standardized score (not unstandardized).

The results of overall model test with confirmatory factor analysis can be seen at the following figure.

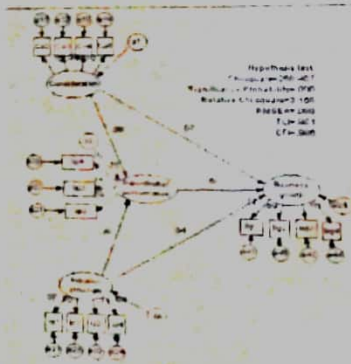


Figure 1. Test of the effect of academic behavior on subordinate's performance and business growth at first level

From the above table, it indicated that there were some criteria of goodness of fit that can not be fulfilled so the model considered unfit. In relation with this, it was conducted the index modification. At the end level of the index modification we obtained fit model indicated as the following figure.

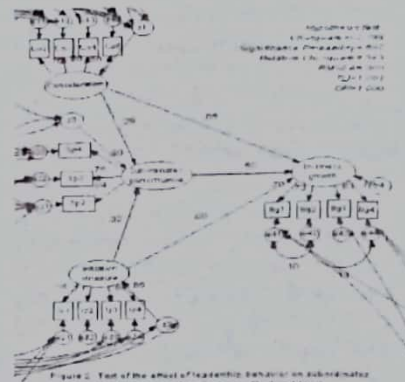


Figure 2. Test of the effect of academic behavior on subordinate's performance and business growth at end level

The results of goodness of fit test from structural equation model at figure 2 can be seen at the following table.

Table 4 Comparison cut off and result of data processing at end level

Criterion	Cut off	Result	Remark
Chi-Square	Expected small	52,758	Satisfy
Significance Probability	≥ 0,05	0,597	Satisfy
Relative Chi-Square	< 2,00	0,943	Satisfy
RMSEA	< 0,08	0,000	Satisfy
TLI	> 0,95	1,001	Satisfy
CFI	> 0,95	1,000	Satisfy

From the above table, it showed that the criteria of goodness of fit has been fulfilled so the model considered fit. The model fit will be used in the next analysis.

Structural Equation Modeling (SEM)

Based on the calculation results on the direct effect at figure 2, it was obtained the mathematical model in form of Structural equation modeling (SEM) on the direct

efect towards the dependence variable as the following equation.

$$Z_1 = 0,39Z_1 + 0,32Z_2$$

$$Z_4 = 0,05Z_1 + 0,09Z_2 + 0,50Z_3$$

or

$$Z_3 = 0,39Z_1 + 0,32Z_2$$

$$Z_4 = 0,05Z_1 + 0,09Z_2 + 0,50(0,39Z_1 + 0,32Z_2)$$

So that

$$Z_3 = 0,39Z_1 + 0,32Z_2$$

$$Z_4 = 0,25Z_1 + 0,25Z_2$$

Note:

- Z1 = Consideration, Z2 = Initiation structure
- Z3 = Subordinate's performance
- Z4 = Business growth

Analysis on the Direct Effect

Analysis on the direct effect to determine the direct effect value and significance of the effect between variable. The direct effect value from the fit model can be seen at the following table.

Table 5. Direct effects

Standardized Direct Effects - Estimates	Consideration			Initiation structure			Subordinate's performance		
	Estimate	SE	CR	Estimate	SE	CR	Estimate	SE	CR
Subordinates_performance	0,39351	0,02130	18,470	0,32130	0,02000	16,065	0,00000	0,00000	0,00000
Business_growth	0,05174	0,01194	4,330	0,09194	0,01000	9,194	0,50033	0,50033	0,50033

The signficancy of the effect between variable can be seen in the regression weights table at the following table

Table 6. Regression weights table

Regression Weights	Consideration				Initiation structure			
	Estimate	SE	CR	P	Estimate	SE	CR	P
Subordinates_performance ← Initiation structure	0,32130	0,02000	16,065	0,00000	0,39351	0,02130	18,470	0,00000
Subordinates_performance ← Consideration	0,39351	0,02130	18,470	0,00000	0,05174	0,01194	4,330	0,03333
Business_growth ← Subordinates_performance	0,50033	0,02130	23,533	0,00000	0,09194	0,01000	9,194	0,00000
Business_growth ← Initiation structure	0,09194	0,01000	9,194	0,00000	0,32130	0,02000	16,065	0,00000
Business_growth ← Consideration	0,05174	0,01194	4,330	0,03333	0,39351	0,02130	18,470	0,00000

The significance correlation between variable were determined based on the critical ratio (CR) value that usually known with the term  $t_{\alpha}$  or probability (P) value at the regression weights table (table 6). Based on the distribution table 1 (Walpole, 1978: 514), critical value that well known with the term  $t_{\alpha}$  at the significant level 10% was 1,645, critical value at the significant level 5% was 1,96 and critical value at the significant level 1% was 2,576 (using 2 tails). The correlation between variable considered significant if  $CR > t_{\alpha}$  or  $P < \alpha$  where  $\alpha =$  significant level.

Based on the loading factor ( $\lambda$ ) at figure 2 or Standardized direct effects estimates at table 5 and critical ratio (CR) or probability (P) value at regression weight at table 6, so it was obtained the significance correlation between variable as mentioned at the following table.

Table 7. The results of the significance correlation between variable

No	Independence variable	Dependence variable	( $\lambda$ )	CR	P
1	Consideration	Subordinate's Performance	0,39***	3,65	0,00
2	Consideration	Business growth	0,05	0,35	0,72
3	Initiation structure	Subordinate's performance	0,32***	4,10	0,00
4	Initiation structure	Business growth	-0,09	0,72	0,46
5	Subordinate's Performance	Business growth	0,50*	1,70	0,09

Notes:  
 \*\*\* Significant at the significance level 1%  
 \* Significant at the significance level 10%

The examination of hypothesis was conducted to examine the direction and significance of direct effect. Based on the table 7, it was obtained the direct effect and significance effect as follow:

1. The effect of consideration towards the subordinate's performance had value  $\lambda = 0,39$  and  $P = 0,000 < 0,01$  so consideration effect directly, positively and significantly towards

the subordinate's performance at significance level 1%. The effect was consideration behavior of leader the higher performance of subordinate's.

2. The effect of consideration towards the business growth had value  $\lambda = 0,05$  and  $P = 0,72 > 0,05$  so the consideration effect directly, positively but not significant towards the business growth.

3. The effect of initiation structure towards subordinate's performance had value  $\lambda = 0,32$  and  $P = 0,000 < 0,01$  so initiation structure effect directly, positively, and significantly towards the subordinate's performance at significance level 1%. The effect were 0,32 or 32%. This means that the higher the initiation structure behavior of leader the higher performance of subordinate's.

4. The effect of initiation structure towards the business growth had value  $\lambda = 0,09$  and  $P = 0,46 > 0,05$  so the initiation structure effect directly, positively but not significant towards the business growth.

5. The effect of subordinate's performance towards the business growth had value  $\lambda = 0,50$  and  $P = 0,09 < 0,1$  so the subordinate's performance effect directly, positively, and significantly towards the business growth at significance level 10%. The effect were 0,50 or 50%. This means that the higher performance of subordinate's the higher growth of business.

**Analysis on the Indirect effect**

Analysis on the indirect effect to determine the effect of variable to the other variable pass intervening variable. The indirect effect can be seen at the following table.

Table 8. Indirect Effects

Standardized Indirect Effects - Estimates			
	Consideration	Initiation structure	Subordinates performance
Subordinates performance	0,00000	0,00000	0,00000
Business growth	0,19694	0,16076	0,00000

The Indirect effect value of consideration behavior towards the business growth were 0,197 or 19,7% and the indirect effect value of initiation structure behavior towards the business growth was 0,161 or 16,1%.

**Analysis on Total Effect**

Total effect is accumulation of the direct and indirect effect, total effect can be seen at the following table.

Table 9. Total Effect

Standardized Total Effects - Estimates			
	Consideration	Initiation structure	Subordinates performance
Subordinates performance	0,39061	0,32136	0,00000
Business growth	0,24668	0,25270	0,50000

Total effect of consideration behavior towards the subordinate's performance was 0,394, total effect of initiation structure towards the subordinate's performance was 0,321, total effect of consideration behavior towards the business growth was 0,249; total effect of initiation structure towards the business growth was 0,253

and total effect of subordinate's performance towards the business growth was 0,500.

According to the total effect we find the dominant factor effected towards the subordinate's performance was consideration behavior then the behavior of initiation structure. The dominant factor effected towards the business growth was the subordinate's performance then followed by the behavior of initiation structure and consideration.

From the results of analysis that the leadership behavior effect significantly towards the subordinate's performance, the subordinate's performance effect significantly towards the business growth and the leadership behavior effect significantly towards the business growth through subordinate's performance. The results of this research if compared with the results of research conducted by

Syamsuddin before showed that there was a consistency that leadership behavior effect towards the subordinate's performance and subordinate's performance effect towards the business growth. This consistency showed that the leadership behavior really effected towards the subordinate's performance and the subordinate's performance towards the business growth. In relation with this, the role of leadership in mobilizing the subordinate's was really needed and the

successful of business was mostly determined by the leader of business to effect their subordinate's. There was a different results the research before that this research where the total effect of initiation structure behavior towards business growth is the bigger than total effect of consideration behavior towards the business growth. This different caused that the direct effect of initiation structure behavior towards business growth was bigger than the direct effect of consideration behavior towards the business growth. From the results of this research and the research conducted by Syamsuddin (2006) giving the instruction to us that the consideration and initiation structure behavior increasing the business were mostly determined by two type of behavior namely two behavior are equally high.

If we use the rational logic, the findings that the leadership behavior effect towards the subordinate's performance and the effect of consideration behavior was bigger than the effect of initiation structure towards the subordinate's performance and can be supported by the findings conducted by the research group from Ohio University found that the employee turnover was low and the subordinate's satisfaction was high in the leadership condition with high consideration. As the matter of facts that low consideration and high initiation structure had the complaint and the higher turnover (Yulk, 1994 : 55-56) This was also supported by Flesiman and Harris found that the arouse complaint from subordinate's was very small if the leader behaved equally high consideration and initiation structure. As matter of facts there were many complaints from subordinate's if the

leader behaved equally low consideration and initiation structure. According to Yulk (1994 : 62) that the effective leadership is the leader who has the high consideration and initiation structure. This was well known with high-high leader. If it linked with the contingency theory said that the effectiveness of leadership was determined by situation, so the consistency from the results of research considered good because of situation or characteristic from the entrepreneur in the population of research before (Syamsuddin, 2006) was not different. Therefore the finding in this research workable in outside of Makassar area if the characteristic of population were same with the characteristic of this research location.

The findings that the effect of consideration was bigger from the effect of initiation structure towards the subordinate's performance giving the instruction and warning to us that it is better the leader of business had the higher consideration behavior i.e. leader had to keep the good relationship with subordinate's, give attention to the subordinate's particularly for Indonesian who respect to the pride and human dignity. This findings criticized some small industrial leader who applied one man show or dictator. This model of leadership was not so good and the facts showed that the results of this research supported the participative and moderate leadership. Therefore the dictator leadership will effect negatively towards the subordinate's satisfaction and commitment so the subordinate's performance will be low and increasing the turnover because the small industry workable the law " easy entry and easy

out". A good leader is the leader possessed the equally high consideration and initiation structure. The rules that wage must be proportional with the subordinate's performance. If subordinate's performance was high, so the company must give the higher wages and if the subordinate's performance was low, it must be given the low wage. The proportional wage giving based on the performance capable to motivate the subordinate's to have the higher performance.

#### IV. Conclusion and Recommendations

The results of this research showed that generally the leader behavior effect significantly towards the subordinate's performance and the subordinate's performance effect significantly towards the business growth. Particularly the consideration behavior have direct effect, positively and significantly towards the subordinate's performance but not significant towards the business growth. The initiation structure have direct effect, positively, and significantly towards the subordinate's performance but not significant towards the business growth. The most dominant factors effect towards the subordinate's performance was the consideration behavior then the behavior of initiation structure. The most dominant factor effect towards the business growth was the subordinate's performance followed by the behavior of initiation structure and consideration.

In increasing the growth of small industry particularly in Makassar athnic, so it suggested to all the business leadership keep maintain the good relationship with the subordinate's by

giving the opportunity to subordinate's to give their aspiration, give attention with the subordinate's and treating the subordinate's in truly good. In addition, leader suggested to give the clearness of job and responsibility to subordinate's, giving the compensation based on the performance and any time may be acted strictly. Leader have to behave in equally high consideration and initiation structure.

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