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**THE INFLUENCE OF STRATEGIC POLICY AND
STRATEGIC LEADERSHIP ON THE PERFORMANCE OF
ORGANIZATIONS MEDIATED BY ORGANIZATIONAL
CULTURE WORK SAFETY AND HEALTH****Daafi Armanda, Yuswar Z. Basri, Kusnadi & Haeba Ramly**

Abstract

This study aims to relate the influence of strategic policy's variables and strategic leadership on organizational performance mediated by organizational culture. This research's method uses causality study's design through techniques with surveys using a questionnaire. Based on the time dimension, using cross-sectional research, where data are collected one at a time, the Structural Equation Modeling (SEM) are then processed using the Amos program/software. The outcome of this study explained that both the strategic policy variables and strategic leadership have a significant effect on organizational culture and organizational performance. This study also shows that organizational culture variables significantly influence the organizational performance. Indirectly, this research shows that organizational culture could mediate the influence of strategic policies on organizational performance, although this organizational culture has not been able to mediate the influence of strategic leadership on organizational performance.

Keywords: *Strategic Policy, Strategic leadership, Culture, Performance.*

Introduction

A good and healthy company is a company that always pays attention to the conditions of its workers, in this case concerning the aspects of occupational safety and health of its workers. The optimal implementation of the OSH program for workers is directly related to work productivity, because the application of the OSH program is one method to motivate workers for increase the company's productivity. Guidelines for the implementation of the Occupational Safety and Health Management System (OSHMS) in Indonesia are founded in Government Regulation No. 50/2012. Companies in Indonesia doing construction services that have high risks, are required to

implement OSHMS in construction project activities. In PP No. 50 of 2012 the application of OSHMS aims to improve the effectiveness of planned, measured, structured and integrated occupational safety and health protection. Also to prevent and to reduce work accidents and occupational diseases by involving management, workers or laborers. The latest challenge globally is the extent to which a company or organization in all fields can survive in the midst of increasingly fierce competition. Responding to changes that occur in a short time in the era of global competition as it is today, then for companies to survive and be able to improve their ability to compete globally in turbulent conditions must formulate strategies that are adaptive and easily adapted to stay ahead of changes that occur suddenly (Bilgies, 2017). With an adaptive strategy, the company is able to face competition with other companies because it internally has a competitive advantage in facing business competition. A company that has a competitive advantage is expected to produce high performance measured both through business and financial aspects. Occupational Safety and Health (OSH) in the sense of providing protection to everyone who is in the workplace, which is associated with the transfer of raw materials, use of construction work equipment, production processes and the environment around the workplace. Construction activities have a variety of undesirable impacts including those concerning occupational safety and health aspects. The success of the Occupational Safety and Health Management System (OSHMS) implementation in construction projects need to be supported from various parties involved, interacting and working together. This should be the main consideration in the implementation of the construction projects carried out by the project team and all management of various parties involved therein. Each party has a responsibility to support each other for the successful implementation of a construction project marked by a positive evaluation of the implementation of the occupational safety and health program. The functioning of strategic leadership and a conducive culture within the organization can motivate employees to improve their performance. Organizational culture also plays an important role in motivating employees to improve employee performance. Soedjono (2005) stated that organizational culture is a system used to spread trust and values that develop in organizations to direct the behavior of individuals involved. Furthermore Yukl (2010) also stated that the ability of leaders to carry out strategic actions depends on the historical factors of the organization (organizational culture) that are influenced by changes in the external environment (the presence of new competitors, technological developments, declining demand for services/products, different political/regulatory climate), strengthening strategies and increasing consistency between strategies, organizational structure, culture and human resources. Taylor-Bianco and Schermerhorn (2004) argued that the characteristics of strategic leadership are: being involved in change, being more proactive in communicating change, not willing to change leadership into an external consultant and not just having a vision of change but accompanied by a continuing capacity for implementing change, always encouraging positive, independent behavior change and enable others to do the same and take risks.

Literature Review

Strategy Policy

Strategy policy is the power of allocating values for society as a whole. This contains the connotation of government authority which covers the whole of social life. There is no other organization whose authority could reach the entire community except the government. Strategic policy is a means to an end, stating policy as a program that is projected with regard to goals, values, and practices (Abidin, 2012). According to Tahir (2011), strategic policy is a valid provision that is characterized by consistent and recurring behavior, both from those that make it and those that obey it. According to Vijaywargia (2012), strategy making is not only a task for senior executives. In large companies, decisions about what business approaches to take and what new steps to take involve senior executives in corporate offices, heads of business units and product divisions, heads of key functional areas in the business or division (manufacturing, marketing, and sales, finance, human resources, and

the like), plant managers, product managers, district and regional sales managers, and lower level supervisors. In diverse companies, the strategy starts at four different organizational levels namely: (1) corporate strategy, (2) business strategy, (3) functional strategy and (4) operational strategy.

Strategic Leadership

Strategic leadership includes handling issues that are usually handled by the company's top management team (Zia-ud-din., Shabbir., Asif., Bilal and Reza, 2017). Emerging strategic leadership abilities remain separate from emerging regulatory skills or leaders who emerge with the main process (Stigter and Cooper, 2015). Witts (2016) further explained that strategic leadership is the ability of leaders to imagine and direct organizational actions towards the successful achievement of organizational goals. Yulk (2013) explained in his empirical findings that several behavioral characteristics of strategic leaders were stated, namely: 1) daring to take decisive action especially when facing a crisis, 2) having the competence to make lasting changes, 3) knowing what has to be done and being able to control events/situations, 4) appreciates good performance but does not blame external conditions for poor performance. Strategic leadership is related to leadership that is able to bring strategic change to company progress, this can be seen through transformational leadership and transactional leadership (Azbari, Akbari and Chaijani, 2015; Ozer and Tinaztepe, 2014).

Organizational Culture

Colquitt, LePine and Wesson (2015) define organizational culture as a shared of social knowledge in an organization about the rules, norms and values that shape the attitudes and behavior of its employees. Meanwhile, according to Robbins and Judge (2013), organizational culture is a system of shared meanings shared by members who distinguish a company from another company. This system of shared meanings, if observed more closely, is a set of main characteristics valued by a company. Organizational culture relates to how employees perceive the characteristics of a company culture, not whether employees like culture or not. Organizational culture is what employees perceive and the way that perception creates a pattern of beliefs, values, and expectations. Furthermore, organizational culture according to Colquitt, LePine and Wesson (2015) is social knowledge that is shared with all an organization regarding rules, norms, and values that shape employee attitudes and behavior. According to Langton, Robbins and Judge (2016), culture has a number of functions in an organization: (1) It has a role of determining borders because it creates a difference between one organization and another, (2) It conveys a sense of identity to members of the organization, (3) This help create commitment to something greater than one's personal interests, (4) It increases stability; it is a social glue that helps unite the organization by setting standards for what employees must say and do, (5) It functions as a control mechanism that guides and shapes employees' attitudes and behavior, and helps them understand the organization.

Organizational Performance

Organizational performance can be simply defined as company performance compared to goals and objectives (Novak, 2017). Organizational performance also depends on its employees, who are an important part of the organization and form teams that work to achieve organizational goals (Almatrooshi, Singh and Farouk, 2016). Tomal and Jones (2015) define organizational performance as the actual results or outputs of an organization that are measured against the intended output of the organization. Whereas Bendickson, Gur, and Taylor (2018) said that organizational performance contains the effectiveness, efficiency, and satisfaction of each member of the organization in achieving performance. And the performance results are evaluated by management to present the performance results of the implementation and achievement of operational targets of each employee. Then the hypothesis is built as follows:

H1: Strategic policies have a positive and significant effect on organizational culture OSH

H2: Strategic leadership has a positive and significant effect on organizational culture OSH

H3: Strategic policies have a positive and significant effect on organizational performance

H4: Strategic leadership has a positive and significant effect on organizational performance OSH

H5: OHS organizational culture has a positive and significant effect on OHS organizational performance

H6: Strategic policies have a positive and significant effect on OSH organizational performance through OSH organizational culture

Research Methods

Gathering data in this study is done through a survey using a questionnaire. Survey methods are systems for gathering information from or about people to describe, compare, or explain their knowledge, attitudes, and behavior. Based on the time dimension, this research is a cross sectional study which is a research study whose data is collected only once (stretching even though it may be for several days, weeks, or months) to answer research questions (Sekaran and Bougie, 2016). After the data is obtained, the next step is data processing and analysis using Structural Equation Modeling (SEM) analysis tools that are processed using the Amos program. The variables in this study include strategic policy and strategic leadership as an independent variable, OSH organizational culture as a mediating variable (intervening) and OSH organizational performance variable as the dependent variable.

To measure the strategic policy variable refers to the opinion of Maleka (2014) about the stages in the preparation of the organization's strategic policy, covering four stages, namely: the stage of strategy analysis, strategy formulation, strategy execution and strategy evaluation stage. This stage is also an indicator of measurement of strategic policy variables and can be identified as follows: strategy formulation, strategy implementation and strategy evaluation. Measurements were made using a five-point Likert scale, namely 1 = strongly disagree, up to 5 = strongly agree. Measurement of strategic leadership variables uses two dimensions, namely transformational leadership and transactional leadership. In transformational leadership, indicators are used such as articulating vision, inspiring communication, intellectual stimulus and supporting leadership while transactional leadership uses indicators such as contingent rewards, focus on mistakes, exceptions, and deviations from management standards and exceptions adapted from Azbari, Akbari and Chajani (2015); Ozer and Tinaztepe (2014). In transactional leadership, contingent reward, active-exception management, p. The measurement of OSH organizational culture as a mediating variable was chosen in three dimensions, namely: new innovation, team oriented, and outcome orientation. For each dimension three indicators are adapted from Robbins (2015) and Erkutlu (2011) and adjusted for company respondents. And passive-management are adapted from Bass (1995). Measurement of OSH organizational performance variables uses three dimensions, namely: internal business process performance, financial performance, customer performance. For each dimension, three indicators are adapted according to (Kuo, 2013) and Korir (2018), adjusted for Company respondents.

Results and Discussion

The results of data analysis are obtained from the value of critic ratio (CR) of 5.409 with a significance probability (P) of 0.000. The level of significance was set at 5% with the provisions of CR values > 1.96 and P < 0.05 as a basis for accepting the research hypothesis. Thus H1 is declared acceptable, meaning that strategic policy has a positive and significant effect on the culture of OSH organizations. The direction of this positive influence is supported by the value of the path coefficient (estimate) which is positive (0.663). When there is a one-point increase in the strategic policy variable, it will provide a change in the improvement of OSH

organizational culture by 0.663 points. This finding explains that the increasing value of strategic policies can significantly improve the organization's OSH culture. Strategic policies related to a company policy to achieve the goals or objectives that have been set. The policy explains the rules that must be implemented by each member of the company so that through the application of this policy will create a culture in the organization. Coyne, Pisha, Dalton, Zeph, and Smith (2012) that strategic policies made by government organizations regarding public openness to international trade produce a positive effect on organizational culture on economic culture. So when a company has a strategic policy related to OHS, it will shape the OHS culture within the company. This is supported by the findings of the study. Research conducted by O'Regan and Lehman (2017) proves that a company's corporate strategy has a positive impact on corporate culture.

The results of data analysis obtained the value of critic ratio (CR) of 2.208 with a significance probability (P) of 0.027. The level of significance was set at 5% with the provisions of CR values > 1.96 and $P < 0.05$ as a basis for accepting the research hypothesis. Thus H2 was accepted, meaning that strategic leadership had a positive and significant effect on OSH organizational culture. The direction of this positive influence is supported by the value of the path coefficient (estimate) which is positive which is 0.243. When there is a one point increase in the variable of strategic leadership it will provide a change in the improvement of OSH organizational culture by 0.243 points. This finding explains that the increasing value of strategic leadership can significantly improve the organization's OSH culture. In a corporate organization, the role of the leader as a strategic position is vital in influencing each of his followers. Strategic leadership is the ability of top management teams to create vision and mission, think and act strategically, and create organizational competitiveness in a sustainable manner (Carter & Greer in Witts, 2016). Through this leadership, it makes employees to follow the direction and instructions of the leader in achieving goals. This means that through strategic leadership in improving the quality of OSH, the workers will follow the direction of the leader so that will be a culture that is oriented to OSH.

The results of data analysis obtained the value of critic ratio (CR) of 2.181 with a significance probability (P) of 0.029. The level of significance was set at 5% with the provisions of CR values > 1.96 and $P < 0.05$ as a basis for accepting the research hypothesis. Thus H3 is declared acceptable, meaning that strategic policies have a positive and significant effect on the performance of OHS organizations. The direction of this positive influence is supported by the value of the path coefficient (estimate) which is positive which is 0.315. When there is a one-point increase in the strategic policy variable, it will provide a change in the improvement of OSH organizational performance by 0.315 points. This finding explains that the increasing value of strategic policies can significantly improve OSH organizational performance.

The results of data analysis obtained the value of critic ratio (CR) of 3.469 with a probability of significance (P) of 0.029. The level of significance was set at 5% with the provisions of CR values > 1.96 and $P < 0.05$ as a basis for accepting the research hypothesis. Thus H4 is declared acceptable, meaning that strategic leadership has a positive and significant effect on OSH organizational performance. The direction of this positive influence is supported by the value of the path coefficient (estimate) which is positive which is 0.379. When there is a one point increase in the variable of strategic leadership, it will provide a change in the improvement of OSH organizational performance by 0.379 points. This finding explains that increasing the value of strategic leadership can significantly improve OSH organizational performance. Leaders have a role in influencing employees at work. Through appropriate and strategic leadership in OSH, workers will be able to work optimally in accordance with the provisions of standard operating procedures, including prioritizing OSH. Ozer and Tinaztepe (2014) explained that the strategic leadership style has a significant relationship with company performance. Furthermore Rahman et al. (2018) states that strategic leadership which includes aspects of action, discipline and coherence has a positive and significant influence on organizational performance. Then Zia-ud-din et al. (2017) has also proven

that strategic leadership has a significant impact on performance. Other empirical studies also provide support for the role of leadership in influencing company performance such as Wang et al., (2010); Samad and Abdullah (2012); Kim et al., (2014); and Zumitzavan et al., (2014).

The results of data analysis obtained the value of critic ratio (CR) of 2.503 with a significance probability (P) of 0.012. The level of significance was set at 5% with the provisions of CR values > 1.96 and $P < 0.05$ as a basis for accepting the research hypothesis. Thus H5 is declared acceptable, meaning that the culture of the OSH organization has a positive and significant effect on the performance of the organization. The direction of this positive influence is supported by the value of the path coefficient (estimate) which is positive which is 0.437. When there is an increase of one point in the OSH organizational culture variable, it will provide a change in the improvement of the OSH organization performance by 0.437 points. This finding explains that increasing the value of OSH organizational culture can significantly improve OSH organizational performance. Organizational culture is a system of shared meanings shared by members that distinguishes a company from other companies (Robbins and Judge, 2015). Through OHS-oriented organizational culture, it will shape the behavior of workers to always prioritize OHS. This will prevent workers suffering from work accidents, thus making the organization's performance in the OSH field increase along with the reduction in work accident rates. Meutia and Husada (2019) explain that organizational culture is an important factor that can explain variations in performance, shared cultural values that can be binding on an organization with employees. Thus, the strong bond can provide encouragement to improve performance in completing work to the fullest.

Strategic leadership does not have a positive and significant effect on OSH organizational performance through OSH organizational culture. This finding confirms that organizational culture has not been able to mediate the influence of strategic policies that have a positive and significant effect on OSH organizational performance. This finding is not in line with research conducted by Rehman et al. (2019), revealed that strategic leadership has a significant influence on organizational performance with organizational culture mediating these two variables. Although strategic leadership is directly able to influence organizational culture and performance and organizational culture is also able to improve organizational performance, organizational culture variables are not variables that can provide mediation so that the direct leadership influence on OHS performance is higher than when through OHS organizational culture mediation.

Conclusions

Based on the results of data analysis and discussion above, it can be concluded that:

Strategic policies have a positive and significant effect on organizational culture OSH. This finding explains that OSH organizational culture will be better when the company has implemented a strategic policy in accordance with the provisions of Occupational Health and Safety.

Strategic leadership has a positive and significant effect on organizational culture OSH. This finding explains that OSH organizational culture will become enhanced when the company has leaders who implement strategic leadership to prioritize aspects of Occupational Health and Safety.

Strategic policies have a positive and significant effect on organizational performance OSH. This finding explains that organizational performance in the OSH field will be increasingly improved when the company has implemented a strategic policy in accordance with the provisions of Occupational Health and Safety.

Strategic leadership has a positive and significant effect on OSH organizational performance. This finding explains that the performance of OSH organizations will be improved when the company has a leader who applies strategic leadership to prioritize aspects of Occupational Health and Safety.

OHS organizational culture has a positive and significant effect on OSH organizational performance. These findings explained that the performance of OSH organizations will be improved within the company when there is a culture that promotes Occupational Health and Safety.

Strategic policies have a positive and significant effect on OSH organizational performance through OSH organizational culture. These findings explain that through strategic policies taken by the company would shape the OSH organizational culture so that it can ultimately improve the performance of the organization in the OSH field.

Strategic leadership does not have a positive and significant effect on OSH organizational performance through OSH organizational culture. This finding explains that strategic leadership tends to be more able to improve the performance of OSH organizations directly rather than through OSH organizational culture, in accordance with the leadership function in influencing each of its workers directly so that the role of the leader is very important in determining the performance of OSH organizations directly.

In conducting this research, there are some limitations such as not being able to provide a perfect model (goodness of fit) through the evaluation of structural models. Therefore, future researchers who take themes in the construction sector can develop this research by making improvements model such as by adding training factors. OSH can thus provide a better model. OSH training needs to be applied in all construction sector companies, remembering that this sector is one of the sectors that has the highest accident risk from other sectors. The purpose of this training is to equip and to improve the ability of participants with in-depth knowledge and correct understanding of OHSMS based on Government Regulation No. 50 of 2012 and OHSAS 18001: 2007 Standards to achieve organizational goals regarding Occupational Safety and Health. For this reason, OSH training is one of the predictors in improving OSH organizational performance.

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