The role of differentiation strategy and organizational citizenship behavior in mediating the effect of transformational leadership on the performance of private high schools

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ABSTRACT

This study aimed to develop a conceptual model of the role of differentiation strategy and organizational citizenship behavior in mediating the effect of transformational leadership on the performance of private high schools in Pekanbaru. The sample was 140 principals and vice-principals of private high schools in Pekanbaru. The data obtained were processed using Structural Equation Modeling Partial Least Square (SEM PLS). The findings in this study are that transformational leadership has a positive effect on the performance of private high schools in Pekanbaru, differentiation strategy and organizational citizenship behavior mediate the effect of transformational leadership on the performance of private high schools in Pekanbaru. The most effective pathway to affect the performance of private high schools is the mediating pathway of organizational citizenship behavior on the effect of transformational leadership on the performance of private high schools.

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Keywords:
Private High School
Performance
Transformational Leadership
Differentiation Strategy
Organizational Citizenship Behavior

1. Introduction

Performance is a combination of ability and nature, effort and support that are measured through the results of production or work that has been achieved by a person (Bernardin & Russel, 2000: 215; Kreitner & Kinicki, 2012: 191; Steers and Porter, 1973). Performance is affected by many factors such as commitment, culture, organizational citizenship behavior and innovative work behavior (Fitrio et al., 2020). Several studies have stated that transformational leadership has an effect on performance (Erina, 2021; Hamzah et al., 2021; Ingsih et al., 2021; Juliana et al., 2021; Susanto et al., 2021; Virgiawan et al., 2021) but there are also several studies that have found—that transformational leadership has no effect on performance (Ahmad et al., 2019; Mustofa & Muafi, 2021; Prabowo et al., 2018; Hasib et al., 2020; Andriana et al., 2019). The inconsistency of research results on the effect of transformational leadership on performance made researchers interested in researching and trying to find solutions to the research gap. Researchers conducted an empirical study and found several studies that stated—that differentiation strategy had an effect on performance (Kausalh et al., 2017; Chege, 2018; Widuri & Susanto, 2018; Suryanto & Anggraini et al., 2020; Venusita & Dyani, 2018; Islami et al., 2020; Banker et al., 2014; Spencer et al., 2009; Atikiya et al., 2015). Meanwhile, other studies have also found that organizational citizenship behavior had an effect on performance (Amalia et al., 2021; Bachrach et al., 2014; Herrmanan et al., 2020; Mallick et al., 2014; Mo & Shi, 2015; Murphy et al., 2002; Pranata et al., 2020; Yang & Chae, 2021). Researchers tried to offer differentiation strategy and organizational citizenship behavior as mediating variables that have the potential to improve employee performance. This was based on the
idea that if the principals of private high schools in Pekanbaru lead by transformation to a better direction—which is accompanied by creating a differentiation strategy that differentiates it from competitors and high extra-role behavior, it will certainly have the potential to improve the performance of private high schools in Pekanbaru.

Many studies have been conducted regarding the inconsistency of the results of the effect of transformational leadership on performance by using the mediating variables of leader-member exchange, job satisfaction and engagement (Hasib et al., 2020; Mon et al., 2021; Rafia et al., 2020) but this study emphasized the importance of differentiation strategy and extra-role behavior in private high schools to increase competitive advantage. In the end, this study aimed to develop a resource-based theory, where a leader who is transformed in a good direction if accompanied by a different strategy from competitors and high extra-role behavior will have the potential to create a competitive advantage that can improve organizational performance.

2. Literature Review

2.1 Resources Based Theory

The resource-based approach is a concept that is able to help company leaderships achieve sustainable competitive advantage. The basic thought of Resource-Based View actually wants to know and understand what makes a company different, gain and survive in a competitive advantage—by utilizing the potential of its resources (Kostopaulos, et al., 2007). Barney, (2001), states that to achieve a competitive advantage, company resources must have four important criteria, namely valuable, rare, inimitable and irreplaceable. Mesko and Smith, (2000) state that the company's resource-based view is a strategic asset that is rare, valuable, difficult to imitate and irreplaceable.

2.2 Performance

Dessler, (2008:274) states that the performance achieved by a company is the achievement of the members of the company itself—starting from the executive level to operational employees. Employee performance is the result of work in quality and quantity achieved by an employee in carrying out tasks in accordance with the responsibilities given or, in other words, performance is a system used to assess and find out whether an employee has carried out their work as a whole,—or is a combination of work results and competencies (Mathis & Jackson, 2017:153). Gibson et al., (2004: 183), state that there are three factors affecting performance, namely: 1) Individual factors: abilities, skills, family background, work experience, social level and a person's demographics; 2) Psychological factors: perception, job stress, roles, attitudes, personality, motivation and job satisfaction, and 3) Organizational factors: organizational structure, job design, leadership and reward system. Mathis and Jackson, (2016:153) state that there are 5 indicators in measuring performance, namely: 1) Quantity of Output, 2) Quality of Output, 3) Timelines of Output, 4) Presence at work, 5) Efficiency of Work Completed. The Regulation of the Minister of Education and Culture of the Republic of Indonesia Number 17 of 2017 states that there are 5 school performance indicators, namely: 1) strategic goals, 2) school quality, 3) productivity, 4) school achievement, 5) leadership supervision. Private high schools' performance in this study was measured by 12 statement items.

2.3 Transformational leadership

Leadership was first introduced by Burns (1978) who states that there are two types of political leadership, namely transformational leadership and transactional leadership. Yukl (2010:198) defines leadership as the process of influencing others so that they can understand and agree on what to do and how to do it—as well as the process of facilitating individual and group efforts to achieve common goals. Avolio & Bass, (1988:257) define transformational leadership as a leader who has the power to influence subordinates in certain ways. Avolio and Bass, (1988:268) state that there are several characteristics of transformational leadership, namely: 1) Idealized Influence, 2) Charismatic influence, 3) Inspirational Motivation, 4) Intellectual Stimulation and 5) Individual consideration. Meanwhile, Robbin & Judge, (2009:254) state that there are 4 indicators of transformational leadership, namely: 1) idealized influence, 2) inspirational motivation, 3) intellectual stimulation, 4) individualized consideration.

2.4 Differentiation Strategy

Porter (1997:132) suggests that there are two basic strategies to achieve a company's competitive advantage, namely cost leadership and differentiation. Cost leadership is the company's ability to design, produce and sell comparable goods or services more efficiently than competitors. Meanwhile, differentiation is the company's ability to create unique and superior value in the eyes of buyers in terms of product quality, special features—or also after-sales service. Chickering and Reisser (1993:169), state that there are eight keys that affect the competitiveness of schools, namely: 1) Clear and consistent institutional goals, 2) Institutional measures, 3) Student-school relationships, 4) Curriculum, 5) Teaching, 6) Friendship and community of students and teachers, 7) Student development service programs, 8) Strong environment in education. Voola and O’ Cass, (2010) state that there are 4 indicators of differentiation strategy, namely: 1) School differentiation, 2) Product differentiation, 3) Personnel differentiation and 4) Service differentiation. Miller & Spoolman (2011:254) state 10 elements that
can be used as assessments in educational institutions, namely: (1) goals and objectives, (2) student learning, (3) faculty performance, (4) academic programs, (5) institutional support services, (6) administrative leadership, (7) financial management, (8) governing board, (9) external relations and (10) institutional self-improvement.

2.5 Organizational Citizenship Behavior

Organizational Citizenship Behavior is defined by Organ (1988:132) as individual behavior which has the freedom to determine or choose, is not directly or explicitly recognized by the formal reward system—and in its entirety promotes the effective functioning of the organization. Robbins (2009:245), states that Organizational Citizenship Behavior is a preferred behavior that is not part of an employee's formal work obligations but supports the effective functioning of the organization. Many factors affect organizational citizenship behavior, including leadership style, organizational culture, satisfaction, organizational climate and others (Wirawan, 2017: 481). Organ & Ryan (1995) have found a relationship between Organizational Citizenship Behavior and several factors of The Big Five Personality which include extraversion, agreeableness, emotional stability, conscientiousness and openness to experience. Organ (1988), state that there are 5 indicators of organizational citizenship behavior, namely: 1) Altruism, 2) Courtesy, 3) Consciousness, 4) Civic Virtue and 5) Sportsmanship.

2.6 Conceptual Model and Hypothesis

The conceptual model to be tested is presented in the following Fig. 1.

Fig. 1. Research Conceptual Model

Sources: Processed data

Based on empirical and theoretical studies, there are still inconsistencies in the results of research on the effect of transformational leadership on the performance of private high schools, so the researchers proposed the following hypotheses:

H1. There is a positive effect of transformational leadership on the performance of private high schools.
H2. The differentiation strategy mediates the effect of transformational leadership on the performance of private high schools.
H3. Organizational Citizenship behavior mediates the effect of transformational leadership on the performance of private high schools.

3. Method

This study is causal associative research—causal associative research is research that aims to determine the relationship between two or more variables. With this research, it will be possible to build a model that serves to explain, predict and control a symptom. A causal relationship is causative in nature, one of the variables (independent) affects other variables (dependent) (Sugiyono, 2013:55). The research subjects were private high schools in Pekanbaru—a population of 140 principals and vice-principals of private high schools in Pekanbaru. This entire population was sampled. Private high schools’ performance measurement indicators were developed from the regulation of the Minister of Education and Culture number 17 of 2017 with indicators: 1) strategic goals, 2) school quality, 3) productivity, 4) school achievement and 5) leadership supervision. Private high schools’ performance in this study was measured by 12 statement items. Transformational leadership indicators were developed from Avolio & Bass, (1988:268) with: 1) idealized influence, 2) charismatic influence, 3) inspirational motivation, 4) intellectual stimulation and 5) individual consideration. Transformational leadership in this study was measured by 9 statement items. The differentiation strategy indicators were developed from Voola and O’Cass (2010) with: 1) school differentiation, 2) product differentiation, 3) personnel differentiation and 4) service differentiation. The differentiation strategy in this study was measured by 8 statement items. Organizational citizenship behavior indicators were developed from Organ (1988) with: 1) altruism, 2) courtesy, 3) consciousness, 4) civic virtue and 5) sportsmanship. Organizational citizenship behavior in this study was measured by 7 statement items. To test the conceptual model, the structural equation modeling (SEM) Smart PLS 3.3 was used.
4. Results and Discussion

The research respondents were 140 people with 49.30% having an undergraduate education background and 50.70% having a post-graduate education background, all of the respondents are married and most of them have worked for 5-10 years. 23.57% of respondents are 30-35 years old, 18.57% are 10-45 years old and the remaining are under 30 years old, it can be concluded that respondents in this study are young and energetic, educated and experienced—and mature in attitude.

Respondents’ responses to the performance of private high schools were high with the highest value indicator being school quality and the lowest value indicator being school achievement. Respondents’ responses to transformational leadership were very good with the highest value indicator being the ideal influence of behavior while the lowest value indicator being the ideal influence of trait. Respondents’ responses to the differentiation strategy were high with the highest value indicator being service differentiation and the lowest value indicator being image differentiation. Respondents’ responses to organizational citizenship behavior were very high with the highest value indicator being conscientiousness and the lowest value indicator being courtesy. The following is the path of the research model.

4.1 Measurement Model Analysis (Outer Model)

4.1.1 Convergent Validity Test

The results of the convergent validity test of the data in this study are presented in the following Table 1.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Loading Factor</th>
<th>Factor loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>SD1 ← School Image</td>
<td>0.887</td>
<td></td>
</tr>
<tr>
<td>SD2 ← Product</td>
<td>0.703</td>
<td></td>
</tr>
<tr>
<td>SD3 ← Personnel</td>
<td>0.759</td>
<td></td>
</tr>
<tr>
<td>SD4 ← Service</td>
<td>0.824</td>
<td></td>
</tr>
<tr>
<td>KS1 ← Strategic goals</td>
<td>0.906</td>
<td></td>
</tr>
<tr>
<td>KS2 ← School quality</td>
<td>0.728</td>
<td></td>
</tr>
<tr>
<td>KS3 ← Productivity</td>
<td>0.911</td>
<td></td>
</tr>
<tr>
<td>KS4 ← School achievement</td>
<td>0.773</td>
<td></td>
</tr>
<tr>
<td>KS5 ← Leadership supervision</td>
<td>0.852</td>
<td></td>
</tr>
<tr>
<td>KT1 ← Ideal influence of trait</td>
<td>0.941</td>
<td></td>
</tr>
<tr>
<td>KT2 ← Ideal influence of behavior</td>
<td>0.799</td>
<td></td>
</tr>
<tr>
<td>KT3 ← Inspiring motivation</td>
<td>0.936</td>
<td></td>
</tr>
<tr>
<td>KT4 ← Intellectual stimulation, future optimistic</td>
<td>0.957</td>
<td></td>
</tr>
<tr>
<td>KT5 ← Adapted considerations</td>
<td>0.745</td>
<td></td>
</tr>
<tr>
<td>OCB1 ← Altruism</td>
<td>0.932</td>
<td></td>
</tr>
<tr>
<td>OCB2 ← Courtesy</td>
<td>0.831</td>
<td></td>
</tr>
<tr>
<td>OCB3 ← Conscientiousness</td>
<td>0.936</td>
<td></td>
</tr>
<tr>
<td>OCB4 ← Civic virtue</td>
<td>0.747</td>
<td></td>
</tr>
<tr>
<td>OCB5 ← Sportsmanship</td>
<td>0.724</td>
<td></td>
</tr>
</tbody>
</table>

Sources: SmarPLS 3.3 Programs
Based on the results of the convergent validity test in Table 1, if the factor loading value is <0.5 then it must be removed from the model and the factor loading value must be re-estimated. By removing several factor loadings that are <0.5, all indicators are used to continue the analysis to the next stage—it is said to meet convergent validity if all factor loadings are >0.5 (Hair et al., 2017). Because all factor loadings in this study >0.5, it means that all indicators are valid to form a variable construct.

4.1.2 Discriminant Validity Test

The results of the discriminant validity test of the data in this study are presented in the following Table 2.

Table 2
Discriminant Validity

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Differentiation</th>
<th>Transformational</th>
<th>Performance of Private High Schools</th>
<th>OCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>SD1 ← School Image</td>
<td>0.887</td>
<td>0.269</td>
<td>0.579</td>
<td>0.282</td>
</tr>
<tr>
<td>SD2 ← Product</td>
<td>0.703</td>
<td>0.530</td>
<td>0.451</td>
<td>0.411</td>
</tr>
<tr>
<td>SD3 ← Personnel</td>
<td>0.759</td>
<td>0.393</td>
<td>0.435</td>
<td>0.356</td>
</tr>
<tr>
<td>SD4 ← Service</td>
<td>0.824</td>
<td>0.578</td>
<td>0.812</td>
<td>0.733</td>
</tr>
<tr>
<td>KS1 ← Strategic goals</td>
<td>0.614</td>
<td>0.507</td>
<td>0.906</td>
<td>0.654</td>
</tr>
<tr>
<td>KS2 ← School quality</td>
<td>0.538</td>
<td>0.809</td>
<td>0.728</td>
<td>0.776</td>
</tr>
<tr>
<td>KS3 ← Productivity</td>
<td>0.623</td>
<td>0.522</td>
<td>0.911</td>
<td>0.674</td>
</tr>
<tr>
<td>KS4 ← School achievement</td>
<td>0.566</td>
<td>0.301</td>
<td>0.773</td>
<td>0.410</td>
</tr>
<tr>
<td>KS5 ← Leadership supervision</td>
<td>0.777</td>
<td>0.545</td>
<td>0.852</td>
<td>0.720</td>
</tr>
<tr>
<td>KT1 ← Ideal influence of trait</td>
<td>0.500</td>
<td>0.941</td>
<td>0.626</td>
<td>0.789</td>
</tr>
<tr>
<td>KT2 ← Ideal influence of behavior</td>
<td>0.632</td>
<td>0.799</td>
<td>0.701</td>
<td>0.809</td>
</tr>
<tr>
<td>KT3 ← Inspiring motivation</td>
<td>0.519</td>
<td>0.936</td>
<td>0.516</td>
<td>0.748</td>
</tr>
<tr>
<td>KT4 ← Intellectual stimulation, future optimistic</td>
<td>0.527</td>
<td>0.957</td>
<td>0.647</td>
<td>0.816</td>
</tr>
<tr>
<td>KT5 ← Adapted considerations</td>
<td>0.290</td>
<td>0.745</td>
<td>0.244</td>
<td>0.584</td>
</tr>
<tr>
<td>OCB1 ← Altruism</td>
<td>0.524</td>
<td>0.829</td>
<td>0.681</td>
<td>0.932</td>
</tr>
<tr>
<td>OCB2 ← Courtesy</td>
<td>0.429</td>
<td>0.748</td>
<td>0.690</td>
<td>0.851</td>
</tr>
<tr>
<td>OCB3 ← Conscientiousness</td>
<td>0.532</td>
<td>0.841</td>
<td>0.680</td>
<td>0.936</td>
</tr>
<tr>
<td>OCB4 ← Civic virtue</td>
<td>0.226</td>
<td>0.619</td>
<td>0.345</td>
<td>0.747</td>
</tr>
<tr>
<td>OCB5 ← Sportsmanship</td>
<td>0.769</td>
<td>0.554</td>
<td>0.828</td>
<td>0.724</td>
</tr>
</tbody>
</table>

Sources: SmarPLS 3.3 Programs

From Table 2 above, the model has good discriminant validity if each loading indicator value of a latent variable is greater than other correlated variables (Hair et al., 2017). The cross-loading value for each indicator in this study is greater than the other latent variables. This shows that each variable has good discriminant validity.

4.1.3 Construct Reliability Test

Average Variance Extracted (AVE) has a value of >0.5 and Composition Reliability (CR) has a value of >0.7 meaning that the construct that is built is good or reliable (Hair et al., 2019). The following is the Table of Construct Reliability.

Table 3
Construct Reliability

<table>
<thead>
<tr>
<th>Indicator</th>
<th>AVE</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiation Strategy</td>
<td>0.634</td>
<td>0.873</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.774</td>
<td>0.944</td>
</tr>
<tr>
<td>Performance of Private High Schools</td>
<td>0.701</td>
<td>0.921</td>
</tr>
<tr>
<td>Organizational Citizenship Behavior</td>
<td>0.704</td>
<td>0.921</td>
</tr>
</tbody>
</table>

Sources: SmarPLS 3.3 Programs

4.2 Measurement Model Analysis (Inner Model)

4.2.1 Coefficient of Determination (R2)

The R2 values in this study are presented in the following Table 3.

Table 3
R-Square

<table>
<thead>
<tr>
<th>Indicator</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiation Strategy</td>
<td>0.338</td>
</tr>
<tr>
<td>Performance of Private High Schools</td>
<td>0.752</td>
</tr>
<tr>
<td>Organizational Citizenship Behavior</td>
<td>0.748</td>
</tr>
</tbody>
</table>

Sources: SmarPLS 3.3 Programs

The R2 results of 0.67; 0.33; and 0.19 indicate the “good”, “moderate”, and “weak” models (Hair et al., 2019). Based on Table 3, the R-Square value for the performance of private high schools variable is 0.752 meaning that the percentage of the effect
of transformational leadership variables, differentiation strategy and organizational citizenship behavior on the performance of private high schools is 75.2% and the model is categorized as good.

4.2.2 Hypotheses Analytics

The results of hypotheses testing are presented in the following Table 4.

<table>
<thead>
<tr>
<th>Research Hypothesis</th>
<th>Original Sample (O)</th>
<th>T Statistics (O/STDEV)</th>
<th>P Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership → Performance of Private High Schools</td>
<td>0.214</td>
<td>3.070</td>
<td>0.002</td>
<td>H1 Accepted</td>
</tr>
<tr>
<td>Transformational Leadership → Differentiation Strategy → Performance of Private High Schools</td>
<td>0.265</td>
<td>6.032</td>
<td>0.000</td>
<td>H2 Accepted</td>
</tr>
<tr>
<td>Transformational Leadership → Organizational citizenship Behavior → Performance of Private High Schools</td>
<td>0.602</td>
<td>7.549</td>
<td>0.000</td>
<td>H3 Accepted</td>
</tr>
</tbody>
</table>

Sources: SmarPLS 3.3 Programs

The first hypothesis which reads that transformational leadership has a positive effect on the performance of private high schools is accepted because p-values <0.05 meaning that transformational leadership affects the performance of private high schools. This result strengthens resource-based theory where by developing good internal and external competencies—it can create a competitive advantage in the competition for private high schools. The result of this study is in line with that of (Erina, 2021; Hamzah et al., 2021; Ingsih et al., 2021; Juliana et al., 2021; Susanto et al., 2021; Virgiawan et al., 2021) which state that transformational leadership has a positive effect on performance.

The second hypothesis which reads that differentiation strategy plays a role in mediating the effect of transformational leadership on the performance of private high schools is accepted because the p-value is <0.05 meaning that the differentiation strategy does play a role in improving the performance of private high schools. This result strengthens resource-based theory where by developing good internal and external competencies—it can create a competitive advantage in the competition for private high schools.

The third hypothesis which reads that organizational citizenship behavior mediates the effect of transformational leadership on the performance of private high schools is accepted because the p-value is <0.05 meaning that organizational citizenship behavior plays a role in improving the performance of private high schools. This result strengthens resource-based theory where by developing good internal and external competencies—it can create a competitive advantage in the competition for private high schools.

5. Conclusion

This study aimed to develop resource-based theory through a conceptual model of private high schools’ performance, transformational leadership, differentiation strategy and organizational citizenship behavior. The results show that all the proposed hypotheses are accepted, the most effective pathway to improve the performance of private high schools is the mediating pathway of organizational citizenship behavior on the effect of transformational leadership on the performance of private high schools because it has the greatest path coefficient value—so, it can be concluded that this model can strengthen resource-based theory, by developing internal and external competencies to create a competitive advantage in winning the competition for private high schools.

Managerial management of private high schools in Pekanbaru must pay attention to the lowest achievement of each indicator such as the deal influence of trait, school image, courtesy and school achievement—which indicate that respondents feel that these indicators can still be improved. For this reason, efforts are needed so that these indicators can play a greater role in improving the performance of private high schools in Pekanbaru.

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