

TRANSFORMATIONAL LEADERSHIP, ORGANIZATIONAL CULTURE AND ORGANIZATIONAL PERFORMANCE: A STUDY OF GENERAL INSURANCE INDUSTRY IN INDONESIA

Eka Listiani Kartono, Universitas Pelita Harapan
Hendrawan Supratikno, Universitas Pelita Harapan
Innocentius Bernarto, Universitas Pelita Harapan
Niko Sudibjo, Universitas Pelita Harapan
Rudy Pramono, Universitas Pelita Harapan

ABSTRACT

This study seeks to examine the relationship of transformational leadership towards organizational culture and organizational performance of general insurance industry in Indonesia. Previous researches have studied both the relationship between transformational leadership and organizational performance and the relationship between transformational leadership and organizational culture; nevertheless, they have only presented inconclusive outcomes. In this study, a goal-oriented synergistic interaction plays a role to fill the research gap. Online electronic questionnaires were used to gather the data and to represent the general insurance industry in Indonesia, the respondents involved were all actively operated general insurance firms in 2021. The methodology included a pilot study and quantitative method. The quantitative method applied Structural Equation Modeling (PLS-SEM) in Partial Least Square. This study outcome proposed vital implications with regards to organizational interaction in Indonesia's emerging market of insurance industry. This study confirmed that the transformational leadership positively influences both goal-oriented synergistic interaction and organizational performance, but not the organizational culture. The goal-oriented synergistic interaction influences positively on both organizational performance and organizational culture. In order to achieve both firm financial and operational performance, this study recommends synergistic interactions among employees under direction of transformational leaders to generate a sturdy organizational performance.

Keywords: Transformational Leadership, Goal-Oriented Synergistic Interaction, Organizational Performance, Organizational Culture

INTRODUCTION

Indonesia possesses huge potentials to progress into a developed country. A total population of approximately 270.2 million (rank 4th in the world) with 70.72% are in productive age (Indonesian Statistic Bureau, 2021) is considered a massive market segment and tremendous workforce. Additionally, Indonesia has vast natural resources and diverse cultures of approximately 1.331 tribes and 652 dialects spreading in all 34 provinces. One of the main contributors to the country's Gross Domestic Product (GDP) in Indonesia comes from general insurance industry, as it generates a substantial effect on the economy by activating national savings. It facilitates to mitigate losses, increase financial stability and stimulates commercial and trade activities which yields in economic growth and development. Therefore, the insurance industry performs a significant role in

the economy's viable growth and it continues to cultivate. It is displayed through the escalating insurance industry performance each year, which is aligned with Indonesia's economic growth.

While Indonesia is considered as one of the countries with highest and fastest economy growth, Indonesia is also faced with a financial gap and low insurance literacy as most of Indonesians still have not realized the importance of insurance (OJK, 2019). It requires amalgamating efforts from the insurance owners, leaders and employees, regulators, consumers, association and other stakeholders to increase the insurance literacy which eventually will enhance the insurance performance. Due to the pandemic, the progress may move more slowly. However, it is time to accelerate it by having a synergistic interaction to build a digital insurance mindset in society, prepare the necessary regulations, have a value added within the insurance company and culture is the key to harness it.

This research aims to fulfill the gap from previous researches regarding the relationship between transformational leadership and organizational performance. A research in Jordan by Alrowwad, Alaaldin & Obeidat (2017) found a negative connection between the transformational leadership and organizational performance. Meanwhile, a research of 368 project managers in Taiwan proved that only the inspirational motivation dimension of transformational leadership which positively correlated with the organizational performance (Huang, Hsu & Chiau, 2011). In addition, Obiwuru, Okwu, Akpa & Nwankwere (2011) stated that the transformational leadership of Small Medium Enterprises (SMEs) in Nigeria did not influence the organizational performance and the inspirational motivation dimension showed inconsistent results. Further, Jensen, Potočnik & Chaudhry (2020) showed that the idealized influence and individualized consideration dimensions of transformational leadership did not support the performance of 42 publicly listed companies in Europe.

On the other hand, a research by Ocak & Öztürk (2018) claimed that the transformational leadership positively influenced the organizational financial performance. Similarly, Khan, et al., (2018) studying 396 companies in France proved that the higher the transformational leadership influence, then the higher the organizational performance would be.

More inconclusive results also appear on a study which found that the transformational leadership had a negative correlation with the adhocracy culture in an organization (Durga devi, 2017). On the contrary, a research from Zuraik & Kelly (2018) examining several companies in USA showed that transformational leadership had a substantial relationship with organizational culture. Therefore, this research attempts to fill in the gap with a new variable - named goal-oriented synergistic interaction to analyze the impact towards transformational leadership, organizational culture and organizational performance.

LITERATURE REVIEW

Transformational Leadership (TL)

According to Burns (1978), the transformational leadership theory consists of four dimensions:

- a) Idealized Influence – the leader possesses high moral conduct principles which made them respected and act as role replicas for their subordinates.
- b) Inspirational Motivation – the leader has the ability to inspire subordinates to succeed above standards, empowering them in all substances and keeping them loyal to the organization.
- c) Intellectual Stimulation –the leader has a role in encouraging the subordinates to continually innovate and get creative in solving problems, stimulating fresh ideas for the subordinates to rethink old ways and influence them to see problem from a new perspective.

- d) Individualized Consideration – the leader practices to consider the needs of their subordinates in achieving their targets and development.

The transformational leadership can be considered as a true leadership because it focuses towards the goals which steer the organization to the ones that have never been accomplished before (Locke, 1997). Based on the above descriptions, the transformational leadership is the most suitable leadership style to drive the general insurance industry in Indonesia to achieve higher financial performance and better operational performance.

Goal-Oriented Synergistic Interaction (GOSI)

Few concepts and theories were summarized into an idea called goal-oriented synergistic interaction (GOSI). The goal setting theory is one of the parent theories (Locke & Latham, 1990), explaining that a particular and challenging objective will result in a better performance compared to an abstract objective, such as an encouragement to do the best, or to have no objective at all. Further, Dweck & Leggett (1998); Schunk (2012) supported the goal-oriented theory, describing the ways and reasons an individual pursuing goals or objectives. Then, this concept is streamlined in the concept of goal-oriented interaction (Park & Pierce, 2019) where the decision-making process is focused on a goal and it adopts an understanding of “the destination is more important than the journey”.

Another theory was also established as the basis of synergy mechanism concept called the system theory (Someh et al., 2017), arguing that individual parts standing alone is less powerful than a system unification. A Biologist named Von Bertalanffy (1968) in his book of General System Theory (GST) in 1968 proposed this theory. The theory helped establishing the Synergistic Relationship concept (Werkhoven, 2019) – a constructive working relationship which enables each member’s strength to achieve the objectives. As a parent of organizational interaction theory, the social exchange theory was passed down into the service-dominant logic concept (Vargo & Lusch, 2004) which compared to others, it obtained an element of relational interaction capability (Karpen et al., 2012, 2015). This capability is understood as the capacity to interact to achieve common value creation.

The synthesis from those several theories and concepts finally creates a concept of Goal-Oriented Synergistic Interaction (GOSI). It refers to an interaction within the organization that comprises the ability to initiate company's activities to focus on achieving goals (goal-oriented interaction), builds members’ collaboration to work proactively (cooperative interaction), persevere, and able to adapt towards change and participate in knowledge and experiences sharing (value-added interaction) to accomplish organizational goals.

Previous researches such as Jin, et al., (2015) explained that the organizational activities focusing on achieving goals in which the leaders inspired the members to have shared visions and objectives would bring positive effects to the organizational performance. The collaboration in team members to cover the needs of the team member’s capacity with others’ strength would result in a sustainable cooperation (Lacerenza et al., 2018). The team performance could be strengthened by the team members’ interaction done through knowledge-and-experience sharing. It is expected that the team members will benefit from learning each other’s experience (both from the ups and downs). The adaptation and preservation ability in facing changes is vital and it is possible that it would add value (Do et al., 2016; Yu et al., 2017). Therefore, the GOSI variable will play an important role on its relationship with transformational leadership, organizational culture and organizational performance.

Organizational Culture (OC)

Every individual possesses certain characteristics and behaviors different from other individual. Each organization also inherits cultures which bring impacts on the organization's operation. Organizational culture can be defined as a set of norms and values widely shared and strongly held throughout the organization (Guiso et al., 2015). This definition specifies that culture is not only verbally shared, but also practically held with actions in an organization. Denison (1990) categorizes the organizational culture into:

Internal Integration

1. Involvement/ Clan Culture
All employees in every level must be involved in their work which is interconnected to overall organizational goals.
2. Consistency/ Hierarchy Culture
Organizational culture has characteristics of stable, sturdy, well-coordinated and fully integrated, and helps emphasize on trust, values and hopes of all members.

External Orientation

1. Adaptability/ Adhocracy Culture
It refers to sustainability in the changing environment. The organization must be oriented in values, readiness for change and focus on customer.
2. Mission/ Market Culture
It refers to the organizational strategic goal with a defined direction, thus it will motivate the employees.

The relationship of all organizational culture concepts above will have an influence on the organizational performance.

Organizational Performance (OP)

From the economic point of view, organizational performance definition can be described as a relationship between effective costs, realized output and achieved outcomes (Masa'deh et al., 2016). It can also be specified as the extent to which an organization is able to meet the needs of its stakeholders and its own needs for survival (Griffin, 2003).

The organizational performance is impacted by both internal and external elements. The internal elements are leadership style, organizational culture, job design, innovation process and human resource policies. Meanwhile, the external elements are country rules and regulations, the economy, social and politics of the country, market preference and perceptions (Mirza & Javed, 2013). In this study, the financial and operational performance dimensions are used to measure the organizational performance (Hernaus et al., 2012).

For the Firm Financial Performance (FFP), the indicator used for general insurance industry is Risk Based Capital (RBC) ratio or known as Solvency Ratio and Investment Adequacy Ratio (IAR) aside from Gross Premium Written (GWP) growth, Return on Asset (ROA) and Return on Equity (ROE) ratios. In addition, for the Firm Operational Performance (FOP), the indicator used is market segment's growth and customer satisfaction rate.

The main objective of this study is to systematically understand the effect of goal-oriented synergistic interaction on the relationship between transformational leadership and organizational culture and organizational performance. This research adopts the organizational performance model that correlates with a general insurance company, which are the firm financial performance and firm operational performance (Figure 1).

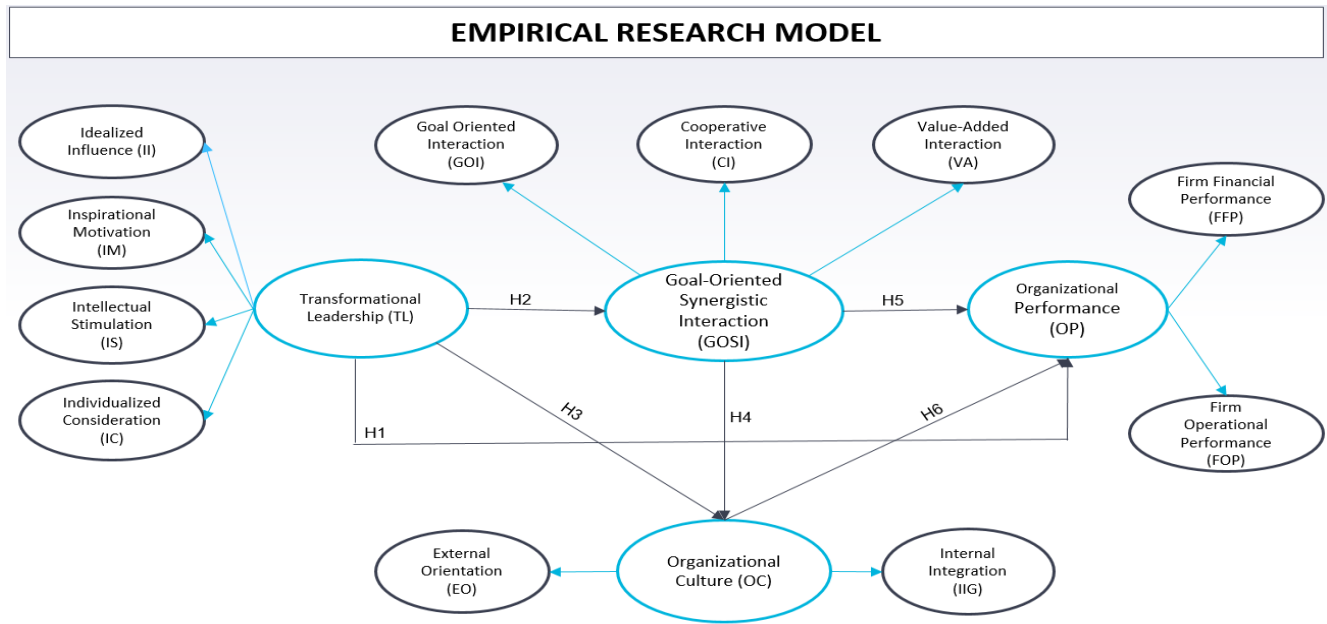


FIGURE 1
EMPIRICAL RESEARCH MODEL

RESEARCH HYPOTHESES AND METHODS

Relationship between Transformational Leadership (TL) and Organizational Performance(OP)

Several studies indicated that the transformational leadership played a vital role in the organizational performance by driving the subordinates to contribute towards common goals and encourage them to proactively strive to achieve the organizational performance (Chen et al., 2019). In a study of 133 public organizations in Greece, it was proven that the transformational leaders significantly influenced the organizational performance (Katou, 2015). A research of 155 employees on service industry in Pakistan found that the transformational leadership was more suitable and had a better impact on the organizational performance rather than the servant leadership (Choudhary et al., 2013). Therefore, based on the above literature review on a relationship between transformational leadership and organizational performance, the first hypothesis that can be proposed is as follow:

H₁: Transformational leadership has a positive influence on organizational performance

Relationship between Transformational Leadership (TL) and Goal-Oriented Synergistic Interaction (GOSI)

A few researchers agreed that there was a relationship between the transformational leadership and GOSI dimensions. A study by Runhaar, et al., (2010) examining 456 teachers in Dutch College found that the learning goal orientation had a positive relationship with the transformational leadership. Further, Jensen, et al., (2018) whose study involved 3,470 civil servants in USA also found that the higher the transformational leadership, the higher the goal-

oriented motivation would be. Besides, Shadraconis (2013) argued that the transformational leadership had a significant relationship with the group synergy. It consolidated diversity through a collaborative interaction (one of the GOSI dimensions) (Agote et al., 2015). Similarly, it also brings impacts to the sharing knowledge attitude which is able to create educated employees and eventually bring advantages to the organization.

Furthermore, there is also a relationship between the organizational knowledge development which can be done through increasing the knowledge sharing and creating trust in the transformational leadership (Mooradian et al., 2016; Politis, 2001; Srivastava et al., 2006). Hence, based on the explanation above on the transformational leadership and GOSI dimensions, the second hypothesis that can be proposed is as follows:

H₂: Transformational leadership has a positive influence on the goal-oriented synergistic interaction

Relationship between Transformational Leadership (TL) and Organizational Culture (OC)

In research by Kao (2017) on immigration agents in Taiwan, it was found that there was a significant relationship between the transformational leadership and organizational culture. It is in line with a study of Zuraik & Kelly (2018) of several companies in USA which showed that the CEO's transformational leadership had a significant relationship with organizational culture.

Several studies also proved that a leader who could adapt with changes, focus on people (people-centric), and possess authentic leadership would support innovative and diverse organizational culture (Chen, Zheng, Yang & Bai, 2016; Khalili, 2016). Based on the researches explained above on the relationship between transformational leadership and organizational culture, the third hypothesis that can be proposed is as follows:

H₃: Transformational leadership has a positive influence on organizational culture

Relationship between Goal-Oriented Synergistic Interaction (GOSI) and Organizational Culture (OC)

Based on a research of Vigolo & Bonfanti (2017), it was stated that there was a relationship between the service-oriented cultures of several hotels in Spain with the organizational culture; hence, the employees' behavior could be organized to increase the service quality. Meanwhile, a study from Tarba, et al., (2005) stated that the organizational culture had a positive relationship with the synergy potentials. Furthermore, a study of Rowold (2011) confirmed that the organizational culture had a positive effect on knowledge-sharing interaction (one of the goal-oriented synergistic interaction dimensions). Thus, based on the studies explained above on the relationship between the goal-oriented synergistic interaction dimensions and organizational culture, the fourth hypothesis that can be proposed is as follows:

H₄: Goal-oriented synergistic interaction has a positive influence on organizational culture

Relationship between Goal-Oriented Synergistic Interaction (GOSI) and Organizational Performance (OP)

Bolchini & Mylopolous (2003) examined Computer Science Department in Toronto and found that there was a relationship between the goal-oriented approach and organizational performance. Mean while, VandeWalle (2003) proved a positive relationship between the goal orientation and organizational performance. Furthermore, Chahal & Raina (2016) who studied SME

companies in India showed that there was a synergistic influence from the marketing orientation that would significantly increase the business performance. Similarly, Hsiao, Chen & Chang (2011) also found that the synergistic interaction had a significant relationship with organizational performance. Therefore, based on the researches explained above on the relationship between goal-oriented synergistic interaction dimensions and organizational performance, the fifth hypothesis that can be proposed is as follows:

H₅: Goal-oriented synergistic interaction has a positive influence on organizational performance

Relationship between Organizational Culture (OC) and Organizational Performance (OP)

The relationship between organizational culture and organizational performance is portrayed as the higher the ability of an organization to create togetherness and treat employees as part of a big family, establish a working procedures, possess a clear and directed commitment, invoke the innovative spirit and willing to accept changes, then the higher the organizational performance would be.

Abbasi & Naser (2013) showed that there was a positive and significant relationship between the transformational leadership and organizational performance mediated by the organizational culture. According to a study of Rajapathirana & Hui (2018), the organizational culture supporting the innovation climate from all employees would result in an optimum organizational performance. Furthermore, Durgadevi (2017) examining the IT team in Chennai, India proved that several dimensions of organizational culture such as clan culture and hierarchy culture had a positive and significant relationship towards the organizational performance. Hence, based on the researches explained above on the relationship between organizational culture and organizational performance, the sixth hypothesis that can be proposed is as follows:

H₆: Organizational culture has a positive influence on organizational performance

RESEARCH METHODS

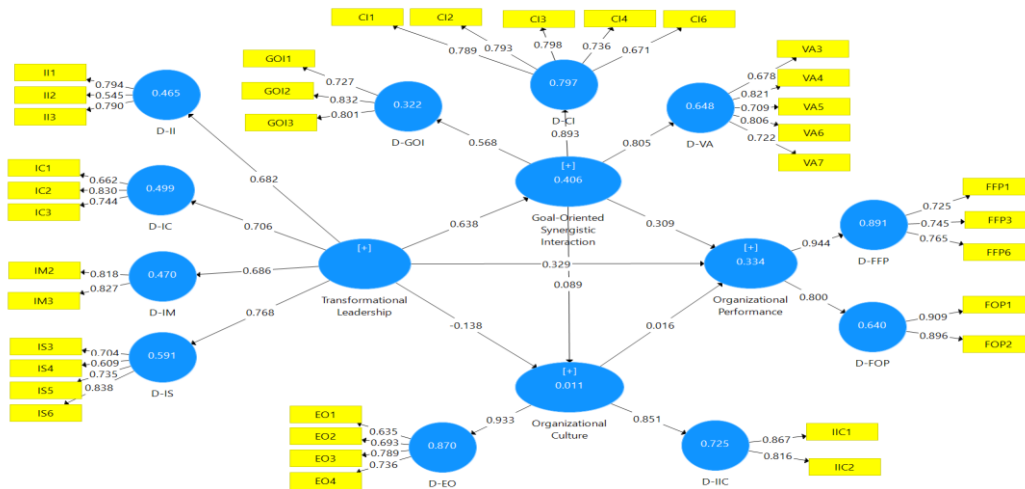
The population of this study consisted 73 general insurance companies in Indonesia listed in Indonesian General Insurance Association in December 2020 (AAUI, 2020). This study's sample was the total population (census). Thus, it may represent the general insurance industry in Indonesia. The data was collected from a survey where each general insurance company was represented by both a leader (director) and a subordinate. The survey was executed in the form of questionnaires measured using a 6-Likert Scale where 6 for significantly agree, 5 for agree, 4 for somewhat agree, 3 for somewhat disagree, 2 for disagree, and 1 for significantly disagree. The methodology used included the pilot study and quantitative method. The survey responses were then analyzed using Smart PLS. to attain the statistical data.

RESULTS AND DISCUSSION

A total of 144 respondents contributed in this research, comprises of 72 general insurance companies. The response rate from this research is 98.63% from 146 questionnaires distributed and returned. Two respondents from one insurance company explained that the reason for not responding the questionnaire was because the company has returned the insurance license to the regulators in 2021 and currently is not actively operating. Therefore, it can be concluded that the response rate from the questionnaires is 100% of the insurance companies' population that are actively operating in 2021.

The general insurance companies where the majority respondents worked primarily employ 101-250 individuals (31%). They are between 46-55 years old (57 individuals (40%)). Furthermore, most of them are male (99 individuals (69%)). Most respondents have worked in the organizations for more than five years (84 individuals (58%)). Thus, we can conclude that the majority of respondents are member of organizations that are in a productive age and have a well understanding of the organization that they are working for.

Measurement Model



**FIGURE 2
RESULT OF SMART PLS**

Based on Table 1 and Figure 2, the transformational leadership, goal-oriented synergistic interaction, organizational culture and performance constructs have a composite reliability value of 0.803, 0.807, 0.887 and 0,866 respectively. All constructs are considered reliable since all their scores are above 0.7 (Hair et al., 2017). Additionally, all constructs are also considered valid since the Average Variance Constructed (AVE) value of each construct ranging from 0.506 to 0.797 has met the required AVE score of 0.5 (Hair et al., 2017). Furthermore, the analysis also reveals that each dimension's outer loading value ranges from 0.683 to 0.933. The requisite to be fulfilled for the outer loading is higher than 0.7 (Hair et al., 2017). However, there are several outer loading values lower than 0.7, which are 0.682 (idealized influence), 0.686 (inspirational motivation) and 0.568 (goal-oriented interaction). Previously, Hair, et al., (2017) explained that the outer loading value ranging from 0.4 to 0.7 could be eliminated as long as the elimination would increase the AVE score to be higher than 0.5. In this study, the AVE value of transformational leadership and goal-oriented synergistic interaction are higher than 0.5. Hence, those dimensions remain to exist.

Construct	Dimension	Outer Loading	Composite Reliability (CR)	Average Variance Extracted (AVE)
Transformational Leadership	Idealized influence	0.682	0.803	0.506
	Individualized consideration	0.706		
	Inspirational motivation	0.686		
	Intellectual stimulation	0.768		

Goal-oriented synergistic interaction	Goal-oriented interaction	0.568	0.807	0.589
	Cooperative interaction	0.893		
	Value-added interaction	0.805		
Organizational Culture	External Orientation	0.933	0.887	0.797
	Internal Integration	0.851		
Organizational Performance	Firm Financial Performance	0.944	0.866	0.766
	Firm Operational Performance	0.800		

Source: Results of Smart PLS 3.0 Program Processing (authors, 2021)

Table 2 below shows that the overall dimensions are considered as reliable and valid. This condition is shown through the composite reliability scores, which range from 0.758 to 0.898 (higher than 0.7). The dimensions are deemed valid since the overall AVE values range from 0.512 to 0.815 (higher than 0.5). Nevertheless, several items possess outer loading values lower than 0.7, such as item II2 (0.543); IC1 (0.661); IS4 (0.609); CI6 (0.671); VA3 (0.678); EO1 (0.635); and EO2 (0.693). These items remain to exist since they contain important information for each construct. Besides, each construct with an outer loading value below 0.7 possesses an AVE score higher than 0.5.

No.	Construct	Dimension	Items	Outer Loading	Composite Reliability	AVE
1	Transformational Leadership (TL)	Idealized Influence (II)	II1	0,794	0,758	0,517
			II2	0,543		
			II3	0,791		
		Individualized Consideration (IC)	IC1	0,661	0,791	0,560
			IC2	0,830		
			IC3	0,745		
		Inspirational Motivation (IM)	IM2	0,818	0,808	0,677
			IM3	0,828		
		Intellectual Stimulation (IS)	IS3	0,704	0,815	0,527
			IS4	0,609		
IS5	0,735					
IS6	0,838					
2	Goal-Oriented Synergistic Interaction (GOSI)	Goal-Oriented Interaction (GOI)	GOI1	0,727	0,830	0,621
			GOI2	0,832		
			GOI3	0,801		
		Cooperative Interaction (CI)	CI1	0,789	0,871	0,576
			CI2	0,793		
			CI3	0,798		
			CI4	0,736		
			CI6	0,671		
		Value-added interaction (VA)	VA3	0,678	0,864	0,561
			VA4	0,821		
			VA5	0,709		
			VA6	0,806		

			VA7	0,722		
3	Organizational Culture (OC)	External Orientation (EO)	EO1	0,635	0,807	0,512
			EO2	0,693		
			EO3	0,789		
			EO4	0,736		
		Internal Integration (IIC)	IIC1	0,867	0,829	0,709
			IIC2	0,816		
4	Organizational Performance (OP)	Firm Financial Performance (FFP)	FFP1	0,725	0,789	0,555
			FFP3	0,745		
			FFP6	0,765		
		Firm Operational Performance (FOP)	FOP1	0,909	0,898	0,815
			FOP2	0,896		

Source: Results of Smart PLS 3.0 Program Processing (authors, 2021)

The other validity testing was discriminant validity using the Heretroit-Monotrait ratio or HTMT approach. The HTMT value should be lower than 0.90. Table 3. below displays that each dimension of HTMT score (lower-order construct/LOC) is less than 0.90. Furthermore, the discriminant validity between construct (higher-order construct/HOC) with dimension (LOC) cannot be determined (Hair et al., 2017). Therefore, the discriminant validity requirement is met.

Table 3
DISCRIMINANT VALIDITY ASSESSMENT USING THE HTMT CRITERION

	D-Ci*	D-EO**	D-FFP*	D-FOP**	D-GOI**	D-IC**	D-II**	D-IIC*	D-IM**	D-IS**	D-VA**	GOSI*	OC*	OP*	TL*
D-Ci**															
D-EO**	0.16														
D-FFP**	0.65	0.36													
D-FOP**	0.42	0.24	0.871												
D-GOI**	0.5	0.24	0.417	0.324											
D-IC**	0.61	0.29	0.615	0.367	0.534										
D-II**	0.65	0.27	0.734	0.728	0.628	0.63									
D-IIC**	0.09	0.89	0.228	0.186	0.323	0.22	0.25								
D-IM**	0.59	0.21	0.572	0.156	0.531	0.69	0.61	0.11							
D-IS**	0.56	0.3	0.469	0.52	0.327	0.45	0.55	0.26	0.61						
D-VA**	0.65	0.2	0.562	0.402	0.326	0.74	0.3	0.18	0.39	0.4					
GOSI*	1.034**	0.24	0.689	0.478	0.789	0.79	0.63	0.22	0.62	0.5	0.988**				
OC*	0.14	1.298**	0.321	0.285	0.276	0.27	0.27	1.212***	0.18	0.3	0.2	0.2			
OP*	0.63	0.42	1.494***	1.076***	0.427	0.62	0.82	0.28	0.46	0.5	0.61	0.7	0.4		
TL*	0.74	0.34	0.719	0.574	0.594	1.031***	1.103***	0.27	1.057***	1.042***	0.55	0.8	0.3	0.7	

Note: *=Higher Order Construct (HOC) **=Lower Order Construct (LOC) ***= cannot establish discriminant validity between LOC and HOC (Hair et al., 2017); Threshold value <0.9 (Hair et al., 2017).

Source: Results of Smart PLS 3.0 Program Processing (authors, 2021)

Structural Model

The result of data analysis indicates that the coefficient of determination scores for the goal-oriented synergistic interaction construct reaches 40.60%, meaning that the construct could be explained by the transformational leadership construct by 40.60%, while the rest 59.40% could be explained by other variables not included in the study. Similarly, the organizational performance construct could be explained by 33.40%, and the rest 66.60% can be explained by other variables not included in the study.

This research is a population or census research, where all population members are the respondents. Therefore, this study did not conduct a t-test to examine the hypotheses. The hypothesis test here is merely concerned with the direction of the standardized path coefficient, which is all positive, except H_3 (Table 4). The dominant construct towards the organizational performance is the transformational leadership construct with a standardized path coefficient value of 0.329 compared with the goal-oriented synergistic interaction and organizational culture. Thus, the higher the transformational leadership, the higher the goal-oriented synergistic interaction and organizational performance.

Hypothesis	Standardized Path Coefficient	Decision
H_1 :Transformational Leadership has a positive influence on Organizational Performance	0.329	Supported
H_2 :Transformational Leadership has a positive influence on Goal-Oriented Synergistic Interaction	0.638	Supported
H_3 :Transformational Leadership has a positive influence on Organizational Culture	-0.138	Not Supported
H_4 :Goal-oriented Synergistic Interaction has a positive influence on Organizational Performance	0.309	Supported
H_5 :Goal-oriented Synergistic Interaction has a positive influence on Organizational Culture	0.089	Supported
H_6 :Organizational Culture has a positive influence on Organizational Performance	0.016	Supported

Source: Results of Smart PLS 3.0 Program Processing (authors, 2021)

DISCUSSION

The result on the first hypothesis (H_1) reveals that the transformational leadership positively influences organizational performance. It is in line with several previous researches (Arshad et al., 2016;Khan et al., 2018; Noruzy et al., 2013; Para-Gonzales et al., 2018). In the emerging general insurance industry in Indonesia, this type of leadership was perceived as the most capable leadership to direct and drive the organization to the insurance digital technology (insurtech) to increase the insurance literacy and achieve a higher performance, which would eventually contribute to the country's GDP. This condition could be seen from the respondents' responses which mostly confirmed that their company leaders had always inspired them to achieve the objectives and the leaders continuously made decisions to support the development of insurtech.

The empirical model portrays that the transformational leadership also positively influences the goal-oriented synergistic interaction (H_2). It is seen from a standardized path coefficient score of 0.638. This condition is similar with previous researches of transformational leadership and goal-oriented synergistic interaction dimensions (Runhaar et al., 2010; Shadraconis, 2013; Agote et al.,

2015; Mooradian et al., 2016; Jensen et al., 2018). The transformational leaders could encourage the organization members to interact synergistically to achieve the collective goals. In the general insurance industry, the leaders would direct the employees to commit to the collaboration strength, sharing knowledge and experiences which aimed to achieve insurtech and increase society's insurance literacy.

Further, based on the hypothesis testing, the standardized path coefficient score for the relationship of transformational leadership and organizational culture (H_3) is negative (-0.138). There are several previous studies that aligned with this finding. A research examining several retail companies in India stated that the organizational culture did not have a significant and positive relationship with the transformational leadership (Pradnan, Panda & Jena, 2017). Another study of several IT teams in Chennai, India also showed that the transformational leadership did not have a positive influence to the adhocracy culture (Durgadevi, 2017).

Furthermore, the goal-oriented synergistic interaction is also confirmed to have a positive relationship with organizational performance (H_4). It can be seen in the standardized path coefficient value of 0.309. The organization members would proactively collaborate to achieve the organizational performance (both financial and operational). The majority of respondents agreed that the members of the organization were encouraged to have goals aligned with company's goals and to have sharing -knowledge activities within the company. This result is in line with previous researches on the relationship between dimensions of goal-oriented synergistic interaction and organizational performance (Birasnav, 2014; Choudhary, Akhtar & Zaheer, 2013; Iqbal et al., 2019; Zhang, 2005).

Goal-oriented synergistic interaction also shows a positive relationship with organizational culture (H_5) with a score of 0.089, which is not in line with H_3 . This means that the goal-oriented synergistic interaction dimensions such as the goal-oriented interaction, cooperative interaction and value-added interaction could be implemented in the general insurance companies in Indonesia to develop a robust culture to accomplish the organizational performance.

Lastly, the last hypothesis (H_6) proposing a positive relationship between the organizational culture and organizational performance is empirically supported. This indicated that the higher the ability of the organization to establish clear direction and working procedures, treat employees as a big family and create togetherness, invoke innovative spirit towards in surtech and willing to adapt, then the higher organizational performance would be.

CONCLUSION

This study investigates the relationship between transformational leadership, organizational culture and organizational performance in the general insurance companies in Indonesia. 72 actively operating general insurance companies in Indonesia in 2021 were represented by 144 respondents (consist of 72 leaders and 72 subordinates). The outcomes of this research offer essential implications about organizational interaction in the insurance industry's emerging market, such as in Indonesia.

In the digital era, the insurance industry must enhance and innovate its traditional business model to help increase the insurance literacy in the society. Based on the results described and explained, it can be concluded that the transformational leadership has a positive role towards organizational performance. For this reason, the insurance leadership management must use this type of leadership to drive the insurance digital innovation (insurtech) to better achieve both financial and operational insurance performance.

Furthermore, based on the data analysis, the goal-oriented synergistic interaction positively influences the organizational performance in the general insurance companies in Indonesia. There is no one-size-fits-all or specific pattern in collaborating to attain the insurance performance.

However, through this study, it can be confirmed that by having a clear goal to be targeted and working synergistically using each other's strengths, and being adaptive towards a changing environment, the insurance companies will achieve a sustainable performance.

For the leaders, this study suggests that they need to spend extensive efforts ensuring a synergistic interaction among the goal-oriented teams to set the insurtech target, budget, procedures and key performance indicators to produce innovations in the insurance digital products or services and create a digital insurance market. When the target is established, the leaders will have to promote the synergistic interaction to ensure achieving the ultimate organization goals. The silo's mentality, which frequently occurs in the organization, can be mitigated by team compilation that incorporates various skills, experiences, and characters. Thus, it can involve many areas and expertise and ultimately connect the participants. The interaction will promote the insurtech innovation; hence the company will have a unique value proposition to compete in the market.

Considering that respondents of this study are all insurance companies in Indonesia, they entailed various organizational background, such as whether they were state-owned, joint venture, newly established, private-owned without conglomeration support, or had long been operated, attained conglomeration/group support, had sturdy capital and even were in a state of requiring an immediate capital injection. For this reason, each company had embodied different kind of organizational culture. Therefore, it can be concluded that not all companies will be suitable to be led by a single particular leadership style, such as transformational leadership. According to Masood, Dani, Burns & Backhouse (2006) in a study of 336 subordinates and 76 leaders from Pakistan manufacturing companies, it was confirmed that the transformational leaders were more suitable to lead an organization with a clan culture instead of the hierarchy culture. This is one of the reasons that the relationship of transformational leadership and organizational culture in this study is not positive.

Finally, this study contributes theoretically and practically to the discussion on the goal-oriented synergistic interaction, organizational performance, and transformational leadership of insurance leaders in the digital insurance industry. This type of leadership - which can communicate vision, mission, and corporate values, become a character model, and employees' inspiration to achieve the goal will be able to stimulate the initiative for the company's interaction to a particular interaction. This type of interaction focuses on achieving goals (goal-oriented interaction), building members' collaboration to work proactively (cooperative interaction), persevering, and being able to adapt towards changes and participating in knowledge and experience-sharing (value-added interaction) to achieve the organizational objectives. This study confirms that the transformational leadership and synergistic interaction that is goal-oriented would work together to accomplish financial and innovative operational performance. If all or most general insurance companies in Indonesia accomplished the organizational performance target, the country's GDP will undoubtedly escalate.

LIMITATIONS AND SUGGESTIONS

There are several limitations in this research. For example, this research only focuses on the transformational leadership as the only leadership type to spearhead the interaction and develop culture to achieve the organization performance. Future studies are suggested to incorporate the transactional leadership style in the model and analyze the difference. It is also suggested to use a qualitative method with an extensive interview to leaders and subordinates to explore further the correlation and causal effect of each construct. Next, future studies also can also incorporate the company's shareholders type (state-owned, private, joint venture) and differentiate them based on the firm age in order to analyze the relationship of organizational culture and leadership style. Both practitioners and academics can also examine the utilization of the goal-oriented synergistic

interaction as an integral part of the organizational behavior and evaluate the impact on job performance.

The coefficient determinant test of this study shows that the organizational performance could be explained by only 33.40% since all the constructs in this model are mostly the internal constructs. Thus, future researches are suggested to include the external constructs in the empirical model, such as: country rules, regulations, economy, social, politics, market preference and perceptions.

When this study was conducted, the general insurance industry in Indonesia was being impacted by the Covid-19 pandemic. Thus, the responses of organizational performance were also under the pandemic influence. In order to analyze the relationship of all constructs towards the firm performance optimally, future researches are highly suggested to be conducted when the pandemic has subsided to attain a more relevant result.

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