

# Transformational Leadership Improved Financial Perspective and Employeess Satisfaction at Polyclinics of Zainoel Abidin Hospital Indonesia: A Descriptive Study

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**Abstract:** *The performance achievement of an organization is highly affected by the leadership style. Several studies in health care organization proved that transformational leadership were able to change the employees' performance including financial achievement and employee satisfaction. The purpose of this study was to find out the impact of leadership style on the financial perspective and employee satisfaction at polyclinics of the hospital. This study was a cross sectional study with a descriptive approach by analyzing the secondary data. A sample of 450 employees was taken from 28 polyclinics. The financial perspectives covered three indicators; economy, efficient and effectiveness ratio and the employee satisfaction were measured using semi structured questionnaires. The dominant leadership style at Zainoel Abidin hospital was Transformational. The ratio of economy, efficiency and effectiveness were gradually improved from year 2014 to 2015 (75.57, 105.90 and 110.52 to 76.28, 110.09 and 118.60 respectively). The scores of employee satisfaction increase from 85.3 to 89.1. The results of this study have an important implications for the ministry of health to be concerned on the leadership at polyclinics of hospital.*

**Keywords:** Transformational, Leadership, Financial perspective, Employee satisfaction

## 1. Introduction

Business practices around the world have brought a few genuine issues to directors in regards to leadership styles and policy matters. The key to understand leadership is the understanding of business failure as a result of leaders' inability to adapt to a changing environment. There is substantial evidence of the positive effect of leadership on organization performance (Gill, R., 2006).

The worldwide economic recession that happened since past decades had provoked analysts to create the new models of ethical leadership styles. Styles that this could solve the uprising challenges in the corporate world. Transformational leadership may be a standout amongst the new model in advancing organizational learning (Senge, P., 1994). It provides organizational for a chance to learn through experimentation, dialogue and communication (McGill and Slocum 1993). Transformational leaders increase job performance of employees. Transformational leadership style is an inspirational way through which one can motivate and use that motivation thinking ability (Bono and Judge 2003). Transformational leadership can be a motivational path to the overall behavior and thinking of followers in any organization, forming a unified understanding to achieve organization's learning (Choudhary A.I. et. Al., 2012).

Transformational leadership draws intellectual consideration to problems at hand. It promotes learning and innovation thus enhancing the overall performance (Argyris and Scho'n 1996; Senge, P et al. 1994).

The achievement of an organizational performance including hospital performance can be measured using

financial perspectives, workers satisfaction, customer satisfaction, operational and learning and growth perspective (Choudhary, et.al., 2012; Li-An 2011). mentioned that the organizational performance can be measured in return on asset, return on equity, net growth rate, and return on sales while efficiency and effectiveness is also a measuring tool for organizational performance.

A Hospital consists of several polyclinics as the place to serve the patients. In running a service, a polyclinic is managed by a manager with a clerk and nurses who responsible in diagnosis and therapy. The performance achievements of polyclinic services were depend on the leadership style. It can be seen from several studies had proved that transactional and transformational were effectively practiced in health care organization (Al-Ahmadi, 2002; Aronson et al., 2003; Bodur, 2002).

Since 1980- 2012, Zainoel Abidin hospital was managed by several leaders with different style of leadership. It is recorded in the annual report that during these years the transactional and servant leadership style were dominantly (Profile of Zainal Abidin Hospital, 2012). However, this hospital experienced a significant gap between the achievement and the targets. The gap was presented in the financial achievement ratio, bed occupancy rate (BOR), bed turn over (BTO) and average long of stay (Profile of Zainal Abidin Hospital, 2012). Then since 2012, the managements of Zainoel hospital had dominantly adopted the Transformational leadership style. It needs more than two years to train the employees to behave beyond the Transformational styles. Therefore, this study intended to find out the impact of transformational leadership on the

performance achievements and employees satisfaction at polyclinis in Zainoel Abidin Hospital.

## 2. Materials and Methods

Zainoel Abidin Hospital was built in 1979 on the area of 215.193 m<sup>2</sup> squares. It was started with very limited facilities including doctors. The management officers had not the right to maintain the budget business plan. Currently, the hospital has full authority to develop the Budget Business Plan and recruit more doctors. This hospital is a referral center for health services across Aceh province. The services include ambulatory, inpatient installation, outpatient installation services, emergency, medical rehabilitation and polyclinics. Zainoel Abidin is the biggest hospital with 1516 employess worked at 38 polyclinics (Profile of Zainal Abidin Hospital, 2012). However, this study was focused only at 28 polyclinics. The study was performed between August to November 2016.

Data collection was implemented in two steps ; firstly, calculating the target of the three financial perspectives. In this step, the researchers accompanied by two officers from budget planning division to perform a detail analisys on revenue and expenditure. Secondly, measuring the satisfaction of employees. The hospital management delivered semi structured questionnaires to employees. The questions consist of three sections; The first, section on leadership style manager (Tri Utomo's 2013). Second section, to measure organizational commitment (Sumantoro IB 2011) and the third part, measuring the implementation of a Budget Business Plan (Sri Widodo (2012). A standard employees satisfaction questionnaire was used to assess the level of employees satisfaction in according to nine sub-scales namely salaries, fringe benefits, recognition, promotion, communication, working conditions, nature of the job, supervision and co-workers (Ministry of state employment, RI, 2004). This questionnaire has 34 items. It was decided to use the score to measure the responses to each item. score < 50 = not satisfy, 51-75 = satisfy and 76-100= very satisfy.

The ratio of economy was calculated by comparing the budget and the operational cost. The cut off point for economy ratio is < 100. The more the operational cost was spent, the higher is financial achievement. The efficiency ratio calculated by comparing the realization of revenue and expenditure with the cut off point is > 100, and effectivity ratio was found by comparing the revenue target and

revenue realization with the cut off point > 100. The level of employees satisfaction was scored into three categories; score < 50 = not satisfy, 51-75 = satisfy and 76-100= very satisfy. The data was analysed using univariate analysis.

## 3. Results

**Table 1:** Socio-Demographics characteristics of participants (n=450)

Variables	n	%
<b>Age (years)</b>		
< 30	67	14.9
30-40	133	29.6
41-50	201	44.6
> 51	49	10.9
<b>Sex</b>		
Man	80	17.8
Woman	370	82.2
<b>Marital Status</b>		
Married	306	68.0
Unmarried	91	20.2
Single (widow and widower)	53	11.8
<b>Education Level</b>		
Senior High school	30	6.7
Diploma	228	50.7
Post Diploma	41	9.1
Bachelor	121	26.8
Master Degree	30	6.7
<b>Area of Work</b>		
Managerial & Clerical	56	12.4
Logistic	28	6.2
Therapeutic	213	47.4
Diagnostic	153	34.0
<b>Work experiences (years group)</b>		
Between 1-5	76	16.9
Between 5-10	165	36.7
Between 10-15	112	24.9
> 15 years	97	21.5

Table 1 shows that a total of 450 employees participated in this study. More than three fourth (>75.0%) of respondents were age 30-50 years old and dominated by women (82.0%). Of 450 employees. 66.6% were married and only 11.8% were single. Most of employess education were diploma, post diploma and bachelors. In term of area of work, most of them were in therapeutic and diagnostic position. Only 12.4% worked in managerial and clerical. The propotion of 1-10 years work experiences was more than over 10 years (53.6% compared to 46.4%).

**Table 2:** The achievements of the three financial perspectives in 2014 and 2015

Unit of Services	Economic	2014 Efficiency	Effectivity	Economy	2015 Efficiency	Effectivity
Surgical Polyclinic	69.5	89.1	82.8	74.8	94.8	90.0
Internal Disease and Endocrine Polyclinic	68.3	37.9	85.2	73.4	40.3	92.6
Obstetric Polyclinic	71.4	47.4	83.7	76.8	50.4	90.9
Pediatricks Polyclinic	71.4	84.2	82.8	76.7	89.5	90.0
Neurology Polyclinic	71.7	28.3	82.8	77.1	30.1	90.0
Cardiology Polyclinic	73.4	61.3	82.8	78.9	65.2	90.0
Eye Polyclinic	77.0	50.5	84.4	82.8	53.7	91.7
Hearing and Otolaringology Polyclinic	77.0	49.2	82.8	82.8	52.3	90.0
Pulmonary Polyclinic	71.7	84.5	82.8	77.1	89.9	90.0
Skin and Sexual disease Polyclinic	73.8	96.3	82.8	79.3	102.4	90.0
Endoscopy Polyclinic	77.8	35.9	85.9	83.7	38.1	93.4
Anasthesi Polyclinic	70.6	67.9	82.8	75.9	72.3	90.0

Emergency Unit	82.4	91.9	78.6	88.6	97.8	85.5
Dental and Mouth Polyclinic	69.8	163.8	78.6	75.1	174.3	85.5
Heart Surgery Ward	114.1	171.0	167.4	122.7	182.0	182.0
Eye/THT Inpatients Ward	81.8	50.5	49.4	87.9	53.7	53.7
Inpasien Thalasemia Ward	71.7	126.3	123.6	77.1	134.4	134.4
Maternity Ward	78.6	59.7	58.5	84.6	63.6	63.6
Paedatric Inpatients Ward	77.8	136.2	133.3	83.6	144.9	144.9
Male Surgical Ward	75.9	37.6	36.7	81.6	39.9	39.9
Neurological Inpatients Ward	79.3	155.0	151.7	85.2	164.9	164.9
Cardiologic and Pulmonary Inpatients Ward	76.3	265.8	260.1	82.1	282.8	282.8
ICU Ward	78.9	161.9	158.5	82.1	157.4	157.4
ICCU Ward	50.8	208.4	204.0	83.8	134.8	134.8
PICU Ward	76.4	147.9	144.8	82.7	132.6	132.6
NICU Ward	77.9	126.7	123.9	79.1	219.3	219.3
VIP service Ward	76.9	124.6	121.9	82.7	120.9	132.6
Operational Room polyclinic	73.5	206.1	201.8	79.1	199.9	219.3
Average	75.57	105.9	110.52	76.28	110.09	118.6

As seen in Table 2 that in average there was a gradual improvement of the three financial perspectives in all polyclinics between 2014 to 2015. In terms of economy, most of polyclinics reached the economy target (ratio in 2014 =75.57 and 2015= 76.28). Among 28 polyclinics, only heart surgery polyclinic did not reach the economic target (ratio in 2014 =114.09 and ratio in 2015 = 122.70). While in efficiency and effectivity ratio, 12 polyclinics were categorized positively efficient and effective (the ratio >100) namely; Dental and Mouth Polyclinic, In-pasients Thalasemia Ward, Paedatric In-pasients Ward, Neurological In-pasients Ward, Cardiologic and Pulmonary In-pasients Ward, ICU Ward, ICCU Ward, PICU Ward, NICU Ward, VIP service Ward, Operational Room polyclinic.

**Table 3:** The scores of employees satisfaction in year 2014 and 2015

Unit of Services	Scores	
	2014	2015
Surgical Polyclinic	78.5	87.5
Internal Disease and Endocrine Polyclinic	87.5	98.2
Obstetric Polyclinic	92.75	98.2
Pediatric Polyclinic	70.4	72.4
Neurology Polyclinic	91.1	91.1
Cardiology Polyclinic	87.5	97.5
Eye Polyclinic	70.4	78.5
Hearing and Otolaryngology Polyclinic	87.5	98.2
Pulmonary Polyclinic	87.5	97.4
Skin and Sexual disease Polyclinic	87.5	86.5
Endoscopy Polyclinic	87.5	86.5
Anesthesi Polyclinic	91.1	98.2
Emergency Unit	87.5	92.9
Dental and Mouth Polyclinic	72.4	70.4
Heart Surgery Ward	87.5	84.5
Eye/THT Inpatients Ward	87.5	91.1
Inpasien Thalasemia Ward	87.5	92.9
Maternity Ward	75.4	72.4
Paedatric Inpatients Ward	96.3	90.7
Male Surgical Ward	87.5	94.6
Neurological Inpatients Ward	96.3	98.2
Cardiological and Pulmonary Inpatients Ward	70.4	72.4
ICU Ward	96.3	87.5
ICCU Ward	70.4	72.4
PICU Ward	87.5	92.9
NICU Ward	87.5	96.4
VIP service Ward	90.7	92.9
Operational Room (COT)	87.5	95.5
<b>Average</b>	<b>85.3</b>	<b>89.1</b>

### 3.4 The employees Satisfaction

As seen in Table 3, in average the scores of employees satisfaction has been improving 3.8 points (from 85.3 to 89.1). However, the scores of employees satisfaction in seven polyclinics gradually decrease namely ; Skin and Sexual disease Polyclinic (from 87.5 to 86.5), Endoscopy Polyclinic (87.5 to 86.5), Dental and Mouth Polyclinic (from 72.4 to 70.4), Heart Surgery Ward (from 87.5 to 84.5), Maternity Ward (from 75.4 to 72.4), Paedatric Inpatients Ward (from 96.3 to 90.7) and ICU Ward (from 96.3 to 87.5).

## 4. Discussion

The number of hospitals is growing faster make them have to create the innovations not only for improving bed occupancy rate (BOR), bed turnover (BTO) and average long of stay (ALOS) but also the employee satisfaction and financial management. Leadership style is strongly related to achieve those performances.

In this study aimed to find out the impact of transformational leadership style on performance achievement at the polyclinics. Therefore, both financial perspectives and employee satisfaction were evaluated descriptively. The results of this study have shown that financial management, and employee satisfaction were gradually improved even though at several polyclinics were not satisfied. These achievements might be because of most employees have a higher graduation level (95%), married (68%) and still young (90% age <50 years old). With this level the leaders to be more easily stimulate their followers to work collectively. Furthermore, transformational leaders are individually considerate, that is, they pay close attention to differences among their employee, they act as mentors to those who need help to grow and develop (Bass, M B).

This finding corresponds to several researchers concluded that employee job satisfaction in health care organizations correlated with age, gender, marital status, graduation level and work experience years (Al-Ahmadi, 2002; Aronson et al., 2003; Bodur, 2002; Chu et al., 2003; Gigantesco et al., 2003; Hespanhol et al., 1999; Lyons et al., 2003; Hallock et al., 2004). The findings support Bass theory stated that "Transformational leadership goes beyond developing intellectually stimulating and inspiring. The leaders

delineate a vision and shared values, transformational leaders can help polyclinics staffs maximize their performance.

Actually, there are a number of leadership styles adopted by managers in hospital, but the transformational leadership more frequently found in the literatures

However, this study found that employees at certain polyclinics are not satisfied in relation to the salaries and fringe benefits and working conditions. It is recommended that particular attention be given to those polyclinics in order to improve their staff's satisfaction.

One specific finding of this study is that polyclinics have different views of the leadership practices that need to explore for management evaluation. This study has important implications for the ministry of health in relation to hospital management to be concerned on the policies and leadership at the polyclinics.

## 5. Limitations

This study was a descriptive analysis without statistical test. Therefore, the results of the study can not be generalized to all employees in Zainoel Abidin hospital. Suggestions for future research are aimed to consider the effect of transformational leadership on the social work and work patterns of the hospital employees.

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