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The Mediation Effect of Entrepreneurship Strategies on Strategic Leadership Influence to Organizational Performance

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Abstract: The objective of this study is examine the effect of strategic leadership to hospital performance by applying the mediation effect of entrepreneurship strategy variable. Original for this study based on differet from previous studies which focused only to knowledge management while ignoring strategic leadership in public sector organizations. In addition, study related to strategic leadership in health service industry has not gain much attention from previous researchers. This study attempts to fill the gap by analyzing further the effect of strategic leadership to entrepreneurship strategy and hospital organizational performance. The mediation effect of entrepreneurship strategy variable also differentiates this study from previous studies. This research was conducted in four state public hospitals in Makassar, Indonesia, both of which are under the central government (Dr Wahidin Sudiro Husodo), Regional General Hospital belonging to the Provincial Government of South Sulawesi (Hospital Labuang Baji and hospitals Hajj), and Government hospitals (hospitals belonging Makassar City Government). The population in this study are all the elements of leadership, both structural and functional leaders at the four hospitals where research was conducted. Furthermore, from a population sample was taken according to the provisions established for the purposes of Structural Model analysis tools (WarPLS). The result show that the entrepreneurial strategies as the mediating variables in the effect of the Strategic Leadership to Organizational Performance. The higher the Strategic Leadership will lead the higher the Organizational Performance, if mediated entrepreneurial strategy were also higher. The different situation, there is insignificant influence of the Strategic Leadership direct to Organizational Performance. That is, the high and low of the Strategic Leadership, would not result in the level of Organizational Performance. This result shows that the application of strategic leadership can improve organizational performance through increased entrepreneurship strategy. So it can be said that entrepreneurial strategies complete mediation influence in relationship between strategic leadership to organizational performance.

Keywords: Entreprenurship Strategies, Strategic Leadership, Organizational Performance

INTRODUCTION

Dealing with big changes requires hospital as health service industry to be proactive in anticipating the changes in its strategic environment. The complex and turbulent environmental changes come not only from external environment but also from internal environment of the organization. The external challenges include: increasing demand on high-quality health care, intensifying competition between hospitals, rising health care cost as a result of advancement in medical technology, and increasing awareness about cost and efficiency of hospital management. The internal factors include: resource management, activities management, and outcome. The environmental changes result in a paradigm shifting in health care in Indonesian hospitals.

Hospitals in Makassar also experience the changes. Competition is getting intense between hospitals since there are new hospitals, especially private hospitals, start operating because the government actively supports private investors in this business. Some hospitals even claim to be hospitals with international standard equipped with latest sophisticated medical technology and luxurious facilities. This increasing trend is supported by the arrival of foreign investors, an increase in upper middle class population, an improvement in income per capita and people's awareness on health and place to access health care (Azahary, 2009).

In such condition, hospital management needs a system which is capable of anticipating increasingly dynamic environmental changes. Despite of government regulation about Regional Autonomy which leads to decreasing subsidy, government hospitals need to maintain their existence by improving their image and optimizing their competitiveness in regional and global competition. In a sustainable context, it is essential to look for independent source of income. Even though there is a sponsor or an investor that is interested in investing interest in the hospital, the requirements needed are frequently related to the hospital's capability to obtain independent source of income as an indicator of organization's sustainability.

The relationship between entrepreneurship and company's performance in large organizations has been valued differently from time to time. Entrepreneurship activities have become new efforts done by companies which would like to make the most of hidden opportunities in dealing with aggressive competition (Kuratko, et al, 2001). Creating novelty in new resources, customers, markets or new combinations of resources, costumers, and markets is a characteristic of entrepreneurship activity. Entrepreneurship has become a prominent aspect in coping with rapid changes in structure of market and industry, including customer's needs, technology and social values.

There are many factors contributing to company's success when employing entrepreneurship in applying strategy corporate entrepreneurship. The most important factors are capability of the company to develop a vision and how the top management assign people with responsibilities in a way that allow entrepreneurship to develop, by assuring sufficient resources to support entrepreneurship, applying reward and compensation system which strengthen individual and entrepreneurial team, and encouraging risk-taking behavior which is measured by individual willingness to accept risk and tolerate failure.

Hospitals which have run their organizations based on Performance Management acknowledge that strategic planning is an important management tool which assists the leaders to manage the hospitals more effectively. In addition, strategic planning is definitely required since it becomes the guideline,

direction and basis to develop the hospitals in accordance with vision and mission. However, strategic planning still remains a problem because of a number of problems to compose it properly. The basic problem is related to the capability of human resources and data or information needed to arrange a proper strategic plan.

Based on the aforementioned background, a study is conducted to test and examine the effect of strategic leadership to hospital performance by applying the mediation effect of entrepreneurship strategy variable and by using analysis tool WarpPLS to answer the research hypotheses. It differentiates this study with previous studies which focused only to knowledge management while ignoring strategic leadership in public sector organizations. In addition, study related to strategic leadership in health service industry has not gain much attention from previous researchers. This study attempts to fill the gap by analyzing further the effect of strategic leadership to entrepreneurship strategy and hospital organizational performance. The mediation effect of entrepreneurship strategy variable also differentiates this study from previous studies.

THEORETICAL BACKGROUND

The Resource-Based View of the Firm

The Resource-Based View of the Firm (RBV) is one of three major research trends based on the resource-based theory (RBT) which produce many publications in the recent decade (Acedo, et al, 2006). RBV has become the most influential framework in strategic management researches, which emphasize on comprehension on company sustainable competitive advantage resources (Barney, 1991). Besides, RBV's gives great contributions to management study such as human resource management, economic and financial management, entrepreneurial management, marketing management and international business management (Barney et al, 2001). In traditional strategic analysis, company resources are power which can be used to arrange and apply strategies. Resources are the essence of sustainable competitive advantage because the company's capability to gain and maintain company profitability depends on its capability to maintain superior position which basically depends on resources.

In RBV, analysis of sustainable competitive advantage is based on two assumptions (Barney, 1991) namely 1) companies in the industry (or group) can be heterogeneous in controlled strategic resources, and 2) the resources cannot be transferred perfectly in all companies so the heterogeneity can occur in a long-term basis. Meanwhile, sustainable competitive advantage basically derives from the value offered to the customers which exceed the costs to create such value (Porter, 1994). In this case, value is an attribute which is provided by the company in form of good or service for which the customers are willing to pay (Hitt et al, 1997). Superior values come from lower price offer to surpass competitors for commensurate benefit or special benefit offer rather than compensate for a higher price.

Public Sector Strategic Management

Talking about strategic management can be considered as talking about relationship between an organization and its environment, either internal or external. Environment of organization recently experiences turbulent changes and becomes more closely related to each other. It requires organization to think strategically, to translate its input into effective strategies and to develop rationale as the basis to

apply the strategies. All of them are expected to be guideline on how to cope with the changes in the environment and even provide guideline for the leaders to control the changes, instead of merely react to them. Therefore, the focus of strategic management is to relate organization with its environment, arrange strategies to adapt with the environment and make sure that the implementation of the strategies run successfully. The organization is also expected to be able to control the direction of achieving the predetermined goal.

The awareness to involve strategy in public sector organization is still a new thing. Although strategic planning is a document which is commonly made by government institutions, it is not a strategy (Robinson, 2006; Hitt et al., 2009). Thinking strategically entails particular awareness and mindset. It focuses on dynamic cause-and-effect relationship, competition and uncertainty of the environment. Strategy is the organization's positioning in the future – by provide leverage using the resources to create assets which can elevate the organization to the superior position through the creation of values. Strategic management in public sector organization is not a simple adaptation from theory of business sector strategy, in which the need of strategic management in two organizations is significant in a parallel way, but they also different significantly.

Organizational performance

In a study about strategy, it is impossible to ignore performance because performance improvement is one among strategic goals. Generally, the concept of organizational performance is based on idea that organization is a combination of productive assets comprises human resources, physical resources and capital to achieve a common goal (Carton & Hofer, 2006). Organizational performance is a reflection of success or failure which pictures the level of achievement of an activity, program or policy in achieving the organizational target, goal, vision and mission. The higher the organizational performance, the higher the level of organizational achievement will be. Performance can be assessed if the organization has determined achievement criteria.

Balance Scorecard (BSC) as an approach to assess performance initially intended to extend the scope of assessing profit oriented organization's performance. However, BSC actually can be applied to all kinds of organization such as pure profit organization, quasi profit organization, pure nonprofit organization and quasi nonprofit organization (Mahsun, 2009). BSC can be modified to detect achievement of organizational goals to serve the customers, thus it is suitable to assess organizational performance. The aim of each assessment in balanced scorecard is to motivate all managers and employees.

Previous Research

A research conducted by Hough & Shcepers (2008) aims to determine organizational factors contributing to the development of Corporate Entrepreneurship (CE) capability in South Africa companies. A cross sectional telephone survey on 315 companies in South Africa indicates that Strategic Leadership is crucial for developing and supporting CE. Strategic Leadership encourages autonomy and provides rewards for the creation of entrepreneurial behavior that support CE fortification organization structure.

Hornsby et al (2002) identify organization factors that contribute highly in corporation entrepreneurship activities. The factors involve strategic leadership, empowerment, autonomy of employee,

including resources availability and structures of organization. The result of the research shows that strategic leadership and entrepreneurship behavior encouragement in a corporate have positive relationship with the capability to make innovation, to act pro-actively, and to take risks, in which the corporation is entrepreneur-oriented. This research also proves that autonomy and employee empowerment have positive relationship with the capability to make innovation, pro-active behavior, and the courage to take risks, while reward system for CE have positive relationship with the capability to make innovation, pro-active behavior, and courage to take risks.

A research by Serfontein and Hough (2011) provides a cross sectional survey of 200 South African main industries' top-performance-in-five-years organizations, which shows positive relationship between strategic leadership, strategic operational, and organizational performance. Strategic leadership is measured in indicators of pro-active behavior, coherence, and discipline; strategic operational is measured in strategy execution and operational excellence indicators; while organizational performance is measured in value indicators, ROA and EPS.

Susanto and Aisyah (2010) conclude in their 8 researches that there is significant relationship between leadership and employee performance. Utami (2011) also discovers that leadership influences employee performance motivation. Similarly, Ogbonna and Harris (2000) show that a good leadership can motivate the employees to perform better, that makes employees more careful to achieve the targets expected by the corporation.

MATERIAL AND METHOD

This research was conducted in four state public hospitals in Makassar, Indonesia, both of which are under the central government (Dr Wahidin Sudiro Husodo), Regional General Hospital belonging to the Provincial Government of South Sulawesi (Hospital Labuang Baji and hospitals Haji), and Government hospitals (hospitals belonging Makassar City Government). The population in this study are all the elements of leadership, both structural and functional leaders at the four hospitals where research was conducted. Furthermore, from a population sample was taken according to the provisions established for the purposes of Structural Model analysis tools (WarPLS). A period of data collection is a cross-sectional data that retrieval of data within a certain time and under normal circumstances. Therefore the number of indicators in this study are all 17 (seventeen), then if specified minimum size, of the respondents is 85 (5x17) of respondents, while the model size ideal technique to use structural equation model is between 100-200 samples. Thus, to meet these conditions, and to anticipate the various possibilities, so in this study will be circulated questionnaires to approximately 169 respondents were chosen as samples (according to the official number of structural and functional at the fourth hospital study site).

To measure the variables do distributing questionnaires to the respondents. For each answer given a score and the scores obtained using the Likert Scale. A score or weighting values used are strongly agree (5) to strongly disagree (1). Analysis equipment used in this study is a quantitative approach that is inferential statistical analysis with Structural Equation Modeling (SEM) based variance is known as a method WarpPLS.0 with the hypothesis that illustrated in the conceptual in Figure 1, analyze the mediation effect of entrepreneurship strategies on strategic leadership influence to organizational performance. This hypothesis coming from three direct effect and 1 indirect effect as follow: (1) direct effect of strategic leadership to entrepreneurship strategies, (2) direct effect of strategic leadership to organizational

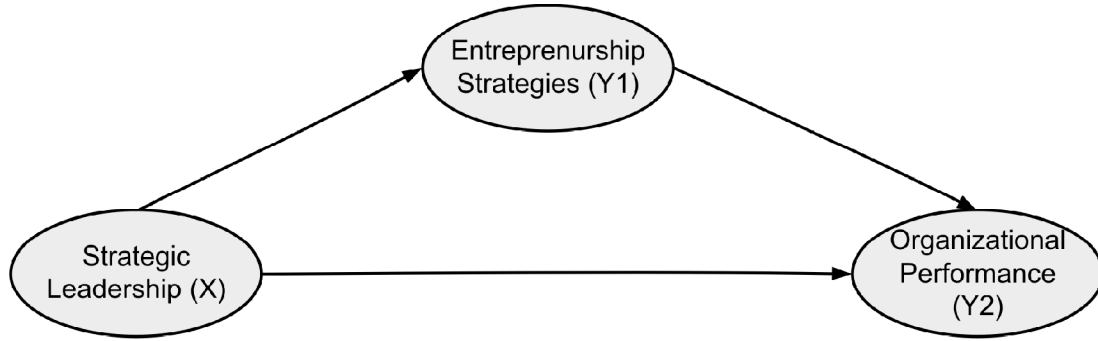


Figure 1: Conceptual Framework

performance, (3) direct effect of entrepreneurship strategies to organizational performance, and (4) indirect effect (mediation effect) of entrepreneurship strategies in relationship between strategic leadership to organizational performance.

RESULT AND DISCUSSION

Descriptive Analysis

Overview of the respondents' assessment of the strategic leadership of the variables measured by three indicators, namely the Vision of leadership, encouraging a culture of effective organization, and balanced control which can be seen in Table 1 and shows the average value of 4.0 which means agreeing / often this means a good and positive. The average scores highest for strategic leadership with the highest score is the entrepreneurial vision. Thus the results of the assessment suggest the respondents agreed with the statement that all the elements present in the hospital (doctors, nurses and non-medical) in carrying out its duties to act in accordance with the functions and authority, have great ideas or new ideas in carrying out the service process and has vision and are not afraid to change. Perceptions of respondents about strategic leadership can be seen in Table 1 below:

Table 1
Descriptive Statistics of Strategic Leadership

Indicator of Strategic Leadership (X)	Frequencies (f) and Percentages (%)										
	Strongly Disagree (1)		Disagree (2)		Neutral (3)		Agree (4)		Strongly Agree (5)		Average Score
	f	%	f	%	f	%	f	%	f	%	
Vision of leadership (X1.1)	0	0.0	1	0.6	9	5.8	105	67.7	40	25.8	4.19
Encouraging a culture of effective organization (X1.3).	1	0.6	5	3.2	29	18.7	94	60.6	26	16.8	3.90
Balanced control (X1.3)	1	0.6	5	3.2	26	16.8	96	61.9	27	17.4	3.92
	Average Score										4.00

The results of in-depth interviews were conducted on one respondent who works as a doctor and led a one care unit at a hospital research sites, provides an overview to the author that the rules issued by the government about the requirements of the hospital to obtain accreditation services (PERMENKES Decree No. 417 / Menkes / PER / II / 2011 on the Commission on Accreditation of Hospitals) is very dependent on how many specialists, sub-specialists and equipment owned. However, this can be done if the hospital has a leader who has a vision and creative employees so that the hospital can adapt to changes in the surrounding environment.

Furthermore, perception or depiction of respondent's in entrepreneurial strategies variables measured by three indicators: innovation and business processes, product innovation services and cross-functional teams that can be seen in Table 2 below:

Table 2
Descriptive Statistics of Entrepreneurship Strategies

<i>Indicator of Entrepreneurship Leadership (Y1)</i>	<i>Frequencies (f) and Percentages (%)</i>										
	<i>Strongly Disagree (1)</i>		<i>Disagree (2)</i>		<i>Neutral (3)</i>		<i>Agree (4)</i>		<i>Strongly Agree (5)</i>		<i>Average Score</i>
	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	<i>f</i>	<i>%</i>	
Innovation and business processes (Y1.1)	0	0.0	1	0.6	17	11.0	103	66.5	34	21.9	4.10
Product innovation services (Y1.2)	0	0.0	4	2.6	30	19.4	97	62.6	24	15.5	3.91
Cross-functional teams (Y1.3)	1	0.6	1	0.6	12	7.7	109	70.3	32	20.6	4.10
	Average Score										4.03

The data in Table 2 shows the average value of 4.03 in approval / often, this means a good and positive. The average score was the highest for entrepreneurial strategies business process innovation and cross-functional teams. Thus the results of the vote signaled the respondents agreed with the statement that a good hospital is a hospital that has the innovative ability of business processes, and the ability to use cross-functional teams in performing services to patients. Although contribute less than the indicator of business process innovation and cross-functional teams, but also the service product innovation considered important by respondents who are structural and functional officials at hospitals where research was conducted.

Perception or depiction of respondents to organizational performance measured by four indicators of the financial performance, customer performance, the operational processes performance and employee performance can be seen in Table 3.

The data in Table 3 shows the average value of 3.99 which means agreeing / often, this means a good and positive. The highest average score for variable performance of hospitals is an internal process performance indicator (4.15), followed by financial performance indicators (4.00), the next indicator is the last performance of services and employee performance (3.77). Thus the results of the vote signaled

Table 3
Descriptive Statistics of Organizational Performance

Indicator of Organizational Performance (Y2)	Frequencies (f) and Percentages (%)										Average Score
	Strongly Disagree (1)		Disagree (2)		Neutral (3)		Agree (4)		Strongly Agree (5)		
	f	%	f	%	f	%	f	%	f	%	
Financial performance (Y2.1)	0	0.0	0	0.0	20	12.9	108	69.7	27	17.4	4.05
Customer performance (Y2.2)	2	1.3	3	1.9	17	11.0	104	67.1	29	18.7	4.00
Operational processes performance (Y2.3)	0	0.0	1	0.6	9	5.8	111	71.6	34	21.9	4.15
Employee performance (Y2.4)	6	3.9	5	3.2	30	19.4	92	59.4	22	14.2	3.77
Average Score											3.99

the respondents agreed with the statement that a good hospital is a hospital that has the innovative ability of business processes, and the ability to use cross-functional teams in performing services to patients. Thus the results of the vote signaled the respondents agreed with the statement that the internal business processes is the beginning of the successful performance of hospitals in providing services to patients. Internal business process perspective, finance, and customer, are factors that make the organization ahead of the competition. On the other hand, learning and growth perspective serves as a spur to make superior organization in the financial, customer, and business process / internal. To make the organization as a wealth-creating institution, is required excellence in finance. Through excellence in finance, the organization and control of the resources that are indispensable for realizing the other three strategic perspectives: customer, business process / internal, and learning and growth. In the application of balanced scorecard for performance measurement of business process perspective / intern, organizations need to define strategic objectives related to cycle time, quality, employee skills, productivity, and then determine the size of the result (outcome measures) for each of the strategic objectives.

ANALYSIS RESULT

Goodness of fit model. The model in this study is said to be fit if supported by empirical data. As it is known that the Goodness of Fit the structural model in the form of SEM-relevance predictive value (Q2) which is calculated based on the value of R-square each endogenous variable. Value of R-square for each exogenous variable can be seen in Table 4.

Table 4
Goodness of fit Model

Exogenous Variables	R-square
Entrepreneurship Strategies	0.556
Organizational Performance	0.659
Predictive-relevance (Q ²)	0.849

Based on Table 4 it can be seen that the value of Predictive-relevance (Q2) of 0849, or 84.9%. This means that the model can explain the phenomenon of leadership in the Government General Hospital in the city of Makassar by 84.9% while the remaining 15.1% is explained by other variables outside the model. This figure is higher than the cut-off value of 75%, so the model is declared fit. Further analysis show in measurement model. The following table presents the outer loading each indicator in each study variable.

Table 5
Measurement Model

<i>Variables</i>	<i>Indicators</i>	<i>Loading</i>	<i>Sig</i>
Strategic Leadership (X)	Vision of leadership (X1.1)	0.645	0.001
	Encouraging a culture of effective organization (X1.3).	0.887	0.001
	Balanced control (X1.3)	0.762	0.001
Entrepreneurship Strategies (Y1)	Innovation and business processes (Y1.1)	0.841	0.001
	Product innovation services (Y1.2)	0.563	0.001
	Cross-functional teams (Y1.3)	0.634	0.001
Organizational Performance (Y2)	Financial performance (Y2.1)	0.678	0.001
	Customer performance (Y2.2)	0.675	0.001
	Operational processes performance (Y2.3)	0.719	0.001
	Employee performance (Y2.4)	0.515	0.001

Based on Table 5, the result that all significant indicators (Sig < 0.05) to measure the variables respectively. The analysis also showed that the most powerful indicator as a measure of the Strategic Leadership (X) is an indicator of ability to create an effective working environment (X1.2) with a loading factor of 0887. In the entrepreneurship strategies Variable (Y1) is known that the most powerful indicator as measure is the innovation of business processes (Y1.1) with a loading of 0841. In Variable Organizational Performance (Y2) is known that the most powerful indicator as measure is the performance of operational processes (Y2.3) with a loading of 0719.

The next stage is the structural model presents the relationship between the study variables Coefficient structural model of stating the magnitude relationship between the variable to another variable. There is significant influence between variables one to another variable, if the value of P-value of <0.05. In the SEM are two influences that direct effect (direct effect), as well as the mediating effect (effect is not direct / indirect effect). The results of the analysis are summarized in Table 6 for the direct influence and Table 7 for the indirect effect.

Table 6
Structural Model: Direct Effect

<i>No</i>	<i>Relationship</i>	<i>Coefficient</i>	<i>P-value</i>	<i>Result</i>
1	Strategic Leadership (X) to Entrepreneurship Strategies (Y1)	0.452	<0.001	Significant
2	Strategic Leadership (X) to Organizational Performance (Y2)	0.175	0.101	Insignificant
3	Entrepreneurship Strategies (Y1) to Organizational Performance (Y2)	0.553	0.019	Significant

Graphically presented as follows

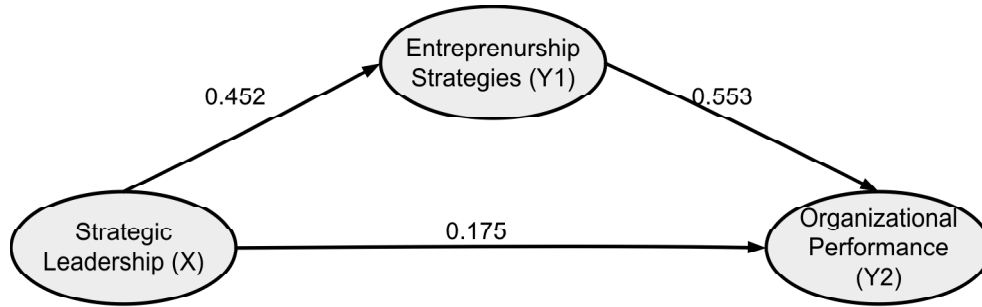


Figure 2: Structural Model: Direct Effect

Based on Table 6 and Figure 2, the test results can be presented structural model as follows. First, the Strategic Leadership Influence (X) to Entrepreneurship strategies (Y1), structural coefficient obtained for 0452, and a P-value <0.001. Because the P-value <0.05, and the coefficient is positive, indicating that there is significant and positive between Strategic Leadership (X) to Entrepreneurship strategies (Y1). The higher the Strategic Leadership (X), will lead the higher the entrepreneurship strategies (Y1).

Second, the effect of Strategic Leadership (X) to Organizational Performance (Y2), structural coefficient of 0.175, and P-value 0101. Because the P-value > 0.05, indicating that there is insignificant influence of the Strategic Leadership (X) to Organizational Performance (Y2). That is, the high and low of the Strategic Leadership (X), would not result in the level of Organizational Performance (Y2).

Third, Influence Entrepreneurship strategies (Y1) to Organizational Performance (Y2), structural coefficient of 0.553, and a P-value of 0.019. Because the P-value of <0.05, and the coefficient is positive, indicating that there is significant and positive between the entrepreneurship strategies (Y1) to Organizational Performance (Y2). The higher the entrepreneurship strategies (Y1), will result in the higher Organizational Performance (Y2).

Testing mediation obtained from several study directly influence the form of mediation. Here is presented the test results of mediation by using Sobel test:

Table 7
Structural Model: Indirect Effect (Mediation Effect)

Mediation	Testing of Relationship	Coefficient	CR	P-value
Entrepreneurship Strategies (Y1)	Strategic Leadership (X) to Organizational Performance (Y2)	0.250	2.066	0.027

Sobel Test Results in Table 7 shows that the Indirect Influence coefficient of 0.250, and the value of CR for 2.066 > 1.96 and P-value of 0.027 < 0.05 indicates that the entrepreneurial strategies (Y1) mediates the effect of the Strategic Leadership (X) to Organizational Performance (Y2). Given the marked positive coefficient indicates that the higher the Strategic Leadership will lead the higher the Organizational Performance (Y2), if mediated entrepreneurial strategy (Y1) were also higher. With also,

entrepreneurial strategy (Y1) as a mediation variable in relationship between Strategic Leadership (X) to Organizational Performance (Y2).

DISCUSSION

The result of hypothesis testing reveals that strategic leadership is proved to have significant positive effect to implementation of entrepreneurship strategy in organization. It shows that implementation of entrepreneurship strategy strongly depends on the organization leader. The positive influence appears because an organization has a leader that concerns on reaching the entrepreneurial vision, encourages an effective work climate and is capable to control all resources owned by the organization in balance. Therefore, strategic leadership affect positively to entrepreneurship strategy performance in organization. This research is in accordance with Kurako et al (2001) that nowadays organizations need strategic leadership to take advantage as well as risks from uncertainty by being flexible, innovative, creative, and managing entrepreneurship behavior. However, managing innovation and entrepreneurship is complex, challenging, and risky. Entrepreneurship strategy and innovation implementation cannot be achieved only by “lip service” that ideally encourages innovative activities (Holf, 2004). The company’s commitment to build entrepreneurship capability and supportive organization climate need a more “entrepreneurial” leader (Fahden, 1998; Mokoena, 1999). Nonetheless, it is a certainty that a leadership needs creations and supports of entrepreneurship-orientation.

The testing result shows that entrepreneurship strategy implementation affects positively and significantly to organizational performance. The positive influence appears because there is developer team or cross-functional team who attempts to invent innovations in the organization, whether it is business process innovation or service product innovation. Consequently, entrepreneurship strategy performance will contribute in organizational performance achievement. This result is in accordance with Hitt, et al (2002) and Wooten, et al (2003) discovery that nowadays organizations need innovation so that they are always superior and gain benefits from the uncertainty by being flexible, innovative, creative, and by managing entrepreneurship behavior. Nevertheless, inventing innovations and managing entrepreneurship are complex, challenging, and risky, especially to organizations in public sector that are bound in stiff bureaucracy (Osborne and Plastrik, 2000).

There are many factors affecting a company’s success when conducting entrepreneurship behavior in implementing strategy corporate entrepreneurship. The most important factor is the company’s capability to develop vision and how the top management organizes the people and tasks in possible ways to support entrepreneurship behavior to grow, as well as owning adequate resources to support entrepreneurship behavior, applying reward system and compensation that empower each individual and entrepreneur team, and to encourage risk taking which is measured by individual willingness to accept risks and to tolerate failure. These companies have been reorganized, downsized, and restructured in years. These changes evolve companies’ identity and culture while planting new entrepreneurship spirit in their whole operational system. Change, innovation, and, entrepreneurship become respectable words that explains what a company have to do to survive and to success.

Strategic leadership affects organizational performance not so significantly. This result reveals that even though a leader has oriented in reaching the vision, encouraged effective work climate, and controlled all company’s resources in balance, there is no direct positive effect to the achievement of organizational

performance. Yet, the test result of entrepreneurship strategy mediation variable on the relation of strategic leadership role with organizational performance proves that there is significant direct effect of strategic leadership to organizational performance with the involvement of entrepreneurship strategy variable. The direct effect of the role of strategic leadership to organizational performance without involving entrepreneurship strategy variable is not significant. On the other hand, the effect of the role of strategic leadership to entrepreneurship strategy performance is significant. Therefore, the test result proves that entrepreneurship strategy give complete mediation to the effect of the role of strategic leadership to organizational performance. The better strategic leadership in mobilizing all organization resource potentials to perform hospital duties and functions, the better the organizational performance will be through a good or precise entrepreneurship strategy performance. This finding shows that strategic leadership is not the direct determinant for improvement of organizational performance, but it is an important determinant for entrepreneurship strategy performance to reach organizational performance improvement. The better the strategic leadership of an organization is, the better the organizational performance or the improvement through entrepreneurship strategy performance will be. It is indicated by the existence of cross-function team that has the ability in developing various operational process and medical service, as well as new service products. This result proves that in an organization, the leader plays a very strategic role to improve the organization's capability in strategies implementation and execution into various programs and integrated activities. With these capabilities, the organization can continue improving the performance in four aspects: financial, customer, operational process and developmental learning.

CONCLUSION AND RECOMMENDATIONS

Based on result above, the conclusion of this study is the entrepreneurial strategies as the mediating variables in the effect of the Strategic Leadership to Organizational Performance. The higher the Strategic Leadership will lead the higher the Organizational Performance, if mediated entrepreneurial strategy were also higher. The different situation, there is insignificant influence of the Strategic Leadership direct to Organizational Performance. That is, the high and low of the Strategic Leadership, would not result in the level of Organizational Performance. This result shows that the application of strategic leadership can improve organizational performance through increased entrepreneurship strategy. So it can be said that entrepreneurial strategies complete mediation influence in relationship between strategic leadership to organizational performance.

Based on the findings, hospital executives are expected to make hospital a learning organization, where sustainable learning process and innovation occur through simple activities such as internship program, periodic seminar, and arranging lesson learned which can be sources of learning by means of open discussion forum. In addition, hospital executives are expected to develop and empower cross-functional units, not only to handle emergency activities or programs but also to pioneer innovation and creativity throughout the organization.

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