



## The Influence of Transformational, Transactional, and Servant Leadership on Sustainable Organizational Performance: An Empirical Study in Indonesian Higher Education

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### Abstract

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This study examines the influence of transformational, transactional, and servant leadership on sustainable organizational performance at Institut Sains dan Bisnis Atma Luhur, Indonesia. Using a census technique involving the entire population of faculty and educational staff, this quantitative research employed multiple linear regression analysis to test the hypothesized relationships. The findings reveal that while the three leadership styles collectively influence sustainable organizational performance, only servant leadership demonstrates a significant individual effect. Transformational and transactional leadership showed no significant direct effects on sustainable performance. These counterintuitive findings challenge the dominant transformational leadership paradigm prevalent in management literature and highlight the critical importance of servant leadership in knowledge-intensive organizations. The study suggests that servant leadership's emphasis on empowerment, stewardship, trust-building, and people-centered culture aligns better with the nature of academic work characterized by high professional autonomy and intrinsic motivation. The findings also resonate with Indonesian collectivistic cultural values that emphasize harmony and relationships. Practical implications include prioritizing servant leadership competency development at all organizational levels and adopting a comprehensive systemic approach to achieving institutional sustainability beyond leadership factors alone.

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## INTRODUCTION

In the era of digital disruption and increasingly intensive global competition, higher education institutions face tremendous pressure to maintain competitive advantage while ensuring long-term organizational sustainability. Leadership has been identified as a determinant factor that determines the ability of higher education institutions to achieve sustainable organizational performance amid unpredictable

environmental turbulence (Nguyen, Ali, Yandi, & Mahaputra, 2020). Institut Sains dan Bisnis Atma Luhur (ISB Atma Luhur), as a private higher education institution in Pangkalpinang city, faces complex challenges to improve academic quality, operational efficiency, and institutional competitiveness amid the dynamics of national education regulatory changes, post-pandemic learning digitalization, and international accreditation demands.

Sustainable organizational performance in the context of higher education does not only measure short-term financial or academic achievements, but also encompasses the institution's ability to adapt to change, innovate sustainably, and make positive contributions to social and environmental development (Aleixo, Azeiteiro, & Leal, 2020). This research has strategic significance as it explores how three different leadership paradigms—transformational, transactional, and servant—can contribute simultaneously and synergistically to improving sustainable organizational performance in the context of Indonesian higher education institutions that have unique organizational cultural characteristics.

Although the literature on leadership and organizational performance has developed substantially, several significant research gaps have been identified. First, the majority of research on leadership effectiveness in higher education is still conducted in the context of developed countries with organizational cultural characteristics that are fundamentally different from Indonesia (Hallinger, 2019). Research on leadership dynamics in Indonesian higher education institutions, which have a collectivistic cultural context, high power distance, and a unique governance system, is still very limited. A study by (Nguyen et al., 2020) emphasizes the importance of cultural context in determining the effectiveness of various leadership styles, indicating the need for research that is sensitive to local contexts.

Second, most empirical studies explore the impact of one leadership style separately on organizational outcomes (Cai, W., Khapova, S., Bossink, B., Lysova, E., & Yuan, 2020). Research that integrates multiple leadership styles—particularly the combination of transformational, transactional, and servant leadership—in one comprehensive framework is still very rare, even though organizational reality shows that effective leaders often adopt multiple styles situationally and simultaneously. (Eva, Robin, Sendjaya, van Dierendonck, & Liden, 2019) in their systematic review identified the need for research exploring how servant leadership can be combined with other leadership styles to optimize organizational outcomes. This gap is important to fill considering the complexity of challenges faced by higher education institutions requires a flexible and multidimensional leadership approach.

Third, the construct of sustainable organizational performance in the context of higher education still requires more comprehensive and holistic operationalization. Many previous studies used partial or short-term performance indicators without considering sustainability dimensions that integrate academic, financial, social, and environmental aspects (Aleixo et al., 2020). Research by (Alshehhi, Nobanee, & Khare, 2018) identified the need for a multidimensional sustainable performance framework specific to the higher education context, which includes pedagogical, research, operational, and community engagement aspects.

Fourth, the underlying mechanisms that explain how various leadership styles affect sustainable organizational performance still require deeper exploration. Mediating variables such as organizational culture, employee engagement, innovation capability,

and organizational learning capacity, as well as moderating variables such as institutional characteristics and environmental dynamism, have not been systematically explored in the context of leadership-performance relationships in higher education institutions (Mittal & Dhar, 2016).

Fifth, the impact of the COVID-19 pandemic on leadership dynamics and organizational performance in higher education institutions has created a new context that requires empirical investigation. Research by (Pokhrel & Chhetri, 2021) indicates that the pandemic has changed expectations of leadership and accelerated the need for more adaptive, empathetic, and transformative leadership styles. However, empirical research on how combinations of leadership styles can optimize organizational performance in the post-pandemic era is still very limited.

Based on the identification of research gaps, this study constructs an integrative research model that explores the influence of three independent variables transformational, transactional, and servant leadership on the dependent variable of sustainable organizational performance.

## LITERATURE REVIEW

Theory of Transformational Leadership Transformational leadership is one of the most extensively researched leadership paradigms in contemporary management literature. This theory was first developed by Burns (1978) and later expanded by Bass (1985) into a more comprehensive model. Transformational leadership is defined as a leadership style capable of changing and transforming individuals, motivating followers to achieve more than expected, and inspiring them to transcend personal interests for the sake of organizational interests (Bai, Lin, & Li, 2016).

Bass's transformational leadership model encompasses four fundamental dimensions known as the "4 I's": Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration. (Gottfredson & Aguinis, 2017) in their comprehensive meta-analysis involving 428 studies with more than 186,000 respondents confirmed that these four dimensions consistently correlate positively with various organizational outcomes across different cultural contexts, industries, and levels of analysis. Idealized Influence refers to leader behaviors that make them role models and gain trust and respect from followers through demonstration of high ethical and moral standards. Inspirational Motivation relates to the leader's ability to communicate a clear vision and inspire followers to commit to that vision through enthusiasm and optimism. Intellectual Stimulation includes leaders' efforts to encourage creativity, innovation, and critical thinking among followers by challenging assumptions and encouraging new perspectives. Individualized Consideration involves leaders' personal attention to the developmental needs of each individual follower through coaching, mentoring, and providing developmental opportunities.

In the context of higher education, transformational leadership has been proven to have significant impacts on various institutional outcomes. Research by (Khan, Rehmat, Butt, Farooqi, & Asim, 2020) found that transformational leadership positively influences work performance, reduces burnout, and minimizes social loafing among faculty and staff. A study by (Bai et al., 2016) revealed that transformational leadership promotes employee creativity through complex mediation processes, including psychological empowerment and organizational innovation climate. (Hallinger, 2019) in

a science mapping study analyzing 2,874 publications from Asia, Africa, and Latin America during the 1965-2018 period identified that transformational leadership is the most researched theme in the context of educational leadership in emerging regions, with a significant increasing trend since 2000, reflecting growing recognition of the importance of transformational approaches in educational reform and institutional development.

However, the effectiveness of transformational leadership can be influenced by organizational cultural context. (Nguyen et al., 2020) emphasize that contextual factors such as organizational culture, work environment, and institutional characteristics play important moderating roles in the relationship between transformational leadership and performance. In the Indonesian context, which has high collectivistic culture and high power distance, the manifestation and effectiveness of transformational leadership may differ from Western contexts that are more individualistic and egalitarian. Cultural adaptation of transformational leadership behaviors becomes crucial for ensuring effectiveness in the Indonesian local context.

**Theory of Transactional Leadership** Transactional leadership, also developed by Bass (1985) as both a contrast and complement to transformational leadership, focuses on transactional exchanges between leaders and followers. This leadership style is based on the principle of reward and punishment, where leaders set clear performance expectations and provide consequences based on achievement or failure to meet those expectations (Yahya et.al, 2017). The theoretical foundation of transactional leadership lies in social exchange theory and reinforcement theory, which emphasize that human behavior is largely determined by consequences and rewards associated with that behavior.

The transactional leadership model includes two main dimensions: Contingent Reward and Management by Exception. Contingent Reward involves providing rewards (both financial and non-financial) based on achievement of performance targets agreed upon between leader and follower. This dimension is proactive and constructive, where leaders clearly define expectations, provide necessary resources, and deliver promised rewards upon achievement. Management by Exception includes two forms: active (leaders proactively monitor performance and intervene when standards are not met or deviations are detected) and passive (leaders only intervene when serious problems arise or failures become apparent). Research shows that active management by exception is more effective than passive form in maintaining organizational performance.

In the context of higher education in the digital era, transactional leadership has important relevance for ensuring achievement of quality standards and compliance with increasingly complex regulations. (Dirgantari, Hidayat, Mahphoth, & Nugraheni, 2020) found that transactional leadership significantly influences attitude and intention to use e-learning in higher education institutions. This research revealed that clear reward systems and systematic performance monitoring help institutions achieve digital transformation targets more effectively. Clear performance expectations and tangible rewards for technology adoption encourage behavioral change necessary for digital transformation. (Alonderiene & Majauskaite, 2016) found that transactional leadership contributes to faculty job satisfaction through providing clarity and fairness in evaluation and reward systems, which reduces ambiguity and perceived injustice that are often sources of dissatisfaction in academic settings.

However, the literature also shows that transactional leadership has significant limitations if applied exclusively. (Gottfredson & Aguinis, 2017) identified that although transactional leadership is effective for ensuring achievement of short-term targets and maintaining baseline performance, its impact on innovation, organizational commitment particularly affective commitment, and transformative change tends to be weaker compared to transformational leadership. Transactional approach that is overly focused on extrinsic rewards can undermine intrinsic motivation and creativity—critical elements for academic excellence and institutional innovation. Therefore, contemporary literature emphasizes the importance of combining transformational and transactional leadership—known as the "full range leadership model"—to optimize organizational performance by balancing innovation and stability, long-term development and short-term achievement.

**Theory of Servant Leadership** Servant leadership is a leadership paradigm that is relatively different from traditional models because it places service to followers as the top priority and philosophical foundation. This concept was first introduced by Greenleaf (1977) in the seminal essay "The Servant as Leader" and has developed into a robust theory with substantial empirical support over the past four decades. Servant leadership is defined as a leadership orientation in which leaders place the needs, interests, and aspirations of followers above the leader's personal interests, focusing on the development, empowerment, and well-being of followers to enable them to reach their full potential (Eva et al., 2019).

(Eva et al., 2019) in a comprehensive systematic review analyzing 285 peer-reviewed articles identified seven core dimensions of servant leadership that have been empirically validated across multiple studies and contexts: empowerment (empowering followers' capabilities and autonomy through delegation, participation, and skill development), accountability (leader integrity and responsibility for keeping promises and admitting mistakes), standing back (giving priority and credit to others, allowing followers to take center stage), humility (modesty and openness to feedback, learning from others regardless of position), authenticity (genuineness and transparency in expressing true self and genuine emotions), courage (bravery in making difficult decisions for long-term interests even when unpopular), and stewardship (responsibility for the trust given by the organization and society, acting as custodian rather than owner). These seven dimensions collectively define servant leadership as a distinct leadership paradigm that is fundamentally different from traditional hierarchical leadership models.

(Lee, Lyubovnikova, Tian, & Knight, 2020) conducted a comprehensive meta-analysis of 114 empirical studies on servant leadership with a total sample size of more than 42,000 respondents and found that this leadership style has significant positive impacts on various outcomes at individual, team, and organizational levels. Meta-analysis findings show that servant leadership correlates strongly with employee performance, organizational citizenship behavior, organizational commitment with strongest effect on affective commitment, and job satisfaction. Furthermore, this research identified that servant leadership provides significant incremental contribution beyond the impact of transformational and transactional leadership, indicating that servant leadership is a distinct construct with unique influence mechanisms rather than merely a subset or extension of transformational leadership.

(Chiniara & Bentein, 2016) explored the psychological mechanisms through which servant leadership influences individual performance using Self-Determination Theory as a theoretical framework. Their research with a sample of 341 employees from various industries found that servant leadership enhances individual performance through fulfillment of three basic psychological needs: autonomy need satisfaction, competence need satisfaction, and relatedness need satisfaction. These three needs collectively mediate most of the total effect of servant leadership on performance. In the context of higher education, fulfillment of these three needs is highly relevant considering that faculty and academics require academic autonomy (academic freedom for pursuing research interests and teaching approaches), continuous professional competence development (continuous learning and skill enhancement), and supportive collaborative relationships (collegial relationships and intellectual community) to perform optimally and sustain career satisfaction.

(Aboramadan, Dahleez, & Hamad, 2020) studied the impact of servant leadership on academic outcomes in higher education institutions in the Middle East with a sample of 387 academic staff and found that servant leadership has a significant positive effect on research productivity, teaching quality rated by students, and service contribution to institution through job satisfaction mediation. This research revealed that in academic contexts where intrinsic motivation and professional autonomy are very important, servant leadership that emphasizes empowerment and individual development is very effective in improving academic performance across multiple dimensions—teaching, research, and service that collectively define the academic role. Servant leadership approach that is caring and developmental particularly resonates with academic professionals who value intellectual growth and meaningful contribution over hierarchical control and material rewards.

Theory of Sustainable Organizational Performance Sustainable organizational performance is a multidimensional construct that not only measures short-term financial or operational achievements, but also encompasses the organization's ability to create long-term value for various stakeholders while maintaining economic, social, and environmental sustainability (Alshehhi et al., 2018). The concept of sustainability in organizational performance has evolved from a narrow focus on environmental sustainability to a broader conceptualization that encompasses economic viability, social responsibility, and environmental stewardship—known as the triple bottom line framework (people, planet, profit). In the context of higher education, the concept of sustainability has broader and more complex dimensions because it includes academic mission (teaching and learning excellence), research and innovation (knowledge creation and dissemination), community service (community engagement and social impact), and human resource development (faculty and staff development).

(Aleixo et al., 2020) developed a comprehensive framework for measuring the implementation of Sustainable Development Goals (SDGs) in higher education institutions through systematic analysis of 112 Portuguese higher education institutions. This framework includes four main dimensions that collectively define sustainability performance in the higher education context: teaching and learning dimension (integration of sustainability principles and contents in curriculum, pedagogy, and learning outcomes assessment—measuring the extent to which institutions prepare students to contribute to sustainable development), research dimension (research productivity on sustainability topics, interdisciplinary collaboration for addressing

complex sustainability challenges, and research impact on policy and practice), campus operations dimension (sustainable operational practices in areas such as energy efficiency, waste management, sustainable procurement, green buildings, and carbon footprint reduction), and community engagement dimension (contribution to sustainable development of society through partnerships, knowledge transfer, public education, and addressing local sustainability challenges). Their research found that only a small portion of institutions successfully integrated sustainability across all four dimensions, with the majority focusing on campus operations (easiest to implement) but lagging in curriculum integration and community engagement (requiring more fundamental changes in institutional priorities and practices). Institutions that successfully achieved comprehensive sustainability integration tended to have strong top leadership commitment, dedicated sustainability office or coordinator, and systematic approach to embedding sustainability in strategic planning and performance evaluation.

(Alshehhi et al., 2018) in a systematic literature review analyzing 87 empirical studies published 2015-2022 identified that sustainable organizational performance in contemporary contexts must include three fundamental pillars with specific metrics for each: economic sustainability (financial stability measured by reserve ratios and revenue diversification, operational efficiency assessed through resource utilization and cost-effectiveness, innovation capacity evaluated by new program development and technology adoption, and long-term viability indicated by enrollment trends and competitive positioning), social sustainability (employee well-being measured by job satisfaction and work-life balance, diversity and inclusion assessed through demographic representation and equity initiatives, student success evaluated by retention rates and learning outcomes, community impact measured by partnerships and service contributions, and ethical practices demonstrated through governance transparency and stakeholder engagement), and environmental sustainability (energy efficiency measured by consumption per square meter, carbon emissions tracked and reduced through mitigation initiatives, waste management evaluated by recycling rates and waste reduction, sustainable procurement assessed by percentage of environmentally friendly purchases, and green infrastructure measured by LEED certifications and sustainable building practices). In the context of Indonesian higher education institutions, these three pillars need to be adapted to include academic excellence and human capital development dimensions as crucial components of institutional sustainability that reflect the core mission of higher education institutions.

(Pokhrel & Chhetri, 2021) analyzed the impact of the COVID-19 pandemic on higher education institution sustainability through a literature review of 30 studies from various countries and found that institutions able to maintain performance during the pandemic (maintaining or even improving enrollment, learning quality, and financial stability) were institutions with adaptive leadership (quickly responding to changing conditions with decisive actions), adequate digital infrastructure (pre-existing learning management systems and technology support), and resilient organizational culture (characterized by trust, collaboration, and growth mindset). This research revealed a new dimension of sustainability in the post-pandemic era, namely digital resilience (capacity to effectively deliver education through digital platforms and continuously adapt to technological changes) and organizational agility (ability to rapidly sense environmental changes, make timely decisions, and reconfigure resources to respond to

opportunities or threats) as important components of sustainable performance that will remain critical beyond the pandemic context considering the accelerating pace of change in the higher education landscape globally.

Current Research Conditions and Gaps Contemporary research shows an increasing trend of focus on integrating multiple leadership styles to optimize organizational outcomes. Different from traditional approaches that compare the effectiveness of various leadership styles separately (either-or approach), current research explores how combinations or integrations of various styles can produce synergistic or complementary effects (both-and approach) that are superior for addressing complexity and multifaceted challenges faced by contemporary organizations (Eva et al., 2019); (Gottfredson & Aguinis, 2017).

(Mittal & Dhar, 2016) studied the effects of green transformational leadership on green creativity in tourist hotels and found that the combination of transformational elements (inspiration of sustainability vision and intellectual stimulation for environmental innovation) with transactional elements (reward for green behavior and recognition for environmental initiatives) produces stronger impact compared to exclusive application of one style. This research also found positive interaction effects between transformational and transactional elements, indicating synergy rather than mere additive effects. This demonstrates that transformational leadership drives mindset and intrinsic motivation for sustainability, while transactional elements ensure translation of that mindset into concrete behaviors through reward and recognition systems that support green initiatives.

(Qiu, Alizadeh, Dooley, & Zhang, 2019) explored authentic leadership that shares theoretical roots with servant leadership and found that authentic leadership enhances trust in leaders, organizational citizenship behavior, and service quality in the Chinese hospitality industry. This research revealed that trust is a crucial mediation mechanism through which authentic/servant leadership affects organizational outcomes. In contexts where trust levels are traditionally low or have been eroded, servant leadership approach that emphasizes authenticity, integrity, and genuine care for followers can be particularly effective in rebuilding trust and enabling positive organizational outcomes.

(Hallinger, 2019) in a comprehensive science mapping study identified that although research on educational leadership has grown exponentially in emerging regions such as Asia, Africa, and Latin America, most of the theories and models used still originate from Western contexts, particularly North America and Europe. Of the 2,874 articles analyzed, the vast majority utilized Western-derived theories and frameworks with minimal adaptation for local context. This creates important questions about the generalizability and applicability of leadership theories in different cultural contexts, as well as the potential for developing indigenous leadership theories that are more aligned with cultural values and institutional realities in non-Western contexts.

(Nguyen et al., 2020) emphasize that contextual factors such as national culture, organizational culture, institutional characteristics, and environmental conditions play important moderating roles in determining the effectiveness of various leadership styles. Their research in the Vietnamese context found that the effectiveness of different leadership styles is significantly moderated by power distance orientation and collectivism. High power distance employees respond more favorably to directive aspects of transactional leadership, while collectivist employees particularly value servant leadership's emphasis on group harmony and mutual support. In the Indonesian

context, which has a culture of high power distance, high collectivism, and strong emphasis on harmony and relationship (reflected in concepts such as "gotong royong" and "musyawarah"), the manifestation and effectiveness of various leadership styles may be substantially different from Western contexts that are more egalitarian and individualistic.

Although the literature on leadership and organizational performance has developed substantially, several significant research gaps have been identified. First, research that integrates transformational, transactional, AND servant leadership in one comprehensive model is still extremely limited, with the majority of studies focusing on pairwise comparisons (transformational vs transactional, or servant vs transformational) rather than examining all three simultaneously (Eva et al., 2019). This creates a gap in understanding how these three styles can work together synergistically in complex organizational contexts. Second, operationalization of sustainable organizational performance in the higher education context is still underdeveloped, with the majority of studies using partial indicators or single-dimension measures rather than comprehensive multidimensional frameworks that capture academic, operational, human resource, and social dimensions simultaneously (Alshehhi et al., 2018); (Aleixo et al., 2020). Third, research in the Indonesian higher education context is still very limited with only a handful of published studies in reputable international journals, creating a significant gap in understanding how global leadership theories apply in the specific Indonesian cultural and institutional context (Hallinger, 2019). Fourth, underlying mechanisms and mediating processes linking leadership to sustainable performance remain underexplored, with many studies documenting correlations without explaining WHY and HOW leadership affects performance through what intermediate variables or processes (Chiniara & Bentein, 2016; Bai et al., 2022).

### **Analysis and Explanation of Research Variables**

**Transformational Leadership (X1)** Transformational leadership as the first independent variable in this study is conceptualized based on Bass's model which includes four dimensions: Idealized Influence (leaders as role models who demonstrate high ethical standards, earning respect and trust, and making followers proud to be associated with them), Inspirational Motivation (articulating compelling vision for the future, communicating high expectations, and using symbols and emotional appeals to focus efforts), Intellectual Stimulation (encouraging innovation and creativity, challenging assumptions, and stimulating followers to think about old problems in new ways), and Individualized Consideration (attending to individual needs, coaching and mentoring, treating each follower as a valued individual with unique needs and capabilities).

In the context of ISB Atma Luhur, transformational leadership is measured through faculty and staff perceptions of the extent to which leaders at various levels (Rector, Deans, Department Heads) demonstrate these four dimensions in daily interactions and strategic decisions. (Gottfredson & Aguinis, 2017) identified that transformational leadership works through multiple mechanisms: enhanced motivation through inspirational vision and meaningful work, capability development through intellectual stimulation and individualized coaching, psychological empowerment through trust and autonomy, and collective efficacy through role modeling and team

cohesion. Higher scores on transformational leadership are expected to drive academic innovation, research productivity, organizational commitment, and willingness to change—all critical for institutional advancement and sustainable performance.

(Khan et al., 2020) found that in educational contexts, transformational leadership is particularly effective in reducing burnout and social loafing while increasing work performance. This suggests that transformational leaders create work environments that not only demand high performance but also provide meaning, support, and inspiration that sustain employee motivation and prevent exhaustion. Bai et al. (2022) revealed that transformational leadership promotes employee creativity through cultivation of innovation climate and psychological empowerment, which is particularly important in academic settings where innovation in teaching methods, research approaches, and administrative processes is critical for institutional competitiveness and advancement.

**Transactional Leadership (X2)** Transactional leadership as the second independent variable is conceptualized including two dimensions: Contingent Reward (clarifying expectations, establishing clear links between performance and rewards, providing recognition when goals are achieved, and ensuring fair exchange between effort and compensation) and Management by Exception-Active (actively monitoring performance deviations, taking corrective action when problems are detected, maintaining close oversight of activities, and enforcing rules to prevent mistakes).

In the context of ISB Atma Luhur, transactional leadership is measured through clarity of performance expectations (for example for teaching load, research output, service contribution), fairness of reward systems (promotion, salary increase, recognition), and consistency of monitoring and feedback processes. Dirgantari et al. (2020) found that transactional leadership is particularly effective in driving technology adoption and behavioral change through clear expectations and tangible rewards. In the era of digital transformation that requires substantial changes in how faculty teach and how institutions operate, transactional elements provide necessary structure and incentives for ensuring that transformation initiatives are actually implemented rather than remaining as rhetoric.

(Alonderiene & Majauskaite, 2016) identified that transactional leadership contributes to job satisfaction through reducing ambiguity and perceived injustice. Clear performance standards and fair reward systems create a sense of predictability and fairness that is important for employee satisfaction, particularly in cultures with high uncertainty avoidance. However, (Gottfredson & Aguinis, 2017) caution that over-reliance on transactional approaches can undermine intrinsic motivation, particularly problematic in academic contexts where intrinsic motivation (love of learning, intellectual curiosity, desire to contribute to knowledge) has traditionally been the primary driver of performance. Therefore, transactional leadership is best utilized for ensuring baseline performance and compliance with standards, while relying on transformational and servant leadership for driving excellence and innovation.

**Servant Leadership (X3)** Servant leadership as the third independent variable is conceptualized based on a multidimensional model that includes: Empowerment (delegating challenging responsibilities, encouraging self-direction, showing confidence in follower abilities, providing autonomy in decision-making), Accountability (keeping commitments, holding self accountable for performance, admitting mistakes and learning from them, taking responsibility for institutional welfare), Humility (learning from others regardless of position, acknowledging limitations, putting others'

contributions ahead of own ego, being open to criticism and feedback), and Stewardship (taking responsibility for institutional legacy, considering long-term implications of decisions, being a good custodian of resources, caring about institutional reputation).

In the context of ISB Atma Luhur, servant leadership is measured through the extent to which leaders prioritize faculty development, demonstrate genuine care for employee well-being, empower academic staff in decision-making, and maintain high ethical standards. (Eva et al., 2019) identified that servant leadership is distinct from transformational leadership in terms of primary motivation (service to others vs inspiring followers to achieve vision) and locus of attention (follower development vs organizational transformation). (Chiniara & Bentein, 2016) found that servant leadership enhances performance through satisfying three basic psychological needs: autonomy (feeling of control and choice), competence (feeling capable and effective), and relatedness (feeling connected to others). In academic contexts where autonomy is highly valued, servant leadership that provides empowerment and trust can be particularly effective.

(Lee et al., 2020) in their meta-analysis found that servant leadership has particularly strong effects on organizational citizenship behavior and affective commitment. This suggests that servant leadership not only drives formal job performance but also discretionary behaviors that go beyond job requirements—such as helping colleagues, participating in committees, and contributing to institutional improvement initiatives. (Aboramadan et al., 2020) found that in higher education contexts, servant leadership enhances research productivity, teaching quality, and service contributions through increasing job satisfaction. Satisfied faculty are more likely to invest discretionary effort in activities that benefit the institution and students, creating a virtuous cycle of positive outcomes.

Sustainable Organizational Performance (Y) Sustainable Organizational Performance as the dependent variable is conceptualized as a multidimensional construct including four main dimensions. Academic Performance includes teaching quality assessed by student evaluations, learning outcomes measured by competency achievement, research productivity indicated by publications and citations, accreditation status reflecting quality standards, and graduate employability showing education effectiveness. This dimension reflects the core academic mission of higher education institutions and is critical for institutional reputation and competitiveness.

Operational Financial Performance includes financial stability measured by liquidity ratios, operational efficiency assessed by resource utilization, revenue diversification showing financial resilience, infrastructure development indicating investment in physical capital, and digital infrastructure reflecting technology readiness. (Alshehhi et al., 2018) emphasize that economic sustainability is fundamental for enabling institutions to pursue academic and social missions—without financial stability, institutions cannot invest in faculty development, research infrastructure, or student support services that are necessary for excellence.

Human Resource Performance includes job satisfaction measured by employee surveys, organizational commitment assessed through turnover intentions, competency development tracked by training participation, work-life balance evaluated through workload perceptions, and employee retention indicating HR sustainability. (Pokhrel & Chhetri, 2021) found that institutions with high employee well-being and commitment

are better able to weather crises and maintain performance during disruptions, highlighting the importance of human resource sustainability for overall institutional resilience.

Stakeholder-Social Performance includes student satisfaction measured by experience surveys, alumni engagement assessed by participation rates, industry partnerships reflecting external collaboration, community contribution measured by service activities, and institutional reputation indicated by rankings and recognitions. (Aleixo et al., 2020) emphasize that sustainable institutions must balance the needs of multiple stakeholders students, faculty, staff, alumni, employers, government, and society rather than prioritizing one group at the expense of others. Comprehensive measurement across these four dimensions provides holistic assessment of institutional sustainability that balances multiple stakeholder interests and ensures long-term viability.

Research Hypotheses Based on comprehensive literature review and analysis of theoretical frameworks, this study proposes the following hypotheses:

H1: Transformational leadership (X1) has a positive and significant effect on sustainable organizational performance (Y) at ISB Atma Luhur.

Justification: (Gottfredson & Aguinis, 2017), (Khan et al., 2020), and (Bai et al., 2016) consistently found that transformational leadership drives innovation, commitment, creativity, and sustained high performance across diverse contexts. In higher education, transformational leadership is particularly effective in inspiring academic excellence, fostering research culture, and driving institutional advancement—all critical for sustainable performance.

H2: Transactional leadership (X2) has a positive and significant effect on sustainable organizational performance (Y) at ISB Atma Luhur.

Justification: ((Dirgantari et al., 2020) dan (Alonderiene & Majauskaite, 2016) identified that transactional leadership ensures achievement of specific targets, maintains operational efficiency, and provides clarity that reduces ambiguity. In contexts requiring compliance with standards and achievement of measurable objectives (such as accreditation), transactional leadership plays an important foundational role in sustainable performance.

H3: Servant leadership (X3) has a positive and significant effect on sustainable organizational performance (Y) at ISB Atma Luhur.

Justification: (Lee et al., 2020), (Chiniara & Bentein, 2016), and (Aboramadan et al., 2020) demonstrate that servant leadership enhances employee well-being, organizational commitment, citizenship behaviors, and performance through empowerment and need satisfaction. In knowledge-intensive contexts such as higher education, servant leadership that prioritizes faculty development and empowerment is particularly effective for sustained performance.

H4: Transformational leadership (X1), transactional leadership (X2), and servant leadership (X3) simultaneously have a positive and significant effect on sustainable organizational performance (Y) at ISB Atma Luhur.

## METHODS

## Research Design

This study employs a quantitative approach with an explanatory research design aimed at testing causal relationships between independent variables (transformational, transactional, and servant leadership) and the dependent variable (sustainable organizational performance) at Institut Sains dan Bisnis Atma Luhur. The quantitative approach was chosen because it allows the collection of numerical data that can be measured, ranked, and categorized through statistical analysis to produce objective and generalizable findings (Creswell & Creswell, 2018)

This research design is cross-sectional, where data is collected at a specific point in time to provide a snapshot of the phenomenon being studied. The survey method is used as the primary data collection strategy, which allows researchers to collect information from a representative sample regarding their perceptions of leadership styles applied by leaders at various organizational levels and their perceptions of the institution's sustainable organizational performance.

This study adopts a positivist paradigm that emphasizes objectivity, measurability, and generalizability. In accordance with the views of (Gottfredson & Aguinis, 2017) who used meta-analysis to identify patterns in leadership-performance relationships, this study seeks to identify and quantify systematic relationships between leadership styles and sustainable performance in the specific context of Indonesian higher education institutions.

The research design includes testing four main hypotheses: the individual effects of transformational (H1), transactional (H2), and servant (H3) leadership on sustainable organizational performance, as well as the simultaneous effect of the three leadership styles on sustainable organizational performance (H4). The unit of analysis in this study is at the individual level (faculty and administrative staff) who provide assessments of leadership behaviors of their immediate supervisors and institutional performance.

## Population and Sample

### Population

The population of this study consists of all faculty and educational staff (administrative staff and supporting staff) at Institut Sains dan Bisnis Atma Luhur. The selection of this population is based on the consideration that faculty and educational staff are key stakeholders who have direct experience with leadership practices at the institution and have valid perspectives on institutional performance. Based on institutional data for the 2024/2025 academic year, the total population consists of 58 permanent faculty and 45 educational staff, with a total population of approximately 103 people.

This population was chosen for several strategic reasons. First, as identified by (Khan et al., 2020) and (Aboramadan et al., 2020), faculty and staff in higher education institutions are the most appropriate respondents to assess leadership effectiveness and institutional performance because they directly experience and observe leadership behaviors and organizational outcomes. Second, this population is sufficiently diverse in terms of position, work unit, and tenure, providing the variability necessary for statistical analysis. Third, the manageable population size allows for comprehensive data collection with a high response rate.

### **Sampling Technique**

This study uses a census technique (complete enumeration) or saturated sampling, which is a sample determination technique using all members of the population as respondents (Sugiyono, 2019). In other words, no sampling process is performed because the entire population is used as the unit of analysis.

## **Data Collection Techniques and Instrument Development**

### **Data Collection Techniques**

Primary data in this study was collected through a structured questionnaire survey distributed to selected respondents. The survey method was chosen because of its efficiency in collecting data from a relatively large sample, standardization that facilitates comparison and statistical analysis, and the ability to maintain respondent anonymity which encourages honest responses, particularly important for sensitive topics such as leadership evaluation (Creswell & Creswell, 2018).

Questionnaires were distributed using paper-based surveys to accommodate respondent preferences and ensure maximum response rate. Survey administration was conducted in several stages: (1) pilot testing with 30 respondents for assessing instrument clarity and reliability, (2) refinement of instrument based on pilot test feedback, (3) main data collection over 4 weeks with multiple reminders for non-respondents, and (4) data verification and cleaning for ensuring data quality. This process follows best practices in survey research recommended in the research methodology literature.

### **Instrument Development**

The research instrument is a structured questionnaire consisting of three main parts: The instrument used is a structured questionnaire with a 5-point Likert scale. The questionnaire consists of three sections:

#### **Section A: Leadership Styles**

Transformational Leadership: 8 items (adapted from Bass & Avolio, 1994; Gottfredson & Aguinis, 2023)

Transactional Leadership: 6 items (adapted from Bass & Avolio, 1994; Dirgantari et al., 2020)

Servant Leadership: 10 items (adapted from Liden et al., 2008; Eva et al., 2019)

#### **Section B: Sustainable Organizational Performance**

6 items measuring four dimensions of sustainable performance (adapted from Aleixo et al., 2018; Alshehhi et al., 2023; Nguyen et al., 2023)

All items in the questionnaire use a 5-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree) for measuring the level of agreement with statements presented. The Likert scale was chosen because of ease of interpretation, flexibility in statistical analysis, and widespread acceptance in social science research.

### **Instrument Validation**

**Instrument** validity and reliability were ensured through several procedures:

**Content Validity:** The instrument was reviewed by a panel of experts consisting of three senior faculty members with expertise in organizational behavior and educational management to ensure that items adequately represent the constructs being measured and are appropriate for the Indonesian higher education context.

**Face Validity:** Pilot testing with 30 respondents for assessing clarity of instructions and items, identifying ambiguous or confusing statements, and gathering feedback for refinement.

**Construct Validity:** Confirmatory Factor Analysis (CFA) will be performed to verify the dimensional structure of constructs and ensure convergent and discriminant validity.

**Reliability:** Internal consistency reliability is measured using Cronbach's Alpha coefficient, with an acceptable threshold  $\geq 0.70$  in accordance with standards in social science research (Hair et al., 2019). Pilot test results were used for identifying and eliminating items with low item-total correlations.

The instrument was translated from English to Bahasa Indonesia using the back-translation method to ensure semantic equivalence and cultural appropriateness, following guidelines for cross-cultural research adaptation.

#### 4. Data Analysis Techniques

Data analysis was conducted using the Statistical Package for the Social Sciences (SPSS) version 17. Analysis was performed in several stages:

##### Preliminary Analysis

**Data Screening and Cleaning:** Checking for missing data, outliers, and data entry errors. Missing data handled using appropriate imputation methods if missing completely at random (MCAR), or listwise deletion if necessary.

**Assumption Testing:** Testing assumptions for multivariate analysis including: normality (using Kolmogorov-Smirnov and Shapiro-Wilk tests, skewness and kurtosis values), linearity (using scatter plots), homoscedasticity (using residual plots), multicollinearity (using Variance Inflation Factor with threshold  $VIF < 10$ ), and independence of observations.

##### Validity and Reliability Testing

**Validity Testing:** Confirmatory Factor Analysis (CFA) using AMOS for testing construct validity. Model fit assessed using multiple indices: Chi-square/df ratio (acceptable  $< 3$ ), Comparative Fit Index ( $CFI \geq 0.90$ ), Tucker-Lewis Index ( $TLI \geq 0.90$ ), Root Mean Square Error of Approximation ( $RMSEA \leq 0.08$ ), and Standardized Root Mean Square Residual ( $SRMR \leq 0.08$ ) in accordance with recommendations from Hair et al. (2019).

**Reliability Testing:** Cronbach's Alpha for internal consistency reliability, with an acceptable threshold  $\geq 0.70$ . Composite Reliability ( $CR \geq 0.70$ ) and Average Variance Extracted ( $AVE \geq 0.50$ ) are also computed for further assessing reliability and convergent validity.

## Hypothesis Testing

**Correlation Analysis:** Pearson correlation analysis for examining bivariate relationships between independent and dependent variables, providing initial evidence about the direction and strength of relationships.

**Multiple Regression Analysis:** Hierarchical multiple regression for testing hypotheses H1, H2, H3, and H4:

- Model 1: Transformational Leadership (testing H1)
- Model 2: Adding Transactional Leadership (testing H2)
- Model 3: Adding Servant Leadership (testing H3)
- Model 4 also tests H4 for simultaneous effects

Regression coefficients ( $\beta$ ),  $R^2$ ,  $\Delta R^2$ , F-statistics, and significance levels (p-values) will be reported. Effect sizes interpreted using Cohen's guidelines for assessing practical significance beyond statistical significance.

**Additional Analyses:** Analysis of variance (ANOVA) for examining differences in perceptions of leadership and performance across demographic groups. Post-hoc tests (Tukey HSD) conducted if significant differences are detected.

Significance level is set at  $\alpha = 0.05$  (two-tailed) for all statistical tests, which is the conventional standard in social science research. Results will be presented in tables and figures for enhancing clarity and interpretability of findings.

## RESULT AND DISCUSSION

### Result

#### Respondent Characteristics

This study used a census technique involving the entire population of faculty and educational staff at Institut Sains dan Bisnis Atma Luhur totaling 103 people. With a 100% response rate, all 103 questionnaires were successfully collected and valid for analysis. This perfect participation rate eliminates the potential for non-response bias and provides an accurate representation of the actual conditions at the institution.

#### Instrument Quality Testing

##### Validity Testing

Validity testing was conducted using Pearson Product Moment Correlation by comparing the calculated r value against the r table. For  $N = 103$  and  $\alpha = 0.05$  (two-tailed), the r table value is 0.159. The test results show that:

**Transformational Leadership (X1):** All 8 question items have calculated r values ranging from 0.482 to 0.599, with significance values  $< 0.05$ , meaning all items are valid and capable of measuring the transformational leadership construct well.

**Transactional Leadership (X2):** The six question items show calculated r values between 0.360 and 0.648, with significance  $< 0.05$ , indicating adequate validity for measuring transactional leadership.

**Servant Leadership (X3):** The ten question items produce calculated r values ranging from 0.307 to 0.883, with the highest value on TOTALX3 (0.883), showing very good validity in measuring the servant leadership construct.

**Sustainable Organizational Performance (Y):** The six question items have calculated r values between 0.656 and 0.784, with significance values  $< 0.05$ , showing very good validity in measuring sustainable organizational performance.

### Reliability Testing

Reliability testing using Cronbach's Alpha produced a value of  $\alpha = 0.872$  for all research variables (34 items). This value far exceeds the threshold of 0.70 required by Nunnally & Bernstein (1994), indicating very good internal consistency. The Cronbach's Alpha if Item Deleted values for each item range from 0.857 to 0.874, showing that no item significantly reduces the instrument's reliability.

### Classical Assumption Testing

#### Normality Test

The residual normality test using the One-Sample Kolmogorov-Smirnov Test produced:

1. Kolmogorov-Smirnov Z value = 0.855
2. Asymp. Sig. (2-tailed) = 0.607

With a significance value of  $0.607 > 0.05$ ,  $H_0$  is accepted, meaning the residuals are normally distributed. This is also confirmed through Normal P-P Plot graphic analysis showing points spread around the diagonal line, and a histogram forming a bell curve.

#### Multicollinearity Test

Table 1. Result Multicollinearity test

Variable	Tolerance	VIF
TOTALX1 (Transformational Leadership)	0.276	3.619
TOTALX2 (Transactional Leadership)	0.711	1.406
TOTALX3 (Servant Leadership)	0.230	4.340

All Tolerance values  $> 0.10$  and VIF  $< 10$ , indicating no serious multicollinearity. Although the VIF for Transformational Leadership (3.619) and Servant Leadership (4.340) are relatively higher, these values are still within tolerance limits and do not disrupt the stability of the regression model.

#### Heteroscedasticity Test

Scatterplot analysis between regression standardized predicted value (ZPRED) and regression studentized residual (SRESID) shows that points are randomly scattered above and below 0 on the Y-axis without forming a particular pattern (such as clustering, widening, or narrowing patterns). This indicates no heteroscedasticity occurred, so the regression model meets the homoscedasticity assumption.

### Multiple Linear Regression Analysis Regression Model

Based on the results of multiple linear regression analysis, the following regression equation was obtained:

$$Y = 3.753 + 0.202X_1 + 0.044X_2 + 0.356X_3 + e$$

Where:

Y = Sustainable Organizational Performance

X<sub>1</sub> = Transformational Leadership

X<sub>2</sub> = Transactional Leadership

X<sub>3</sub> = Servant Leadership

e = error term

### **Coefficient Interpretation:**

- Constant (3.753): If all independent variables are zero, then sustainable organizational performance has a base value of 3.753
- $\beta_1$  (0.202): Each one-unit increase in transformational leadership will increase sustainable organizational performance by 0.202 units, assuming other variables are constant
- $\beta_2$  (0.044): Each one-unit increase in transactional leadership will increase sustainable organizational performance by 0.044 units, assuming other variables are constant
- $\beta_3$  (0.356): Each one-unit increase in servant leadership will increase sustainable organizational performance by 0.356 units, assuming other variables are constant

### **Coefficient of Determination (R<sup>2</sup>)**

The analysis results show:

- R = 0.536
- R Square = 0.288
- Adjusted R Square = 0.266

The Adjusted R<sup>2</sup> value of 0.266 indicates that 26.6% of the variation in sustainable organizational performance can be explained by the three independent variables (transformational, transactional, and servant leadership), while the remaining 73.4% is influenced by other factors not included in this research model.

### **Hypothesis Testing**

#### **F Test (Simultaneous Test)**

Table 2. F Test Results (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	295.056	3	98.352	13.330	0.000
Residual	730.440	99	7.378		
Total	1025.495	102			

The F test results show an F calculated value = 13.330 with significance 0.000 < 0.05. Thus, H0 is rejected and Ha is accepted, meaning transformational leadership, transactional leadership, and servant leadership simultaneously have a significant effect on sustainable organizational performance.

### t Test (Partial Test)

Table 3. t Test Results

Variable	B	Std. Error	Beta	t	Sig.	Decision
(Constant)	3.753	3.940	-	0.953	0.343	-
TOTALX1 (Transformational Leadership)	0.202	0.171	0.191	1.183	<b>0.240</b>	H0 Accepted
TOTALX2 (Transactional Leadership)	0.044	0.140	0.031	0.311	<b>0.756</b>	H0 Accepted
TOTALX3 (Servant Leadership)	0.356	0.178	0.354	2.004	<b>0.048</b>	H0 Rejected

Note: Significant at  $\alpha = 0.05$

### Interpretation of t Test Results:

#### Hypothesis 1 (H1): Transformational Leadership → Sustainable Organizational Performance

- t calculated = 1.183, Sig. = 0.240 > 0.05
- Result: H0 accepted, Ha rejected
- Conclusion: Transformational leadership does not have a significant effect on sustainable organizational performance at ISB Atma Luhur

#### Hypothesis 2 (H2): Transactional Leadership → Sustainable Organizational Performance

- $t$  calculated = 0.311, Sig. = 0.756 > 0.05
- Result: H0 accepted, Ha rejected
- Conclusion: Transactional leadership does not have a significant effect on sustainable organizational performance at ISB Atma Luhur

### **Hypothesis 3 (H3): Servant Leadership → Sustainable Organizational Performance**

- $t$  calculated = 2.004, Sig. = 0.048 < 0.05
- Result: H0 rejected, Ha accepted
- Conclusion: Servant leadership has a positive and significant effect on sustainable organizational performance at ISB Atma Luhur

### **Comparison of Relative Contribution**

Based on standardized regression coefficient values (Beta), the relative contribution of each variable is:

1. Servant Leadership ( $\beta = 0.354$ ) - highest contribution
2. Transformational Leadership ( $\beta = 0.191$ ) - moderate contribution
3. Transactional Leadership ( $\beta = 0.031$ ) - lowest contribution

Although partially only servant leadership is significant, the beta values show that servant leadership provides the greatest contribution to sustainable organizational performance.

### **Discussion**

#### **Simultaneous Effect of Leadership on Sustainable Organizational Performance**

The F test results show that transformational, transactional, and servant leadership simultaneously have a significant effect on sustainable organizational performance ( $F = 13.330$ ,  $p < 0.001$ ). This finding confirms the theoretical proposition that leadership is an important antecedent for organizational sustainability, particularly in the context of higher education.

This significant simultaneous effect indicates that the three leadership styles operate complementarily in forming a leadership ecosystem conducive to achieving sustainable performance. In the context of ISB Atma Luhur, the combination of the three leadership styles creates a holistic leadership constellation, where:

1. Transformational leadership provides long-term vision and inspiration for change
2. Transactional leadership ensures operational stability through reward systems and monitoring
3. Servant leadership builds relational foundations and commitment to HR development

However, the proportion of variance explained (Adjusted  $R^2 = 26.6\%$ ) shows that leadership is not the sole determinant of sustainable performance. The remainder (73.4%) is influenced by other factors such as Organizational resources, HR capabilities and competencies, Organizational culture and work climate, Organizational systems and procedures and external factors.

This finding is consistent with the systems view of organizations perspective that emphasizes that organizational performance results from complex interactions among multiple factors, where leadership is only one important component in the system.

### **Effect of Transformational Leadership on Sustainable Organizational Performance**

Research results show that transformational leadership does not have a significant partial effect on sustainable organizational performance ( $\beta = 0.191$ ,  $t = 1.183$ ,  $p = 0.240$ ). This finding is surprising and contradicts the majority of literature showing positive and significant effects of transformational leadership on various organizational outcomes.

#### **Theoretical Explanations:**

Several theoretical explanations can be put forward to understand this counterintuitive finding:

**Time-Lagged Effects** Transformational leadership works through fundamental changes in follower values, beliefs, and mindsets, which require longer time to crystallize into measurable performance changes. This cross-sectional study may not be able to capture these time-lagged effects. Sustainable performance, as a construct encompassing long-term dimensions, may require a longer period of transformational leadership implementation before its effects can be significantly detected.

**Contextual Constraints** The effectiveness of transformational leadership is highly dependent on organizational readiness for change. In the context of ISB Atma Luhur as a relatively small and developing institution, there may be limitations in resources, systems, and organizational capacity that constrain the implementation of transformational vision. Without adequate infrastructure and system support, leaders' transformational vision may be difficult to translate into tangible performance changes.

**Professional Autonomy** In the context of higher education, faculty and academics have a high level of professional autonomy. They tend to be self-directed and intrinsically motivated, thus less responsive to influence attempts from leaders, regardless of how inspirational the vision offered. Transformational leadership, which works through inspiration and intellectual stimulation, may have limited leverage in the context of professional organizations with high autonomy.

**Multicollinearity Effects** Although VIF is still within tolerance limits ( $VIF = 3.619$ ), there is considerable overlap between transformational leadership and servant leadership (both styles equally emphasize attention to follower development). This overlap may cause suppression effects, where the unique influence of transformational leadership is suppressed by the presence of servant leadership in the model.

### **Effect of Transactional Leadership on Sustainable Organizational Performance**

Transactional leadership also does not show a significant effect ( $\beta = 0.031$ ,  $t = 0.311$ ,  $p = 0.756$ ), even with a very small coefficient. This finding indicates that in the

context of ISB Atma Luhur, reward-punishment systems and monitoring do not become the main driver of sustainable performance.

### **Theoretical Explanations:**

**Nature of Work in Higher Education** Academic work is complex, non-routine, and ambiguous, not easily standardized or measured with clear metrics. Transactional leadership, which is effective for structured work with clear performance standards, may be less applicable in the context of academic work requiring creativity, innovation, and professional judgment.

**Limitation of Extrinsic Motivation** Transactional leadership works through extrinsic motivation (reward and punishment). However, research in motivation shows that for work requiring cognitive complexity and creativity, intrinsic motivation is far more effective. Faculty and academics tend to be motivated by intrinsic factors such as intellectual curiosity, autonomy, mastery, and contribution to knowledge, not by extrinsic rewards.

**Limited Reward Power** In the context of ISB Atma Luhur as a developing private institution, leaders may have limitations in reward power due to limited financial resources. Without the ability to provide meaningful rewards, the effectiveness of transactional leadership becomes limited.

### **Effect of Servant Leadership on Sustainable Organizational Performance**

The most interesting finding of this study is that only servant leadership has a significant effect on sustainable organizational performance ( $\beta = 0.354$ ,  $t = 2.004$ ,  $p = 0.048$ ), with the highest relative contribution compared to the other two styles.

### **Theoretical Explanations:**

**Servant Leadership as Catalyst for Sustainability** Servant leadership, with the philosophy "leaders exist to serve followers", creates a people-centered culture that is the foundation for organizational sustainability. In the context of higher education, where human capital is the main asset, servant leadership that prioritizes growth, development, and well-being of faculty and staff creates sustainable competitive advantage.

**Empowerment and Stewardship** Two key dimensions of servant leadership—empowerment and stewardship—are highly relevant to sustainable performance. Empowerment provides autonomy, resources, and support that enable faculty and staff to contribute optimally. Stewardship emphasizes long-term responsibility and wise resource management, which is in direct alignment with sustainability principles.

**Trust and Psychological Safety** Servant leadership builds high-quality relationships characterized by trust, respect, and psychological safety. Trust is social capital that is critical for collaboration, knowledge sharing, innovation, and organizational learning—all essential for sustainability.

**Contextual Fit** Servant leadership may be particularly fit with values in Indonesian culture that is collectivistic, high in power distance, and emphasizes harmony and relationships. A leadership style that shows genuine attention to the needs and development of subordinates may be more accepted and effective in this cultural context compared to styles that are more individualistic or hierarchical.

**Alignment with Nature of Academic Work** Servant leadership, with its emphasis on development, learning, and autonomy, is highly aligned with the nature of the academic profession that emphasizes scholarship, inquiry, and intellectual growth. Servant leaders who facilitate scholarly development and create supportive environments enable academic professionals to thrive.

### Theoretical Implications

The findings of this study provide several important theoretical contributions:

**Context-Specificity of Leadership Effectiveness** This study strengthens the argument that leadership effectiveness is context-dependent. Leadership styles that are effective in one context (for example corporate setting) may not be effective in another context (higher education). This emphasizes the importance of the contingency perspective in leadership studies.

**Servant Leadership as Underutilized Framework** Although transformational leadership dominates the literature, this finding shows that servant leadership may be more relevant for certain contexts, particularly professional organizations and knowledge-intensive industries. This advocates for more scholarly attention to servant leadership.

**Beyond Direct Effects** The non-significance of direct effects of transformational and transactional leadership indicates the importance of exploring indirect effects and mediating mechanisms. These two leadership styles may have indirect effects through mediating variables such as organizational culture, employee engagement, or innovation capability.

### Practical Implications

The findings of this study provide several actionable insights for ISB Atma Luhur:

**Priority on Servant Leadership Development** Management needs to prioritize development of servant leadership competencies at all leadership levels. This includes training on empowerment, stewardship, humility, and relational skills.

**People-Centered Approach** The institution needs to adopt a people-centered management philosophy that places the growth and development of faculty and staff as a strategic priority. This includes investment in professional development, career support, and work-life balance initiatives.

**Complementary Leadership Approach** Although servant leadership is most significant, the combination with transformational and transactional remains important for a holistic leadership system. The institution needs to develop leaders who are able to flexibly deploy different leadership styles according to the situation.

## CONCLUSION

This study arose from crucial problems faced by private higher education institutions in Indonesia, particularly Institut Sains dan Bisnis Atma Luhur, in achieving sustainable organizational performance amid an increasingly competitive higher education environment. With increasing accountability demands, competition to attract quality students, and pressure to improve academic quality, the role of leadership has become increasingly vital as a catalyst for change and institutional sustainability. This study specifically explores the influence of three leadership styles—transformational,

transactional, and servant—on sustainable organizational performance, involving the entire population of 150 faculty and educational staff through a census technique that achieved a 100% response rate.

Based on multiple linear regression analysis, this study produced four significant main findings. First, transformational, transactional, and servant leadership simultaneously have a significant effect on sustainable organizational performance ( $F = 13.330$ ,  $p < 0.001$ ). This finding confirms that leadership is an important antecedent for organizational sustainability, where the three leadership styles operate complementarily in forming a holistic leadership ecosystem. However, with an Adjusted  $R^2$  of 26.6%, this study also reveals that leadership only explains part of the variation in sustainable organizational performance, while the remaining 73.4% is influenced by other factors such as organizational resources, HR capabilities, organizational culture, and external factors.

Second, transformational leadership does not show a significant effect on sustainable organizational performance ( $\beta = 0.191$ ,  $t = 1.183$ ,  $p = 0.240$ ). This surprising finding contradicts the majority of literature that promotes transformational leadership as the most effective style. Theoretical explanations include time-lagged effects that cannot be captured by cross-sectional design, contextual constraints in developing institutions with limited resources, and the high level of professional autonomy in higher education that makes faculty less responsive to leaders' influence attempts.

Third, transactional leadership also does not show a significant effect ( $\beta = 0.031$ ,  $t = 0.311$ ,  $p = 0.756$ ), even with a very small coefficient. This indicates that reward-punishment systems and monitoring do not become the main driver of sustainable performance in the context of academic work that is complex, non-routine, and requires creativity as well as intrinsic motivation.

Fourth, and most importantly, only servant leadership has a positive and significant effect on sustainable organizational performance ( $\beta = 0.354$ ,  $t = 2.004$ ,  $p = 0.048$ ), with the highest relative contribution. This finding is a valuable empirical contribution, considering that servant leadership is still relatively underexplored in the literature. The significance of servant leadership can be explained through several mechanisms: creating a people-centered culture as the foundation for sustainability, empowerment that provides autonomy and optimal support, building high-quality relationships with trust and psychological safety, contextual fit with Indonesian cultural values that are collectivistic, and alignment with the nature of the academic profession that emphasizes development and learning.

The findings of this study provide important theoretical contributions by strengthening the contingency perspective that leadership effectiveness is highly dependent on organizational context. This study provides empirical support for servant leadership as an alternative framework that is more relevant for knowledge-intensive organizations. The non-significance of direct effects of transformational and transactional leadership indicates the importance of exploring indirect effects and mediating mechanisms in future research.

Practically, institutions need to prioritize the development of servant leadership competencies at all leadership levels through comprehensive leadership development programs. Adoption of a people-centered management philosophy that places the growth, development, and well-being of faculty and staff as a strategic priority is key. Although servant leadership is most significant, institutions still need a complementary

leadership approach that integrates the three leadership styles according to situational demands. Given that leadership only explains 26.6% of performance variation, a systemic approach to sustainability is needed that includes strategic planning, organizational structure, robust systems, adequate resources, strong culture, and effective stakeholder engagement.

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