

## **Analysis of Leadership Influence, Resource Allocation, and Employee Engagement on The Effectiveness of Strategy Implementation**

Ade Azis Kusnya<sup>1</sup>, Syukri Lukman<sup>2</sup>, Syafrizal<sup>3</sup>

<sup>2</sup>\*Correspondence Author: [akusnaya@gmail.com](mailto:akusnaya@gmail.com)

<sup>1,2,3</sup> Magister Management, Fakultas Ekonomi, Universitas Andalas, Indonesia

---

### **INFO**

#### **Article History**

Received:  
2022-10-28  
Revised:  
2022-11-15  
Accepted:  
2023-12-26

### **ABSTRACT**

This study aims to analyze the effect of leadership, resource allocation and employee engagement on the effectiveness of strategic implementation with organizational commitment as a mediating variable. The amount of sample is 52 employees with sampling technique is saturated sampling method. This study uses path analysis SEM (Structural Equation Modeling) which is processed with the IBM SPSS AMOS V23 program. The results show that leadership has a direct insignificant effect on organizational commitment, resource allocation has a direct and insignificant effect on organizational commitment, employee engagement has a direct influence on organizational commitment, leadership has a direct influence on the effectiveness of strategy implementation, resource allocation has a direct influence on organizational commitment. not directly significant on the effectiveness of strategy implementation, Employee engagement has a significant direct effect on the effectiveness of strategy implementation, Organizational commitment has a significant direct effect on the effectiveness of strategy implementation, Organizational commitment is unable to mediate the influence of leadership on the effectiveness of strategy implementation, Organizational commitment is unable to mediate the influence of resource allocation power on the effectiveness of strategy implementation, organizational commitment is able to mediate the effect of employee engagement on effectiveness of strategy implementation.



This work is licensed under [Attribution-NonCommercial-NoDerivatives 4.0 International](https://creativecommons.org/licenses/by-nc-nd/4.0/)

**Keywords:** Leadership; Resource Allocation; Employee Engagement; Effectiveness of Strategic Implementation; Organization Commitment

---

## **INTRODUCTION**

The development of the business world in this global era requires company to produce products that comply to quality standards and regulations that apply in a country or region. Therefore, according to Halkam (2020) it is stated that one of the mechanisms used in the business world to ensure product quality standards is by testing, inspection, and certification services.

The global market share of testing, inspection and certification services is USD 207.75 billion in 2020 and an average annual growth rate of 5.41%, so that it is expected to reach USD 294.01 billion in 2026 (Mordor Intelligence, 2021). The growth of this market is stimulated by the development of advanced technology, and the high demand for periodic inspection and testing processes in the business industry. This will certainly affect the growth of market share in Indonesia so that the competition in the Testing, Inspection, and Certification (TIC) service industry is increasingly competitive and there is an increase in

the demands of service quality demanded by customers. Ozmen et al. (2013), stated that the importance of product inspection, testing, and certification processes in obtaining business market share in a country. This aims to ensure the suitability of the products being traded, ensure a transparent process in every commercial activity, increase the speed of the process of getting in and out of products that are compliant or certified, customer protection for goods received, and friendly to the environment.

Meanwhile, current and future business competition will be increasingly tight and complex so that organizations or companies need strategic planning by analyzing internal and external factors of the organization or company that are correlated with business conditions in order to survive, grow, and develop (Suprpto et al. al, 2017). This is because, many organizations fail to implement strategy implementation due to the influence of problems that arise from the strategy implementation process (Cândido & Santos 2018). According to Hrebiniak (2006) problems that arise in strategy implementation include: a. it takes a relatively long period of time compared to strategic planning; b. the need for the involvement of many parties in the company; c. the possibility of poor or unclear strategic planning; d. there is a conflict of interest in the organizational structure; e. lack of information transfer in the strategy implementation process; f. lack of understanding of responsibilities and coordination in the organizational structure; g. unclear responsibilities and accountability in the implementation process; and h. inability to manage change, including change of corporate culture.

PT Superintending Company of Indonesia, known as SUCOFINDO, is a company that engaged in the Testing, Inspection, and Certification (TIC) service business which has many branch offices and service units spread throughout Indonesia. One of them is in Padang which has 6 portfolios that contribute to current income, including: Coal (BB), Commodity and Trade Solutions (KSP), Industry (IND), Minerals (MIN), Laboratory (LAB), Certification and Eco Framework ( SERCO).

**Table 1. Comparison of the budget with the realization of Finance PT Sucofindo Branch Office Padang**

No	Category	Year		
		2018 (%)	2019 (%)	2020 (%)
1	Operating Income	104,67	89,77	100,38
2	Operation Cost	101,56	102,98	109,54
3	Operating Profit (Loss)	111,90	63,34	80,17
4	Business costs	87,79	99,71	101,56
5	Gross Profit (Loss) Business	126,71	49,22	71,23
6	Profit (Loss) After Tax (EAT)	127,85	48,32	74,40
7	Comprehensive Profit/Loss	127,85	48,32	74,40

*Source: Business Support Division PT Sucofindo Branch Office Padang*

Based on table 1. above, it shows that the annual income of PT SUCOFINDO Branch Office Padang from 2018 until 2020 tends to increase, however in 2019 there is a gap between the revenue budget and the realization of revenue in 2019 as big as 89.78%. It is suspected that the problems that appear are related to the inconsistency of organizational commitment in the strategy implementation process against the revenue budget that has been targeted by the head office. In addition, table 1.1 shows that operating costs have increased every year exceeding the budget target that has been set. This is presumably caused by leadership policy in managing the allocation of company resources on the implementation of the strategy of PT SUCOFINDO Branch Office Padang. The success of

strategy implementation is the main asset for organizational survival (Alharthy et al, 2017). Therefore, Michira and Anyieni (2018) state that leadership style and characteristics, as well as management commitment have positive influence on the implementation of strategic plans.

**Table 2. Technology leadership comparison percentage data based on KPI PT sucofindo Branch Office Padang in 2020**

No	KPI	Unit	Realization	Target
1	Innovation	1	0	idea/program
2	SIMLAB Integration	90%	100%	percent
3	Pemanfaatan Aplikasi e-Procurement	20%	96%	percent

*Source: Business Support Division PT Sucofindo Branch Office Padang*

The importance of employee commitment in the strategy implementation process by means of the participation of non-managerial employees in making and implementing organizational strategies (Nketia, 2016). According to Kärnä (2015), this is needed to produce a deeper understanding of employees in motivating, empowering, and involving in every job so that the results of implementation can run effectively..

**Table 3. Data on the percentage of talent development comparison targets based on PT sucofindo Branch Office Padang KPI in 2020**

No	KPI	Unit	Realization	Target
1	Competency Improvement	7	6	brevet/sertifikat
2	Employee Training	100%	100%	persentase
3	Employee Engagement Value	78,00%	78,83%	persentase
4	Employee Productivity	77,2	79,71	juta

*Source: Business Support Division PT Sucofindo Branch Office Padang*

Based on table 1.3 above, it shows that employee development is quite good because almost all of KPI categories have reached the targets that have been set. However, the KPI category for increasing competence by 85.71% (6 out of 7 Brevets) is suspected to be an inappropriate resource allocation for the strategy that has been set by the company. The implementation of an effective strategy requires an appropriate allocation of resources in accordance with the company's quality management (Alidrisi & Mohamed, 2012). 2003). The allocation of resources is strongly influenced by the operational planning of the company or organization. This is because operational planning has a major impact on the communication process, training implementation and employee incentives in the strategy implementation process.

In addition, strategic control is important as real action in the implementation of strategy by the organization or company (Atkinson, 2000). This is because the company's strategy should be carried out in an effective and efficient manner so that it can provide benefits and added value for the company's competitiveness (David, 2011). Therefore, this study was conducted to analyze the effect of leadership, resource allocation, and employee engagement on the effectiveness of the strategy implementation of PT SUCOFINDO Branch Office Padang with organizational commitment as a mediating variable. The expectation of practical benefits from this research is related to the linkage between the

variables, also it can become a reference for suggestions and feedback in designing the company's business plan and implementation.

### RESEARCH METHOD

The research design that will be carried out is based on the development of theoretical framework, so this research is designed through quantitative methods. Quantitative methods are data displayed in numerical form that can be calculated and processed using statistical methods (Sugiyono, 2016). The sample amounted to 52 people with saturated sampling method. The data collection method used primary data and secondary data. The data analysis technique consist of descriptive data, structural equation modeling (SEM) analysis, normality testing, structural model testing, and hypothesis testing. The data were analyzed using the AMOS computer program.

The model diagram shows the causal relationships that will be tested. Measurement of the relationship between variables using SEM analysis is called a structural model. Therefore, diagrams and model structures for SEM analysis were made as figure 1 and figure 2.

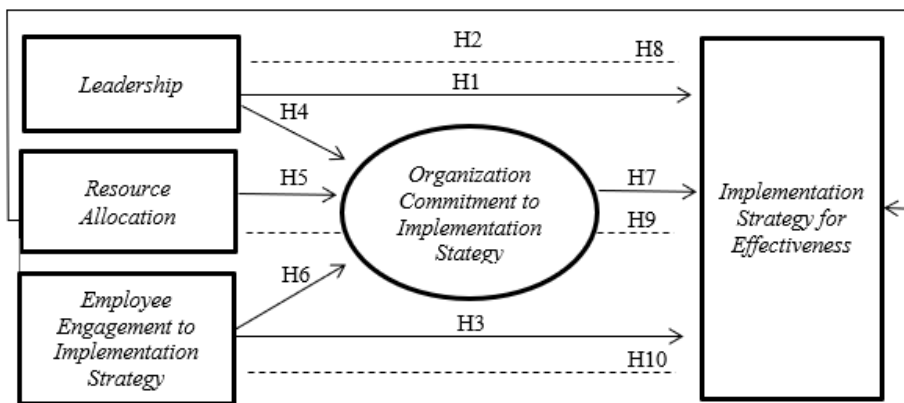


Figure 1. Diagram Model

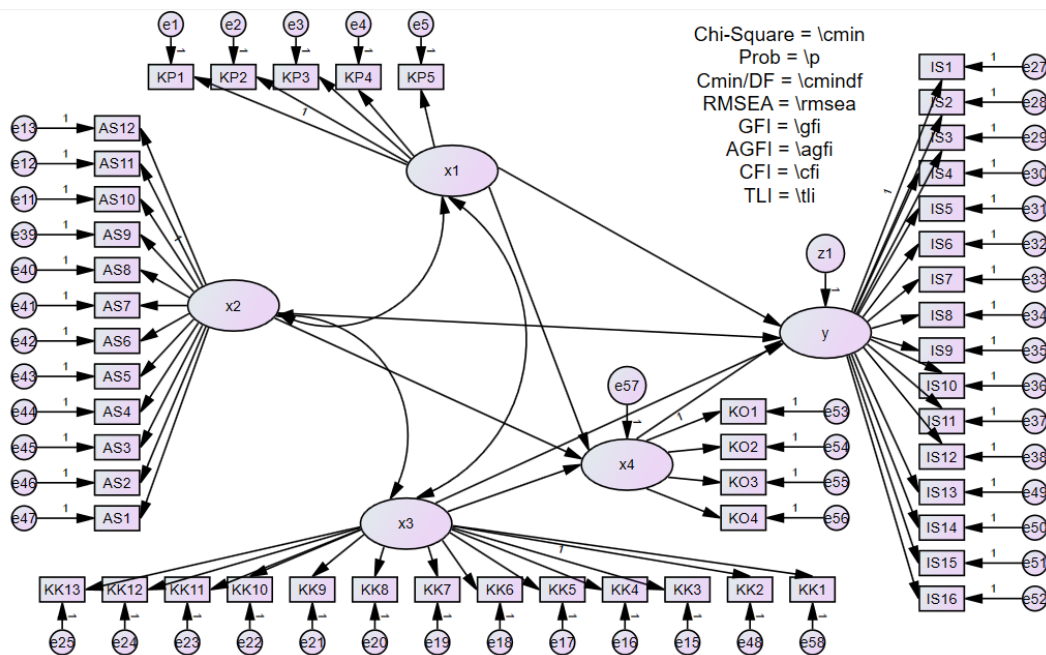


Figure 2. Structural Model

## RESULT AND DISCUSSION

According to Latan (2014), descriptive statistics are statistical procedures used to describe, organize and conclude the main characteristics of the data samples that have been obtained for research purposes. Descriptive statistics will be used to analyze the sample data by comparing the maximum, minimum, median or mean values, and the standard deviation of the sample data used in the study. Descriptive statistical analysis in this study can be seen in the table 4.

**Table 4. Descriptive Statistics**

Variable	Res	Mean	Information
Leadership	52	4.04	high
Strategy Implementation	52	4.02	high
Organizational Commitment	52	4.21	Very high
Resource Allocation	52	3.58	high
Employee Attachment	52	4.02	high

### Normality Test Analysis

According to Ghozali (2016), the normality test is carried out using the z value (critical ratio or CR at AMOS 23 output) of the skewness and kurtosis values of the data distribution. The critical value is  $\pm 2.58$  at a significant level of 0.01. Normality Test Results Normality data with univariate majority is normally distributed because the critical ratio (c.r) value for kurtosis (curlness) and skewness (skew), is in the range of -2.5.

Structural Model Identification. SEM analysis can be done if the results of the model identification state that the model belongs to the over-identified category. This identification is done by looking at the df value of the designed model.

**Table 5. Note for Model (Default Model)**

<b>Notes for Model (Default model)</b>	
<b>Computation of degrees of freedom (Default model)</b>	
Number of distinct sample moments:	1275
Number of distinct parameters to be estimated:	110
Degrees of freedom (1275 - 110):	1165

*Source: Primary Data Processed, 2021*

Based on table 5 above, the AMOS output obtained a df model value of 1165. This shows that the model is in the over confident category because it has a positive df value. Therefore, data analysis in this study can be continued to the next stage. Assessing or calculating the value of goodness of fit is the main goal in SEM to see how far the hypothesized model is "Fit" or fits the sample data. The results of goodness of fit are shown in the table 6:

**Table 6. Assessing the goodness of fit**

Goodness of Fit	Batas Cut-Off	Value	Information
ChiSquare	≤ 1245,52, where Chi Square to df 1165; Taraf Sig 5% =1236,364	1245,52	Meet
Cmin/DF	< 2,00	1,061	Meet
Probabilitas	> 0,05	0,072	Meet
RMSEA	< 0,08	0,035	Meet
GFI	> 0,90	0,59	Marginal
CFI	> 0,90	0,956	Meet
AGFI	> 0,90	0,551	Marginal

Source: Primary Data Processed, 2021

### Hypothesis test

Hypothesis testing in this study was used to answer questions and analyze the structural model relationships. To see the analysis of hypothetical data, it can be seen from the standardized regression weight value which indicates the influence of the coefficients between variables in the following table 7:

**Table 7. Relationship Between Variables**

			Estimate	S.E.	C.R.	P	Hipotesis
x4	<---	x1	0,088	0,117	0,746	0,456	Positive Not Significant
x4	<---	x2	0,013	0,101	0,129	0,897	Positive Not Significant
x4	<---	x3	0,548	0,18	3,039	0,002	Significant Positive
y	<---	x1	0,301	0,096	3,127	0,002	Significant Positive
y	<---	x2	0,056	0,062	0,907	0,365	Positive Not Significant
y	<---	x3	0,28	0,122	2,299	0,021	Significant Positive
y	<---	x4	0,476	0,113	4,219	***	Significant Positive

Source: Research Results 2022

Based on the results of table 7, it can be seen that this research model is not sufficient to be said to be a good fit model. CMIN/DF is a parsimonious fit index that calculates the goodness of fit model with the number of estimated coefficients expected to achieve a fit. The result of CMIN/DF in this study is 1.061, meaning that the research model is fit.

### Discussion

Leadership has no direct significant effect on organizational commitment. This is suspectedly because the concept of leadership that occurs is seen as not in accordance with the character of the company's employees in the branch office causing the strategic direction and corporate culture that have been set were not conveyed properly, resulting lack of work commitment on PT Sucofindo Branch Office Padang employees. Leaders who effectively applied a certain style of leadership will first understand their subordinates thoroughly both their strengths and weaknesses so that they can optimize the ability of their employees to support organizational goals. According to Nurjanah (2008), it is clear that maintaining organizational commitment requires the role of a leader who has an effective leadership spirit as the main requirement.

Resource allocation has an insignificant direct effect on organizational commitment. This happens because the resources received by PT SUCOFINDO Branch Office Padang are from the capital so that financial and non-financial resources must wait for a decision from the central office. Employees find it very difficult to develop organizational commitment because the centralized allocation of resources makes strategic goals difficult to achieve. This organizational commitment is a mediation carried out by the company to use financial and non-financial resources in accordance with the focus of the company's orientation (Levinthal, 2017). According to Hunt (2001), the importance of organizational commitment in the allocation of company resources aims to increase productivity, meet customer needs, and increase market share. This is because the resource allocation process is influenced by organizational commitment in developing its business (Klingebiel & Adner, 2015).

Employee engagement has a direct influence on organizational commitment. This is because the high degree of employee engagement at PT SUCOFINDO Branch Office Padang will have a good emotional attachment to the organization. Employee engagement has a positive influence on organizational commitment, this is because a high level of engagement will have a good emotional attachment to the organization (Schaufeli et al, 2006). High emotional attachment will affect employees in completing their work which tends to have a satisfactory quality of work and has an impact on the low desire to leave work. This is supported by the strong influence between employee engagement and organizational commitment (Diatmono, 2019).

Leadership has a direct influence on the effectiveness of strategy implementation. This is because leaders are able to predict organizational needs with data-based analysis as the basis for making effective plans to meet changing needs. Resource allocation has an insignificant direct effect on the effectiveness of strategy implementation. This is because the allocation of existing resources at PT SUCOFINDO Branch Office Padang is fully regulated by the capital office so that oversight of organizational considerations and complexity is not optimal so that the success of the company's strategy is also less than optimal. The failure of implementing the strategy from the formulated strategy is largely due to the lack of leadership skills of a leader (Azhar et al, 2012). This is because a great strategy is meaningless if it cannot be implemented effectively. A leader plays a role in deciding the steps that must be taken in an organization (Hornsby & Warkoczeski, 2000), so that his leadership is related to every aspect of the organization that ensures the effectiveness of strategy implementation (Pasmore, 2014). Leadership ability has a positive effect on the effectiveness of strategy implementation (Hrebiniak, 2006). It is the leadership's obligation to forecast organizational needs with data-based analysis as the basis for making effective plans to meet changing needs. In addition, leadership has a positive effect on the effectiveness of implementing strategies to create quality and service delivery (Palladan et al, 2016).

Employee engagement has a significant direct effect on the effectiveness of strategy implementation. This is because the implementation of the strategy at PT SUCOFINDO Branch has the ability to develop employees who are committed to being participative in implementing the strategy. Organizational commitment has a significant direct effect on the effectiveness of strategy implementation. This is due to the good level of commitment among members of the organization of PT SUCOFINDO Branch Office Padang which is manifested in their participation in carrying out the company's values and goals seriously.

The allocation of resources is carried out due to the contradiction between limited resources and unlimited needs so that the process of resource allocation in a company is the basis of a strategy in dealing with a problem that occurs (Bower, 2017). According to Friesl et al. (2021) stated that the success of strategy implementation is influenced by the

suitability of resource allocation based on considerations of the work environment and organizational complexity. Therefore, the purpose of resource allocation is to strengthen the relationship between the allocation of owned capital and the successful implementation of the company's strategy (Busenbark et al, 2017).

Organizational commitment is not able to mediate the influence of leadership on the effectiveness of strategy implementation. This is suspectedly because of the actualization of leadership seems to lack of communication approach in accordance to employees character in the branch office, so that the strategic direction and corporate culture that has been set were not conveyed properly, therefore employees of PT SUCOFINDO Branch Office Padang have an unequal commitment in carrying out the company's strategy.

The influence of commitment to strategic management which has a positive influence on the implementation of knowledge system management (Malhotra & Galletta, 2003). The previously designed knowledge management system requires commitment and motivation from the implementers in the implementation phase. This is in line with the results of another study conducted by Wijayati (2009) which showed that commitment had a positive and significant effect on the implementation of strategic management that had been previously planned.

Organizational commitment is not able to mediate the effect of resource allocation on the effectiveness of strategy implementation. This is because the allocation of resources at PT SUCOFINDO Branch Office Padang which is controlled by the capital office for each resource requirement often results in a discrepancy between demand and availability. This causes a crisis of trust from employees towards organizational commitment in supporting the fulfillment of resource needs in work units from the head office. Organizational commitment is able to mediate the effect of employee engagement on the effectiveness of strategy implementation. This is because the employee engagement of PT SUCOFINDO Branch Office Padang is quite good which affects organizational commitment which is shown by doing their best performance in implementing strategies according to company goals. This employee engagement is formed because of the company's role to give awards to employees and the real attitude of the work unit management to develop the evaluation of the policies that have been set.

## **CONCLUSION**

Based on the analysis and discussion of the results of hypothesis testing that has been carried out, several conclusions can be drawn as follows: Leadership has a direct insignificant effect on organizational commitment. Resource allocation has an insignificant direct effect on organizational commitment. Employee engagement has a direct influence on organizational commitment. Leadership has a direct influence on the effectiveness of strategy implementation. Resource allocation has an insignificant direct effect on the effectiveness of strategy implementation. Employee engagement has a significant direct effect on the effectiveness of strategy implementation. Organizational commitment has a significant direct influence on the effectiveness of strategy implementation. Organizational commitment is not able to mediate the influence of leadership on the effectiveness of strategy implementation. Organizational commitment is not able to mediate the effect of resource allocation on the effectiveness of strategy implementation. Organizational commitment is able to mediate the effect of employee engagement on the effectiveness of strategy implementation.

The background of this research is at the Branch Office Padang Office of the Company which represents the service area of the Province of West Sumatra. This study focuses on analyzing the implementation of strategies that are influenced by leadership factors, resource allocation, employee engagement, and organizational commitment that



occur at the Branch Office Padang of SUCOFINDO company. In addition, this research was also carried out during the COVID-19 pandemic so that many respondents worked work from home (WFH) which could affect the psychology of respondents during the study. This study was limited to using respondents at the Branch Office Padang as the population to be used as research samples. Limitations in the form of time, cost and effort in reaching the entire population of the company's branches are limitations of the researcher.

## REFERENCES

- Alharthy, H.A., Rahid, H., Pagliari, R., Khan, F. (2017). Identification of Strategy Implementation Influencing Factors and Their Effects on the Performance. *International Journal of Business and Social Science*, 8(1), 34-44. <https://ijbssnet.com/journal/index/3673>
- Alidrisi, H., Mohamed. S. (2012). Resource allocation for strategic quality management: a goal programming approach. *International Journal of Quality & Reliability Management*. 29(3), 265-283. <https://doi.org/10.1108/02656711211216135>
- Atkinson, H. (2006). Strategy implementation: a role for the balance scorecard. Badan Penerbit Universitas Diponegoro: Semarang.
- Bower, J. L. (2017). Managing resource allocation: Personal reflections from a managerial perspective. *Journal of Management*, 43: 2421-2429. <https://doi.org/10.1177/0149206316675929>
- Busenbark, J. R., Wiseman, R. M., Arrfelt, M., & Woo, H.-S. (2017). A review of the internal capital allocation literature: Piecing together the capital allocation puzzle. *Journal of Management*, 43: 2430-2455.
- Cândido, C.J.F. and Santos, S.P. (2019). Implementation obstacles and strategy implementation failure". *Baltic Journal of Management*. Vol. 14 No. 1: 39-57. <https://doi.org/10.1108/BJM-11-2017-0350>
- David, F.R. (2011). *Strategic Management : Concep and Case* (13th ed). Upper
- Diatmono, P. (2019). Effect Of Behavior Leadership And Job Satisfaction To Organization Commitment Through Employee Trust As Variable Mediating In PT BRAM. *Business and Entrepreneurial Review*, 19(2), 107-118.
- Ghozali, I. (2006). Structural Equation Modeling Metode Alternatif Dengan PartialLeast Square. Badan Penerbit Universitas Diponegoro: Semarang.
- Ghozali, I. (2009). Structural Equation Modeling Metode Alternatif Dengan PartialLeast Square. Badan Penerbit Universitas Diponegoro: Semarang.
- Ghozali, I. (2011). Aplikasi Analisis Multivariate dengan Program IBM SPSS 23.
- Hrebiniak, L.G., (2006). Obstacles to Effective Strategy Implementation. <http://doi.org/10.1108/00251740310499555> <https://doi.org/10.25105/ber.v19i2.5701>
- Malhotra, Y., Galleta, D. F. (2003). Role of commitment and motivation in knowledge management systems implementation: theory, conceptualization, and measurement of antecedents of success. *36th Annual Hawaii International Conference on System Sciences*. Proceedings of the, 2003, pp. 10 pp.-, doi: 10.1109/HICSS.2003.1174264. *Management Decision* 41 (9), 871-882. *Management Decision Journal*, 44(10), 1441-1460. <https://doi.org/10.1108/00251740610715740>
- Okumus, F. (2003). A framework to implement strategies in organizations.

- Organizational Dynamics*. 35(1), 12-31.  
<https://doi.org/10.1016/j.orgdyn.2005.12.001>
- Palladan, A. A., Abdulkadir, B. K., Chong, Y. W. (2016). The Effect of Strategic Leadership, Organization Innovativeness, Information Technology Capability on Effective Strategy Implementation: A Study of Tertiary Institutions in Nigeria. *Journal of Business and Management*. 18, 109-115. <https://doi.org/10.9790/487X-180901109115>
- Pasmore, W. (2014). Developing a Leadership Strategy A Critical Ingredient for Organizational Success. *White paper* published by Center of Creative Leadership, 1-25. <https://www.ccl.org/wp-content/uploads/2015/04/DevelopingLeadershipStrategy.pdf> diakses 23 Juni 2021 hari Rabu. Sadle River. New Jersey: Prentice Hall.
- Schaufeli, W. B., Bakker, A. B., & Salanova, M. (2006). The Measurement of Work Engagement With a Short Questionnaire: A Cross-National Study. *Educational and Psychological Measurement*, 66 (4), 701– 716. <https://doi.org/10.1177/0013164405282471>
- Wijayanti, D. T. (2009). Manajemen Strategi pada Organisasi Pemerintahan Jawa Timur Sebuah Pendekatan “Fish Shcale Multisciene”. *Jurnal Aplikasi Manajemen*: 7(4): 803-811.
- Özmen, Ö., Demir, A. Celepli, M. (2013). An analysis of Iraq’s pre-import inspection, testing, & certification program: A’WOT analysis. *Procedia SosaL Behavioral Sciences* 99, 85-93. <https://doi.org/10.1016/j.sbspro.2013.10.474>