THE INFLUENCE OF LEADERSHIP HUMAN RESOURCES CORPORATE POLICY AND MANAGEMENT INNOVATION AFFECT COMPANY PERFORMANCE

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ABSTRACT
This research aims to 1) evaluate the leadership level, human resources, organizational policies, management innovation, and operational efficiency of companies, 2) describe the variables influencing the operational efficiency of companies, and 3) build a model for the operational efficiency of companies. The research findings can be summarized as follows: Leadership positively influences company performance and management innovation. Human resources also have a positive influence on management innovation. Corporate policy positively influences management innovation and company performance efficiency. Lastly, management innovation has a positive influence on company performance efficiency. These findings have significant practical implications for entrepreneurs and administrators, providing them with actionable insights to enhance their company's performance. For instance, understanding the positive influence of leadership on company performance can guide entrepreneurs in their leadership strategies. In contrast, the influence of human resources on management innovation can inform administrators in their HR policies.
Keywords: Leadership Influence, Management Innovation, Company Performance Efficiency

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INTRODUCTION

Human resources can be a source of competitive advantage for organizations. Garengo et al. (2022) noted the importance of human resources to organizational performance. Nangia and Mohsin (2020) considered the impact of human resources on organizational performance. Yahaya et al. (2005) argued that employees' knowledge, skills and abilities, behavior, and training are sources of competitive advantage and explicitly or implicitly have a critical role in determining long-term performance. Human resources and human resource management (HRM) are strategically important because they are the potential value and core to generating organizational capabilities that give competitive advantage and increase performance. However, as Davison (2020) noted, the mechanism of how human resources impact organizational performance is not clearly understood. Organizational Performance is an indicator that measures the degree to which an enterprise achieves its goals and objectives (Castro et al., 2020). According to Gabriela (2020), organizational performance is concerned with product or service quality, product or service innovation, the attraction of employees, management of employees, retention of employees, customer satisfaction, the interaction between management and employees, and employee relations. Satyendra (2023) states that the human elements of an organization are capable of learning, changing, innovating, and providing the thrust to motivate correctly and ensure the organization's sustainability. Gabriela (2020) identified the methods an organization uses to manage its workforce as having a substantial impact on many organizationally relevant outcomes. Organizations should prioritize the development of the human element to maximize talents, skills, and abilities, which will automatically reflect on the organization's profit as the organizations need people to form a business. No business can exist entirely without people. The innovativeness of organizations is crucial in today's competitive environment (Tidd & Bessant, 2018). Organizational innovation is a broad term that refers to different facets. These facets include adopting new ideas or behaviors, including a system, policy, program, device, process, product, or service. In other words, anything new to the organization can be termed an innovation. Researchers have distinguished different dimensions to get a grip on organizational innovation. One of these distinctions differentiates between product and service innovations on the one hand and process and organizational innovations on the other. The first kind of innovation focuses on the outcomes organizations produce and is studied most often (Pouwels & Koster, 2017). This approach to innovation reflects the view that innovation refers to creating novel outputs that are not yet available on the market or are new to the organization. The second approach to organizational innovation focuses on organizational processes, referring to how organizations are designed and processes are managed. As Koster (2019) put it: "It [innovation] is both a process and an outcome." While there is discussion about whether innovations refer to changes in output and processes in general or need to involve improvements of these outputs, it may be assumed that innovations are at least aimed at adding value to the organization. In that light, whether an innovation is successful (in terms of financial performance or higher quality) is an additional question often unanswered. In the present study, this "newness" aspect of innovations in human resource management (HRM) is taken as a point of departure. Furthermore, it explicitly links innovation in HRM to the innovativeness of organizations. Innovative HRM can be placed in both strands of the innovation literature; it can focus on the question of what innovative human resource (HR) policies and practices organizations apply as a response to external forces, as well as on the question of which HR practices and policies enhance the innovativeness of organizations (Shipton et al., 2017). The above statements indicate that the researcher is particularly interested in studying "the influence of leadership human resources organizational policy and management innovation that affect the efficiency of the company." Thus, this paper investigates how innovative human resource management influences organizational performance.

LITERATURE REVIEWS

Theories of Human Resource Management

Human resource management has frequently been described in two distinct forms: soft and hard. The soft model stresses the importance of integrating HR policies with business objectives. It emphasizes treating employees as valued assets and a source of competitive advantage through commitment, adaptability, and high-quality skill and performance. Employees are more proactive than passive inputs into productive processes, capable of development, and worthy of trust and collaboration achieved through participation (Legge, 1995). This model, in contrast to the complex model, emphasizes "human" and is associated with the human relations school of Herberg and McGregor (Storey, 2007). The complex HRM model focuses on the qualitative, calculative, and business-strategic aspects of managing the "headcount," which has been termed human asset accounting (Storey, 2007). The challenging HRM approach has some affinity with scientific management as people are reduced to passive objects that are not cherished as a whole but assessed on whether they possess the skills or attributes the organization requires (Legge, 1995; Vaughan, 1994; Storey, 2007; Drucker et al., 1996; Keenoy, 1990)

Summary of the concept of human resource management (HRM): The soft model focuses on aligning HR policies with business goals, emphasizing employees as valuable assets and sources of competitive advantage through their commitment, adaptability, and performance. It sees employees as proactive, capable of development, and encourages trust and collaboration. In contrast, the complicated or complex HRM model centers on employees' strategic and calculative management, viewing them as resources measured for their utility to the organization.

Leadership Theories

Burns (1978) pointed out that the ever-changing environment and race for excellence require management to be keen on adaptation to succeed fully. However, leadership is still problematic due to people's lack of requisite knowledge about the leadership process. The nature of leadership is based upon the difference in leadership and power related to leaders and followers. Power rises when leaders utilize resources to influence followers' behavior so that the leaders' expected goals can be achieved. Leadership takes place when management can motivate and satisfy the followers. Transformational leadership theories once believed that management should hold transactional leadership, which is how managers motivate followers to act according to their expectations through a clear job description and rewarding them in exchange for the followers' work towards achieving the goal.

Summary of the leadership theories once supported transactional leadership, where managers motivate followers to meet expectations by providing clear job descriptions and rewarding their efforts toward goal achievement.

Corporate policy theories

Hannan and Freeman, organizational performance depends on the environment in which the members of the company in question operate. Consequently, Hannan and Freeman suggest that the means to sustain the environment, which is favorable for the organization's operation, or, as they put it, organizational ecology, must be designed. Hannan and Freeman identify adaptation as the key mechanism for creating the proper organizational ecology within a particular company. Adaptation should not be viewed as a passive acceptance of the company's negative factors; instead, Hannan and Freeman define adaptation as flexibility in searching for avenues for addressing a particular problem with limited resources. More to the point, the theory in question helps identify the methods for fighting the so-called "organizational inertia," i.e., the obstacle that blocks the way towards adaptation for an organization (Frenken, 2011)

Summary of the concept of "organizational ecology," emphasizing that organizations must create and maintain environments favorable to their operations.

Conceptual Framework

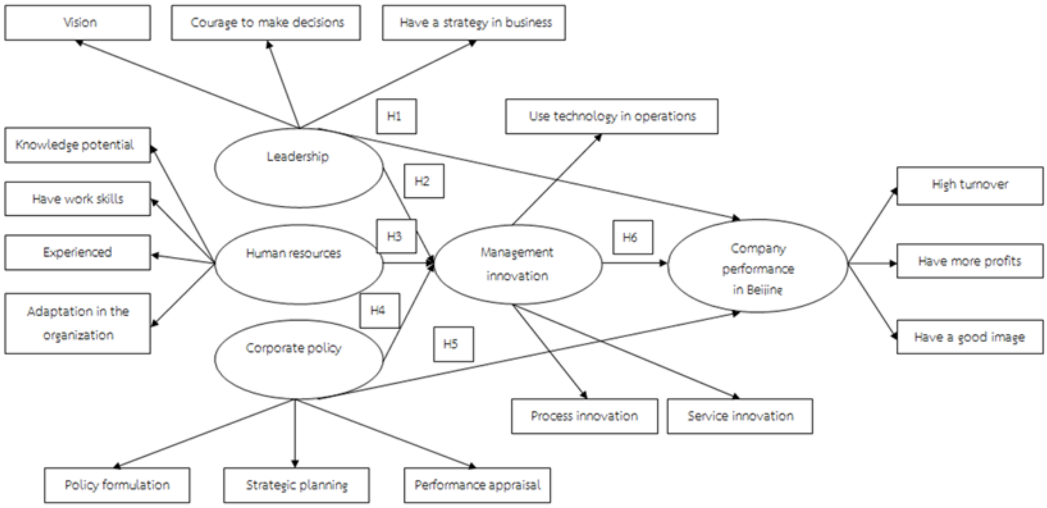

Figure 1 Conceptual framework

RESEARCH METHODOLOGY

Sample Selection and Data Sources

Research Design

The dissertation first uses the quantitative research strategy with data collected from questionnaires and empirical studies conducted using SPSS.

Population and Sample

About 4,289 entrepreneurs (Department of Labor, 2023) and administrators of the companies are the population. The qualitative research selects 30 samples to conduct interviews with the entrepreneurs and administrators of the companies. The quantitative research strategy selects around 320 participants to answer a questionnaire developed based on Likert's five-point scale. The samples were selected from entrepreneurs and company administrators. The location of the samples is chosen based on the convenience of the researcher, who works, to get permission from the entrepreneurs and administrators in data collection and analysis.

Data Collection

The data in the collection are primary, with one questionnaire as the tool. The questionnaire will be created and posted online, allowing the researcher to share the link with the participants and allow them to fill out the questionnaire directly without reporting their private information. After it is created and tested under the pilot test, the questionnaire will be posted on WJX (www.wjx.com)

RESULTS ANALYSIS

The results of the analysis of the level of Leadership, Human resources, corporate policy, Management innovation, and Company performance

The results of a sample group of entrepreneurs and company executives thinks that leadership factors are essential in the whole picture. The average is at a high level. (Total average is 3.86). There is an opinion that Human resources factors are essential in the overall picture and have an average level at a high level. (Total average was 3.87). Corporate policy factors are believed to be essential in the overall picture. The average is at a high level. (The total mean was 3.97). Management innovation factors are essential to the whole picture. The average is at a high level. (Total average is 3.85). Company performance factors are high in the entire picture. The average is at a high level. (Total average is 3.87)

The results of Structural Equation Model Analysis.

The relationship path of the structural equation model studies the relationship between variables. The results of the structural equation model analysis can be explained as follows.

1) Factors that have an overall effect on Company performance (CP) found that Leadership (LS), Human resources (HR), and corporate policy (CO) have a direct influence on Company performance (CP) with a value equal to 0.238**, 0.655*** and 0.400*** respectively. In addition, leadership (LS) and corporate policy (CO) also have an indirect influence on company performance (CP), which is equal to 0.557 and 0.551, respectively.

2) Factors that have an overall effect on Management innovation (MI): Leadership (LS), Human resources (HR), and corporate policy (CO) have a direct influence on Management innovation (MI), with values equal to 0.662***, 0.383***, and 0.227***, respectively.

Structural equation model that studies relationships affecting company performance of entrepreneurs and executives of companies.

H1: Leadership will positively influence company performance efficiency. The results of hypothesis testing found that Empirical data supports the research hypothesis at the statistical significance level of 0.01 with a Path Coefficient equal to 0.238**, meaning that leadership will positively influence company performance efficiency.

H2: Leadership will positively influence management innovation. The results of the hypothesis testing found that Empirical data supports the research hypothesis at the statistical significance level of 0.01 with a Path Coefficient equal to 0.662***, meaning Leadership will positively influence management innovation.

H3: Human resources will positively influence management innovation. The test results of the hypothesis found that Empirical data supports the research hypothesis at the statistical significance level of 0.01 with a Path Coefficient equal to 0.483. Human resources will positively influence management innovation

H4: Corporate policy will positively influence management innovation. The test results found that empirical data supports the research hypothesis at the statistical significance level of 0.01 with a path coefficient equal to 0.227***, meaning that corporate policy will positively influence management innovation.

H5: Corporate policy will positively influence company performance. The hypothesis test results found that Empirical data supports the research hypothesis at the statistical significance level of 0.01 with a Path Coefficient equal to 0.655***, meaning corporate policy will positively influence company performance.

H6: Management innovation will positively influence company performance. The test results found that empirical data supports the research hypothesis at the statistical significance level of 0.01 with a path coefficient equal to 0.400***, meaning that management innovation will positively influence company performance.

Results of analysis of the influence of interstitial variables.

H7: Management innovation (MI) is an intermediate variable between Leadership and Company performance with the product of the lower bound (Boot LLCI) and upper bound (Boot ULCL) coefficients where the confidence interval does not cover 0, indicating that Management innovation (MI) influences an intermediary variable between Leadership and Company performance, with a lower bound coefficient (Boot LLCI) equal to 0.2055 and an upper bound (Boot ULCL) equal to 0.8553.

H8: Management innovation (MI) is an intermediate variable between Human resources and Company performances. Its value is the product of the coefficients of the lower bound (Boot LLCI) and upper bound (Boot ULCL) where the confidence interval does not cover 0, indicating that Management innovation (MI) influences an intermediary variable between Human resources and Company performance. The lower bound coefficient (Boot LLCI) equals 0.3880, and the upper bound (Boot ULCL) equals 0.4272.

H9: Management innovation (MI) is an intermediate variable between Policy, Management, and Company performances. It has the value of the product of the lower bound (Boot LLCI) and upper bound (Boot ULCL) coefficients where the confidence interval does not cover 0, indicating that Management innovation (MI) is an influential variable between Policy, Management and Company performance, with a lower bound coefficient (Boot LLCI) equal to 0.4305 and an upper bound (Boot ULCL) equal to 0.5596.

DISCUSSION OF RESULTS

1) Leadership will positively influence the efficiency of company performance. The results of the hypothesis testing found empirical data supporting the research hypothesis, meaning that leadership positively influences the efficiency of company performance, that is, entrepreneurs and company executives. A clear vision for the organization is created. Most employees are proud to work together with knowledgeable entrepreneurs and executives. Being a leader not only gives orders but also requires participation in teamwork, especially during times when the team has problems or needs help. It is essential to make sure that the team understands the work they are doing together. This is consistent with the study of Kumar et al. (2013). That said, leaders result in innovation in organizations. Which organizational leaders promote and support knowledge creation? Development process: Sharing new ideas and exchanging knowledge in the organization to bring in more new knowledge until it becomes an essential resource in creating value and sustainability.

2) Leadership will positively influence management innovation. Human resources will directly influence management innovation. The results of the hypothesis test found empirical data supporting the research hypothesis. This means that Leadership will positively influence management innovation; that is, organizational leaders must have a vision. They can look into the future and see how our work will change. Moreover, there must be a commitment to change to achieve progress. Leadership can only occur when management creates motivation and brings power to develop work toward innovation. Especially in the current situation, rapid change severely impacts various organizations, even those that were previously successful. Moreover, on the flip side, change may create new opportunities for organizations and employees. Therefore, to create change in the organization, executives must use both management and leadership techniques to lead the organization to success in change. Thus, developing innovative leadership is essential for the organization to operate efficiently and sustainably. This is consistent with Hollenand Bosch's (2013) research, which suggests that management innovation helps organizations adopt innovative processes and technologies for the smooth execution of operational activities. Management innovation is considered an essential tool for organizational growth and profits.

3) Human resources will positively influence management innovation. The results of the hypothesis test found empirical data supporting the research hypothesis, meaning that Human resources will positively influence management innovation; that is, to create change that occurs in the organization, executives must use both management techniques (Management) and leadership (Leadership) to lead the organization to success. Therefore, developing innovative leadership includes researching methods to create it. Consequently, it is essential and consistent with the study of Coder, Peake, and Spiller (2017), who studied sound work performance systems—focusing on creating awareness and intellectual capital. Human resource management research results focus on creating an excellent operating system to help the organization be more efficient. However, Humans are knowledgeable resources. Innovation capabilities and working skills Are essential factors affecting organizational operations to increase efficiency.

4) Corporate policy will positively influence management innovation. The results of the hypothesis testing found empirical data supporting the research hypothesis, meaning that corporate policy will positively influence management because, in the current situation, organizations value employees with creative ideas who can create efficiency in working with the organization. Therefore, innovation is an essential factor and must be made into the organization's culture. By recruiting personnel who have the initiative to develop the organization. Giving freedom of thought and work is subject to the regulations set by the organization, including providing opportunities to personnel in the organization to create new works to drive the organization towards sustainable development. Executives must be proactive leaders and listen to the opinions of personnel. This is consistent with the study of Attachai Chantothai (2019), studying factors affecting creativity in personnel work. Central Department of Land Transport The research aims to examine the dimensions of creativity and factors affecting creativity in the work of the central department's Department of Upper Transport personnel. The research results found that the overall creativity factor is high—results of testing the relationship between organizational and management work environment factors. Opportunity for career advancement Communication Working conditions and creativity Creativity is positively related to employee outcomes, including praise from supervisors and co-workers. Efficiency in working according to objectives: This increased level of creativity may lead to completing complex tasks. This requires a complex and flexible thought process. Creative thinking is an imaginative activity that creates new and valuable results for the organization.

5) Corporate policy will positively influence the efficiency of company performance. The results of the hypothesis testing found empirical data supporting the research hypothesis, meaning that corporate policy will positively influence the company's efficiency. Policy formulation is a step in the process. It is said to be the process of decision-making. Organizational policies are the formal guidelines that govern all decisions in an organization. Policies specify the actions of an organization. Moreover, it provides a framework within the organization to achieve the desired results and its various components. Strategic planning is how an organization's leaders determine its future vision. So that the organization can achieve its stated vision, we will focus on strategic goals. Performance appraisal is a systematic process that measures an individual's performance against a set plan. It is a subjective assessment of an employee's strengths and weaknesses. Assess and assign work and set rewards for success. Creating a vision, mission, and organizational values is necessary to picture the future you want for the organization. It is a goal set that the organization is expected to reach sustainably in the future. It is also consistent with the study of Hung (2017), which Examines the effects of a bank’s political connections on bank performance and risk. The result found that politically connected banks have disproportionally higher performance.

6) Management innovation will positively influence the efficiency of company performance. The test results of the hypothesis found that Empirical data supports the research hypothesis, meaning that Management innovation will positively influence the efficiency of company performance. That is, organizations that invent, improve, and develop various work processes within the organization and promote and support the creation of innovation. To create value and create new and valuable things. This allows the organization to create a competitive advantage in business. Affecting the organization's performance will create wealth in the form of profits. It is about achieving the goals set by the organization, creating satisfaction for the organization's stakeholders, and operating efficiently. Consistent with the research of Tsai et al. (2017), it was found that operations that clearly define organizational innovation strategies to achieve goals cause the organization to have increased profits, while Yu et al. (2017) stated that investing in various factors that contribute to innovation development has a positive relationship with the organization's performance. Especially the ability to technological innovation. That includes product innovation and process innovation capabilities. This will lead to a sustainable competitive advantage for the organization.

Recommendation

1) Leadership has three components: vision, courage to make decisions, and a strategy in business. Based on the research results on leadership, executives should inspire employees to make administrative decisions and strategic plans Aligned with the mission, vision, and strategic objectives. And initiatives to drive the organization towards specified goals
2) Human resources have four components: knowledge potential, work skills, Experience, and Adaptation in the organization. After studying organizational data, executives should systematically plan human resources within the organization to determine planning management methods. Manpower, recruitment, development, and retention Build morale for employees to stay with the organization long term. In addition, executives must have the skills to manage teams to make employees work more efficiently.
3) Corporate policy has three components: Policy formulation, Strategic planning, and Performance appraisal. Organizational executives should set good policies. So that all employees are committed to working in the same direction. Personnel at all levels should adhere to these guidelines for working and creating organizational culture. In addition to providing communication channels between employees and executives to understand problems and listen to various opinions from employees, it is therefore essential that executives be aware of issues that arise. To find ways to solve problems together to solve problems that occur to make the organization more efficient.
4) Management innovation has three components: using technology in operations, Process innovation, and Service innovation. Progress is changing rapidly. Therefore, organizational executives must prioritize using innovation and various technologies to develop people with knowledge and skills in leading and to improve organizational efficiency.

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