CULTURAL LEADERSHIP'S ROLE IN CREATING COMPETITIVE ADVANTAGES TO IMPROVE COMPANY PERFORMANCE (CASE STUDY AT BANK BJB MAJALENGKA BRANCH)

Rully Ichsan Nugraha[1], Sri Murni Setyawati[2], Daryono[3]

[1*]Rully Ichsan Nugraha, rully.nugraha@mhs.unsoed.ac.id, Universitas Jenderal Soedirman, Indonesia
[2]Sri Murni Setyawati, nunk_pwt@yahoo.co.id, Universitas Jenderal Soedirman, Indonesia
[3]Daryono, daryono1210@unsoed.ac.id, Universitas Jenderal Soedirman, Indonesia
*Corresponding author

ABSTRACT

Business development in this fast-paced era requires companies to maintain a superior and competitive position at all times. The presence of technology, regulatory changes and increasing consumer demands have created a highly dynamic and challenging business environment. Banking organisations are no exception. In order to survive and flourish in an increasingly intricate market, banking organisations must be able to adapt and respond to the challenges at hand. This is crucial to differentiating themselves from their competitors. This study was carried out at one of Regional Office 3 branches of Bank BJB, specifically the Majalengka branch, utilizing a qualitative case study methodology. The main objective of this research is to investigate the events at Bank BJB's Majalengka branch following the leadership transition, specifically analysing the methods employed by the new branch leader to create a performance-oriented culture which yielded a marked improvement in company performance. Additionally, this study aims to explore how this exemplary culture and improved performance were maintained and sustained for two consecutive years in order to achieve the status of best in the region. The leader's application of cultural leadership has been crucial in establishing a favourable work culture and encouraging mutual cooperation with beneficence as the fundamental motivator. This distinctive value proposition has been instrumental in the success of Bank BJB Majalengka branch, distinguishing it from other branches in Regional Office 3 and enabled them to secure the top position in Regional Office 3 for two consecutive years.

Keywords: Cultural Leadership, Competitive Advantage, Performance.

1. Introduction

Business development in this fast-paced era requires companies to maintain a superior and competitive position at all times. The presence of technology, regulatory

changes and increasing consumer demands have created a highly dynamic and challenging business environment. Banking organisations are no exception. In order to survive and flourish in an increasingly intricate market, banking organisations must be able to adapt and respond to the challenges at hand. This is crucial to differentiating themselves from their competitors.

To achieve the benefits, companies require a capable individual to guide them towards a competitive advantage. In language, the Cambridge Dictionary defines "leader" as "someone who manages or controls other people, usually because of their expertise or position." However, this definition is considered insufficient to explain the true nature of a leader because, as per Henry Pratt Fairchild in Kartini Kartono (2016), a leader is someone who initiates social behaviour by regulating, directing, organizing, or controlling the efforts of others through their power. The role of social behaviour is vital as humans are social beings and will always engage in interactions with one another. It is crucial for the leader to comprehend the social circumstances and personalities of their team members in order to exert maximum influence and management. By comprehending this, the leader can adapt their strategy for behaviour and action, ensuring that each member of the organisation they lead is compelled to follow according to their desires. In essence, a leader is a person who possesses the traits and qualities valued by their followers.

The significance of leadership in establishing and actualising organisational effectiveness is crucial. According to Fu Yang, Gang Chen, Qiuling Yang, and Xin Huang (2022), leadership significantly impacts employee motivation in the workplace. And what style of leadership that the leaders use is crucial on gaining success and performance enhancement (Lütfi Sürücü, Ahmet Maslakçi, and Harun Sesen 2022). Through their leadership style, a leader manages an institution and motivates employees to enhance their performance. This research concludes that how leaders behave in their role is crucial to improving the achievement and performance of their team members, resulting in improved organisation-wide success.

Cultural leadership is the process of creating cultural values within the organizational climate, developing them, and ensuring their continuity to achieve organizational goals (Sergiovanni and Starrat, 1988, p. 198). Nevertheless, cultural leaders' exhibited behaviour affects not only their organization's culture but also the social culture around them (Tuhaoğlu and Gedikoğlu, 2009). Culture-oriented leaders enhance the success of a company by cultivating a strong corporate culture. This is achieved by integrating new values and symbols that build the relationship between the processes, people, and environment of the organisation. Such efforts result in the creation of new traditions, contributing to the establishment of a robust and enduring organisational culture (Cunningham and Gresso, 1993). To achieve this, it can be inferred that leaders require a thorough comprehension of the culture in which they operate. Furthermore, they should possess the skill to build meaningful connections with team members from diverse cultural backgrounds. Embracing diversity is also crucial, as it promotes inclusion and empowers each team member to provide their utmost contribution.

To attain optimal performance, a corporation must possess a competitive edge not possessed by its rivals. The significance of leaders in establishing such advantages is paramount. As expressed by...

Thomas Anning-Dorson's research, titled "Organisational Culture and Leadership as Antecedents to Organisational Flexibility: Implications for SME Competitiveness", suggests that effective leadership can enable companies to utilise their resources to create innovation and meet market demands, leading to competitive advantage. In a study titled "The nexus between dynamic capabilities and competitive firm performance: the mediating role of open innovation" conducted by Asta Pundziene, Shahrokh Nikou, and Harry

Bouwman, it was found that a company's capabilities dictate the level of innovation produced, which in turn impacts the company's competitive ability.

However, effective innovation and superior strategy are not the only means by which a company can achieve competitive advantage. According to a study titled "Beneficence as a Source of Competitive Advantage" by Caldwell, C., Floyd, L., Taylor, J., & Woodard (2014), kindness and a spirit of mutual help can also serve as a competitive advantage for a company. To sustain a company's competitive edge and ensure its survival, it is imperative that company leaders demonstrate good practices. This is in line with research conducted by Jian Guan, Fang Deng, Dao Zhou in their study named The role of CEOs' human capital in sustaining superior performance-empirical evidence from China, which indicates that a leader's management of employees significantly impacts a company's ability to sustain its competitive advantage.

Based on the aforementioned theory and the observed phenomenon at Bank BJB Majalengka Branch, where performance increased significantly and even surpassed all other branches under Bank BJB Regional Office 3 after a change of branch leader, the author seeks to investigate the reasons behind this change and how the new branch leader was able to encourage and maintain high levels of performance and organizational culture, resulting in consecutive years of exceptional achievement.

2. Literature Review

2.1 Leadership

Leadership is connected to change. Northouse (2010;2018) defines leadership as a process in which an individual influences a group of people to achieve a common goal. Leadership as the influential relationship between leaders and follower inspiring significant changes that replicate their interactive functions (Bennett et al., 2017 and Batmanghlich, 2015). Leaders themselves often experience significant levels of pressure. While they may be confronting novel challenges, they aim to create meaningful improvements in order to demonstrate their value and impact on the organisation. Western (2008) defines leadership management as a technique wherein a leader concentrates on comprehending and establishing a relationship with subordinates or followers, while helping them define their values and aspirations. This, in turn, motivates them to achieve organisational objectives (Storey et al., 2016).

The role of leaders in determining how their organisation works and being able to translate that performance into achievement is of utmost importance. According to Fu Yang, Gang Chen, Qiuling Yang, and Xin Huang (2022), leadership significantly affects employee enthusiasm at work. These findings are corroborated by Lütfi Sürücü, Ahmet Maslakçi, and Harun Sesen (2022) in their research, which asserts that leadership style impacts success and performance enhancement. Through their leadership style, a leader manages the institution and motivates employees to improve their performance. It can be concluded, based on this research, that the behaviour of leaders in their leadership role is critical to enhancing the achievement and performance of their team members, which subsequently leads to the overall improvement of the organisation's achievements.

In language, the Cambridge dictionary defines a leader as "someone who manages or organises other people, usually because of their expertise or position." However, this definition is considered inadequate to fully explain what a true leader is. According to Henry Pratt Fairchild, as cited by Kartini Kartono (2005), a leader is someone who guides social behaviour by managing, directing, organising, or regulating the efforts of others through a position of power. Based on several experts' definitions, a leader can be understood as an

individual who guides a group of two or more people, capable of influencing, regulating, and directing others through initiating social behaviour.

The significance of social behaviour lies in the fact that humans, being social beings, will always be involved in interactions with each other. A leader's comprehension of the social environments and personalities of their subordinates is imperative for them to be able to exert maximal influence and effectively manage the team. By comprehending this, the leader can modify the approach of how to behave and act so that every member of the organisation they lead desires to comply with their instruction. In brief, a leader is an individual who possesses the traits and characteristics sought after by their members.

2.2 Cultural Leadership

Cultural leadership is the process of establishing cultural values within organizational climate, then developing these values and ensuring their continuity in the organization in order to achieve its goals (Sergiovanni and Starrat, 1988, p. 198). Yet, it is important to consider that the behavioral patterns of cultural leaders' impact not only their organization's culture, but also the broader social culture in which they exist (Tuhaoğlu and Gedikoğlu, 2009). Culture-oriented leaders enhance organisational traditions by introducing novel values and symbols to the corporate culture, resulting in heightened company success through the creation of a robust corporate culture that interconnects the processes, individuals, and environment of the enterprise (Cunningham and Gresso, 1993). To accomplish this, it can be inferred that effective leaders need to possess a comprehensive comprehension of the culture within their work environment, along with the aptitude to establish connections with team members possessing diverse cultural backgrounds. Furthermore, they must be capable of accepting diversity and promoting inclusion, guaranteeing that every member of the team feels appreciated and can deliver their best.

With the appropriate cultural leadership strategy, a leader can optimize the company's resources to obtain a competitive advantage and the best outcomes. Thomas Anning-Dorson echoes this view in his research, indicating that effective leadership allows a company to utilize its resources to foster innovation and respond to market demands for competitive gain.

2.3 Competitive Advantage

According to Sudaryono (2016), a competitive advantage is a benefit that a company possesses when it produces a product or service perceived by its target market as superior to that of its closest competitors. Michael Porter, in Awwad (2013), posits that competitive advantage is achieved through a company's characteristics and resources, resulting in higher performance than other companies in the same industry or market. Competitive advantage stems from a company's capacity to leverage its internal strengths in response to external environmental opportunities, while simultaneously mitigating external threats and internal weaknesses (Mooney, 2017).

To attain optimal performance, a firm must possess a competitive edge exclusive to its rivals. The contribution of leaders in provisioning such advantages is crucial. As per Samsir's research, high leadership orientation can also lead to high innovation, which can contribute to a company's competitive edge over its rivals. Thomas Anning-Dorson's research confirms that effective leadership enables companies to optimise their resources, leading to innovation and responsiveness to market demands. This, in turn, augments competitive advantage. In a study conducted by Asta Pundziene, Shahrokh Nikou, and Harry Bouwman, it was stated that a company's capabilities determine the innovation it produces, impacting its competitive ability. From these studies, it can be inferred that the success of leaders in achieving optimal performance is not solely dependent on fostering a

favourable workplace culture, but also involves the capacity to integrate innovation into the culture and convert it into a competitive edge that rivals lack.

However, effective innovation and a superior strategy are not the sole means for a company to develop its competitive advantage. It was noted in a study by Caldwell, C., Floyd, L., Taylor, & Woodard, B. (2014) that acts of kindness and mutual support can serve as an edge in competition for a business. Additionally, it is vital for company leaders to exhibit positive behaviour in order to maintain the company's competitive edge and ensure its survival. This aligns with the study conducted by Jian Guan, Fang Deng, and Dao Zhou, which suggests that a leader's management approach has a noteworthy effect on the sustainability of a company's competitive advantage.

2.4 Performance

Organisations' performance refers to the overall system that generates their business outcomes (Cheema & Asrar-ul-Haq, 2017). It includes the internal relationships among organizational members as well as external interactions with the broader environment (Huang et al., 2016). Exceptional performance is defined as exceeding the standard expectations and is the result of both contributions from employees and leaders. It goes beyond the average level of performance and is achieved through the joint efforts of both the individual employees and the organizational leaders.

It encompasses a set of behaviours, skills, and cognitive abilities possessed by individuals in the workplace, which enables them to effectively apply their knowledge and understanding. and work within their respective areas of expertise and specialisation (Kazimoto, 2016). This allows them to operate to the highest standards. Chong and Law (2016) identify seven dimensions of organisational performance: creativity, innovation, productivity, efficiency, effectiveness, competitiveness, and profitability. The organisation aims to meet high standards and exceed the capabilities of others whilst producing innovative and excellent ideas and products. These efforts are designed to achieve top-tier objectives and enhance overall organisational performance (Almarhoon et al., 2017; Campbell et al., 2016).

3. Methodology

To gain an improved understanding of the phenomena at play in the branch of bank bjb majalengka, with the aim to enhance its performance, the author has opted for a qualitative approach, utilizing an explorative analytical design. This approach will enable a comprehensive exploration of all the complexities involved. The qualitative method facilitates the writer's understanding of issues as perceived directly from the source's point of view. Furthermore, it is suggested that implementing qualitative research methods may reveal untapped areas for investigation and discovery (Yin, 2003).

Qualitative research involves intentionally collected data for the identification, explanation, and interpretation of social phenomena (Leedy & Omrod, 2001). As indicated by Denzin and Lincoln (2017), qualitative research approaches are used to (1) uncover social phenomena in their natural context, (2) capture the dynamic social and processual components of research including the researcher-participant relationship and (3) generate data with rich descriptions to interpret social phenomena in their context. A case study approach was chosen in this research to fulfil the research objectives. According to Yin (2015), case studies are characterised by in-depth analysis of an object or group of objects, which can be individuals or organisations. The assumption of this research is that, when one knows well how phenomena occur in one or several individuals, companies, or situations, one can hypothesise about how they occur in general.

3.1 Data Collection Methode.

The author conducted semi-structured interviews with several parties in the BJB Majalengka branch, specifically managers as an extension of the branch leader and staff under them as implementers or executors of policies implemented by the leader, to collect data for this study. So that through the selection of sources, the author anticipates gaining a thorough and comprehensive understanding from the perspectives of both staff-level employees and those in middle management. The author acknowledges the unbalanced population size of the research sample. However, the below study serves as a preliminary case study.

3.2 Capturing and Storing Data

During the interview process, the author attentively listened, paid close attention, and recorded all conversations with the interviewees. The recordings assisted the author in taking notes on the interview results that could be conveniently managed, processed, and interpreted at a subsequent date.

3.3 Data Analysis and Interpretation

After ensuring that the data is sufficiently complete, the researcher proceeds with data processing. Data processing, including checking the accuracy of data, collating, coding, categorising, and correcting ambiguous responses obtained during interviews. Its purpose is to facilitate the analysis stage.

4. Result

The aim of this study is to investigate how cultural leadership can enhance organizational performance by establishing a robust culture as a competitive advantage in the case study of Bank BJB Majalengka branch. This section outlines the results garnered from the semi-structured interview conducted as part of the research, aimed at addressing the research questions.

Table 1. Coded Most Frequent Theme & Sub-Theme

Theme	Sub-Theme
Communication	● Open Communication ● Transparency ● Nurturing Relationship
Problem Solving	● Shared Problem ● Leader's Role in Innovative Problem Solving ● Encouraging Critical Thinking Among Employees
Collaboration	● Creating a Collaborative Work Environment ● Mutual Support Culture ● Cross Functional Shared Responsibility
Motivation	● Employee Recognition and Reward ● Leading by Example
Performance Enhancement	● Continuous Improvement Strategy ● Leveraging Culture to Differentiate From Competitors

This study discovered that a key element for success lies in the leader's capacity to establish an open communication climate within the organisation. The leader's strategic efforts have dismantled traditional hierarchies of communication, enabling more democratic exchanges of ideas, concerns, and suggestions. This climate has been a catalyst for innovation and problem-solving, as employees at all levels feel empowered to voice their opinions without fear of reprisal. Consequently, a culture of transparency has taken root, promoting a sense of ownership and unity among the workforce.

The research also highlights the leader's outstanding commitment to constructing significant relationships with subordinates. The leader's method transcends the workplace, where they proactively participate in team members' activities both during work and leisure hours. This emphasis on relationship-building fosters a sense of camaraderie and mutual respect, thus enhancing the bonds between the employees and their leader. Furthermore, the leader's commitment to attentive listening is noteworthy, as they patiently listen to the challenges and concerns of subordinates. This approach has not only shown empathy but also led to prompt and efficient problem-solving.

The research underlines the transformative impact of the leader's actions on employee motivation. By creating a work setting that values individual contributions and does not treat people as mere cogs in a machine, the leader has increased job satisfaction and commitment. The leader's ability to align personal aspirations with organisational goals has spurred employees to work with diligence and enthusiasm. Moreover, the research emphasises the embedding of beneficence as a core principle in the organisation's culture. This ethos of cooperation and support has fostered increased collaboration among employees, leading to improved productivity and mutual achievement.

5. Discussion

The outstanding result of this case study is the exceptional accomplishments of the organisation for two years in succession. The leader's dedication to fostering open communication, nurturing relationships, providing unwavering support, instilling

motivation and promoting beneficence has led directly to this success. The company's ascension to the top of its sector serves as a concrete proof of the effectiveness of the leader's methods. This research has wider significance for organizational leadership and culture establishment, emphasizing the need for creating a culture where employees feel heard, valued, and empowered to collectively strive for excellence.

Discussion of the research above can be highlighted into 3 (three) main category such as:

- **Changing and Creating New Culture**: In the pursuit of changing and creating a new organizational culture, effective leadership plays a pivotal role in facilitating and driving these transformative processes. Leaders serve as the catalysts for these changes, and their commitment to these elements is instrumental in shaping the organization's culture. Open communication, for instance, requires leaders to set the example by actively encouraging and participating in transparent exchanges of ideas and concerns. Nurturing relationships with employees involve leaders going beyond their roles to engage with team members and set the tone for camaraderie and mutual respect. Providing unwavering support entails leaders actively listening to their subordinates, displaying empathy, and swiftly resolving challenges. Leaders are responsible for instilling motivation by aligning personal aspirations with organizational goals, motivating employees to work with purpose. Moreover, leaders must actively promote the core principle of beneficence in the organization, modeling cooperation and support to encourage increased collaboration and productivity. In essence, the leadership's commitment to these elements is pivotal in driving cultural transformation and fostering a more positive and productive organizational culture.

- **Competitive Advantage**: Cultivating a competitive advantage hinge on several key cultural aspects within the organization. First and foremost, fostering a cooperative working culture encourages collaboration, knowledge sharing, and unified efforts toward common objectives, thereby enhancing the organization's capacity to adapt, innovate, and surpass competitors. Additionally, promoting an agile and tenacious mindset is critical for swiftly responding to shifts in the business landscape, emphasizing adaptability, resilience, and an unwavering commitment to continuous improvement. An openness culture is equally imperative, as it encourages employees to openly share ideas and feedback, driving innovation and the development of new strategies, ultimately positioning the organization as a leader in a rapidly evolving market. These cultural elements are vital in achieving and sustaining a competitive edge.

- **Excellent Performance**: Achieving and sustaining excellence in performance involves a dual focus. Firstly, organizations must prioritize the consistent maintenance of high levels of productivity and efficiency, investing in strategies that bolster their competitive edge and success within their industries. Secondly, in the highly competitive landscape, maintaining a top-ranked position is vital for long-term success. To achieve this, organizations must continually strive for excellence, not only achieving high performance but consistently surpassing it. This dual approach ensures that organizations not only reach the pinnacle of performance but also secure their position as top performers in their respective sectors.

In conclusion, this scientific investigation highlights the influential role leadership and culture play in shaping organizational performance. The study reveals how a leader's commitment to fostering an environment of open communication, cultivating relationships, practicing active listening, motivating employees, and demonstrating beneficence can result in unprecedented success for an organization. This case study provides a valuable blueprint for leaders seeking to foster a working environment that enables individuals to thrive, collaborate and make substantial contributions. It highlights that through investing in their people, leaders can transform their organisations into thriving centres of innovation, cooperation and success.

6. Conclusion and Suggestion

Within the field of organizational excellence, this case study presents a leader who has achieved a harmonious success story through an open communication and a culture of beneficence. This narrative further explores actionable insights for sustaining and amplifying these triumphs.

To maintain an open communication climate, the leader should establish an unbreakable feedback loop. This can be achieved by consistently seeking input from all levels of the organisation, allowing for swift adaptation to evolving dynamics. Leadership development should be a cornerstone, channelling the leader's expertise into a group of adept managers who mirror their commitment. Recognition should take centre stage, rewarding those who embody the organisation's ethos, thereby cementing the culture.

Elevating an organisation's successes requires a comprehensive strategy. Diversity and inclusion programmes enhance the dialogue and foster innovation through different perspectives. Mentoring and peer support networks are instrumental in cultivating both skills and camaraderie. Innovation platforms and prioritising professional development serve to inspire creativity and loyalty. Additionally, an effective communication strategy retains alignment and fosters a shared sense of purpose.

In the field of cultural leadership, the case study highlights achievements and beckons for their perpetuation. By utilising the strengths of transparent communication, fostering a culture of beneficence, and weaving these practices into the fabric of leadership development, recognition, diversity and innovation, the leader can take the organisation to ever greater heights.

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