Jurnal Ekonomi dan Bisnis, Vol. 13 No. 4 Desember 2024
**P - ISSN : 2503-4413**
**E - ISSN : 2654-5837,** Hal 468 – 480

# *Comparison of Leadership in Public Service: In-Group and Out-Group*

**Reza Saleh**
Accounting, Faculty of Economics & Business Islamic University of DR. KHEZ. Muttaqien Purwakarta, Indonesia

**Dean Subhan Saleh**
Accounting, Faculty of Economics & Business Islamic University of DR. KHEZ. Muttaqien Purwakarta, Indonesia

**Correspondence Author**
**Reza Saleh**
reza.saleh074@gmail.com

**Article Info**
*Article History :*
*Received 13 Oct - 2024*
*Accepted 11 Nov - 2024*
*Available Online*
*15 Dec – 2024*

**Abstract**
*Effective leadership requires a close relationship between leaders (L) and followers (F), with LF exchanges occurring both internally and externally to the organization. This study compares effective leadership in in-group and out-group LF dyads in a public organization, namely the Tax Service Office. This study applies quantitative research methods and Structural Equation Modeling (SEM) to 774 respondents who have leader-follower dyadic relationships. The results of the study indicate that: (i) there are differences in leader and follower perceptions regarding turbulence, adaptive behavior, responsive behavior, and transactional leadership in directly influencing performance; (ii) adaptive behavior mediates performance in in-group relationships, while responsive behavior mediates performance in out-group relationships; and (iii) transactional leadership has a direct influence on performance in in-group relationships, while in out-group relationships it does not have a direct influence on performance.*

***Keyword** : Dyadic relationships; Effective; In-group; Leadership; LMX; Out-group.*

## *1. INTRODUCTION*

*Today's organizations are becoming more complex, changing faster, and interdependent (Hargrove and Sitkin 2011), requiring effective leadership to support them. Therefore, the existing leadership issues will continue to be explored from generation to generation to find more current and appropriate formulations to be applied in each era (Hargrove and Sitkin 2011). Leadership is a complex and universal human phenomenon (Mumford et al. 2017). And effectiveness leadership can measured with achievement objective organization , stakeholder decisions and increasing mark organization . ( Amrulloh , 2021) If supported by a competent leader in implementing systems and strategies to achieve goals, the organization or company will develop and be able to survive in a competitive environment and under the pressure of change (Kharub, Mor, and Sharma 2019). In an organization, leaders not only influence their subordinates or followers, but also become a source of inspiration and motivation for them (Redmond and Dolan 2016). The many functions of leadership have resulted in increasingly diverse and developing definitions and interpretations of leadership itself, and an in-depth study of the various definitions, concepts, and functions of leadership will encourage the creation of more effective leadership. An effective leader is a leader who is able to influence and encourage his subordinates or followers to achieve goals and utilize the various potentials around him (Northouse 2018).*

*Many studies on leadership use a leader-centered approach (Antonakis and House 2014; Nguyen et al. 2017; Prochazka et al. 2018; Jankelová et al. 2020; Katsaros, Tsirikas, and Kosta 2020) that ignores the role*

*of followers in improving organizational performance. However, on the other hand, previous studies on this topic with an emphasis on a follower-centered approach have also been conducted (Lyubovnikova et al. 2017; Alzghoul et al. 2018) in an effort to improve organizational performance. Therefore, this study focuses on a leadership approach that explores the unique interactions between leaders and their followers that impact organizational effectiveness, with the leader-follower approach being more appropriately applied in examining the performance of the Tax Service Office (KPP; hereinafter referred to as KPP).*

*There are various approaches in leadership studies, including trait approaches, situational approaches, behavioral approaches, skills approaches, and relational approaches (Northouse 2018). This study uses a relational approach between the performance of the organization of leaders and followers. While several previous studies on leadership used a dyadic relationship approach by looking at leader-follower interactions (Muterera et al. 2018; Shafi et al. 2020; Li et al. 2018), studies related to dyadic relationships and group dynamics (in-group & out-group) that apply the Leader Member Exchange (LMX) theory (Anand et al. 2011) are still very limited, especially those in the context of public organizations such as KPP units. To address this research gap, this study seeks to compare effective leadership in KPP in in-group FL interactions with out-group FL interactions.*

## *2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT*

*As mentioned earlier, this study uses a dyadic relationship approach based on LMX theory to examine the relationship between leaders (L) and followers (F) that forms effective leadership, which is characterized by the increasing quality of LF exchanges. In addition, this study also describes the dyadic relationship between the in-group (KPP unit leaders-employees) and the out-group (KPP unit leaders-taxpayers). Previous studies on dyadic relationships between LF have been conducted in the Pakistani software industry by Shafi et al. (2020), in the Taiwanese hospitality industry by C.-J. Wang, Tsai, and Tsai (2014), and in various other industries by M.-T. Wang and Fredricks (2014), Li et al. (2018), and Muterera et al. (2018). To date, there has been very little research on leadership in public organizations or on dyadic relationships between in-groups and out-groups.*

*In an industry, a turbulent environment is one in which market and/or technological changes are unpredictable, creating risks and uncertainties in business ( Bodlaj, Coenders, and Zabkar 2012 ). In this case, the term turbulence is often combined with the concept of market or technology. For example, market turbulence refers to changes in customer composition and their preferences, while technological turbulence describes rapid technological changes ( Bodlaj, Coenders, and Zabkar 2012 ). In this study, the term 'economic turbulence' refers to rapid, sharp, and fundamental changes in economic conditions, affecting the economic and social activities of society.*

*Several studies have been conducted on the various relationships between turbulence and leadership, including the influence of leadership on turbulent conditions (Salas-Vallina, Rofcanin, and Las Heras 2022), turbulence as a moderator in transformational leadership (Yasmeen et al. 2020), and turbulence as a moderator in sustainable leadership (Iqbal, Ahmad, and Li 2021).*

*This study, on the other hand, focuses on the influence of turbulence on transformational and transactional leadership, with hypotheses H1-H2 as follows:*

*H1: Turbulence affects transformational leadership in KPP.*

*H2: Turbulence affects transactional leadership in KPP.*

*The COVID-19 pandemic is the largest global turbulence involving profound changes in social, economic, and political relations (Salas-Vallina, Rofcanin, and Las Heras 2022), which in turn changes behavior to adapt to environmental needs and demands. Several previous studies have examined the impact of turbulence on performance (Pudjiarti and Priagung Hutomo 2020; Chatterjee and Chaudhuri 2021; Iqbal, Ahmad, and Li 2021), but are still limited to adaptive, responsive, and innovative behaviors. Therefore, this study suspects that turbulence affects individual behavior and organizational performance, with hypotheses H3-H6 as follows:*

*H3: Turbulence affects adaptive behavior in KPP.*

*H4: Turbulence affects responsive behavior in KPP.*
*H5: Turbulence affects innovative behavior in KPP.*
*H6: Turbulence affects performance at KPP.*
*Individuals who lead in work organizations are characterized by their professional functions, which include commanding, guiding, motivating, and inspiring other team members in carrying out operations carried out to achieve the expected or planned goals of the organizational unit (Delia Davila Quintana, Mora Ruiz, and E. Vila 2014). The competencies possessed by these individuals shape the leadership style applied to the organizational environment. Likewise, this study hypothesizes that the competencies possessed by leaders influence the transactional and transformational leadership styles applied in KPP organizations, with the following hypotheses H7-H8:*
*H7: Competence influences transformational leadership in KPP.*
*H8: Competence influences transactional leadership in KPP.*
*Competent personnel are a component of any organization that maintains a performance-oriented culture (Shet, Patil, and Chandawarkar 2019). For organizations, having a competent workforce is an important prerequisite for effective performance. Since behavior is a part of competence, this study hypothesizes that leader competence influences adaptive, responsive, and innovative behavior in KPP, with hypotheses H9-H11 as follows:*
*H9: Competence influences adaptive behavior in KPP.*
*H10: Competence influences responsive behavior in KPP.*
*H11: Competence influences innovative behavior in KPP.*
*Several studies have shown a significant positive relationship between competency and business performance (Shet, Patil, and Chandawarkar 2019) including, by Atan and Mahmood (2019) in the Malaysian food manufacturing industry, Caputo et al. (2019) in digital companies in Europe, Pham and Kim (2019) in the Vietnamese construction industry, and Shet, Patil, and Chandawarkar (2019) in various Indian organizations. Therefore, this study hypothesizes that leader competency has an impact on performance in KPP as follows:*
*H12: Competence affects performance at KPP.*
*Transformational leadership encourages followers to do more than expected by: (a) increasing followers' awareness of the importance and value of set and idealized goals; (b) making followers go beyond their own self-interest for the sake of the team or organization; and (c) mobilizing followers to meet higher-level needs (Bass and Avolio 1990). Meanwhile, transactional leadership motivates followers according to the reciprocity given between the leader (L) and followers (F), thus triggering changes in follower behavior within the scope of LF interactions.*
*Various previous studies have linked the influence of leadership style on follower behavior, namely leadership with follower creativity (Alzghoul et al. 2018), leadership with adaptive culture (Giang and Dung 2021; Madi Odeh et al. 2021), and leadership with innovative behavior (Costa, Pádua, and Moreira 2023; Odoardi et al. 2015). However, these studies focus more on the relationship between transformational leadership and innovative behavior. As stated by Aryee et al. (2012), there has been significant growth in research on transformative leadership, which encourages individuals to behave innovatively. In this study, it is hypothesized that transformative and transactional leadership influence the adaptive, responsive, and innovative behavior of followers in KPP organizations, with hypotheses H13-H18 as follows:*
*H13: Transformational leadership influences adaptive behavior in KPP.*
*H14: Transformational leadership influences responsive behavior in KPP.*
*H15: Transformational leadership influences innovative behavior in KPP.*
*H16: Transactional leadership influences adaptive behavior in KPP.*
*H17: Transactional leadership influences responsive behavior in KPP.*
*H18: Transactional leadership influences innovative behavior in KPP.*
*Leaders must scan the internal and external environment, map strategic goals and tasks, and provide performance feedback (Antonakis and House 2014). Effective leadership is demonstrated through actions that build and enhance organizational and management system capabilities and is used by leaders to create and direct organizational capacity. Furthermore, leadership links organizational*

*goals to management systems, thereby strengthening relationships and improving performance.*

*Evidence from various sources supports the premise that effective leadership is associated with superior performance. Researchers have investigated the relationship between leadership styles and performance, including studies on the effect of authentic leadership on employee performance ( Alzghoul et al. 2018 ), the relationship between transformational leadership and performance ( Mu et al. 2018 ; Yücel 2021 ; Khan et al. 2023 ), the effect of transactional leadership on performance ( Jiang, Zhao, and Zuo 2021 ), and the correlation between general leadership styles and performance ( Pawirosumarto, Sarjana, and Gunawan 2017 ; Ohemeng, Amoako-Asiedu, and Obuobisa Darko 2018 ). In this regard, this study speculates that transformational and transactional leadership styles affect performance in KPP organizations, with hypotheses H19-H20 as follows:*

*H19: Transformational leadership affects performance in KPP.*

*H20: Transactional leadership affects performance in KPP.*

*Adaptive, responsive, and innovative behavior is the main focus of bureaucratic reform in KPP organizations. Adaptive behavior is needed to deal with changes in customer expectations in terms of taxation; strong adaptive behavior has a positive impact on employee work performance and supports organizational performance (Sabuhari et al. 2020). Likewise, responsive behavior focuses on short-term goals and can succeed in a relatively stable and predictable environment, while innovative behavior drives competitive advantage in a dynamic environment. Previous research by Chang (2016) revealed the relationship between adaptive and innovative behavior, while Do, Yeh, and Madsen (2016) examined the relationship between flexibility, innovation, and adaptability. However, empirical research on behavior is still very limited, especially regarding the relationship between adaptive, responsive, and innovative behavior. Therefore, this study suspects the influence of adaptive and responsive behavior on innovative behavior, as well as the influence of adaptive behavior on responsive behavior, with the following hypotheses H21-H23:*

*H21: Adaptive behavior influences responsive behavior in KPP.*

*H22: Adaptive behavior influences innovative behavior in KPP.*

*H23: Responsive behavior influences innovative behavior in KPP.*

*High turbulence conditions require individual behaviors that are most in line with essential skills, flexible attitudes, and learning efforts such as openness to change, knowledge sharing, creativity, and autonomy. Furthermore, to deal effectively with environmental turbulence, individuals need to drive dynamic change, learn to cope with complexity, and take risks to overcome uncertainty (Camps et al. 2016). Adaptive, responsive, and innovative behaviors are essential in turbulence conditions to maintain performance. In other words, adaptability, responsiveness, and innovation are among the drivers of organizational performance.*

*In this study, the performance referred to is the performance of the KPP organization. Several studies have examined individual behaviors that enhance performance at both the individual and organizational levels, for example, market response to firm performance (Wei, Samiee, and Lee 2014), innovative behavior that shapes performance (Bag et al. 2020), and the relationship between responsiveness and performance (Rahim 2014). Since there are limited studies that specifically address adaptive, responsive, and innovative behaviors within a single leadership model, this study hypothesizes that adaptive, responsive, and innovative behaviors affect KPP organizational performance (H24-H26).*

*H24: Adaptive behavior affects performance in KPP.*

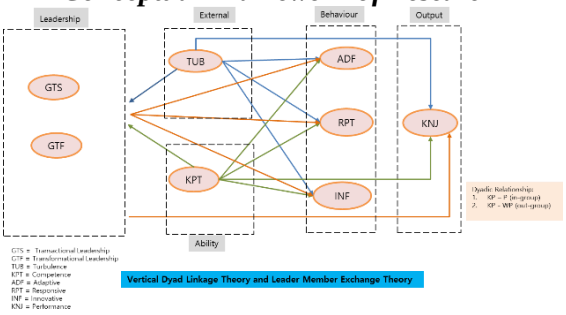
*H25: Responsive behavior affects performance at KPP.*

*H26: Innovative behavior affects performance in KPP.*

*Based on the previous studies above, the conceptual framework in this study uses a system approach that converts input into output (Konopaske, Ivancevich, and Matteson 2018). In the system approach, the organization is viewed as one element of a number of elements that act interdependently, with input and output flows being the starting point for describing effective leadership. In this study, the input in question is an external factor in the form of an economic turbulence variable (TUB) and an internal factor in the form of a leader*

*competency variable (KPT), both of which are assumed to influence the leadership process flow. Then, in the leadership process, transactional leadership styles (GTS) and transformational leadership (GTF) are used. The leadership style possessed by the Head of KPP will form organizational behavior in the form of adaptive behavior (ADF), responsive behavior (RPT), and innovative behavior (INF), all three of which are believed to be intermediaries in forming effective performance. Meanwhile, the last flow is the output in the form of optimal KPP organizational performance (KNJ). The conceptual framework of this study is shown in Figure 1.*

***Figure 1***
***Conceptual Framework of Research***




## 3. RESEARCH METHODS

*This study uses an exploratory quantitative research design with a confirmatory analysis approach, which uses SEM to form effective leadership in KPP. Primary data were collected by surveying KPP Unit leaders (KP), employees (P), and taxpayers (WP) using the Leader-Follower (LF) dyadic relationship approach.*

*Sampling used non-probability sampling technique with convenience sampling method. The survey was conducted online, with the questionnaire filled out directly by the respondents. A total of 774 respondents were willing to participate in this study voluntarily, consisting of 64 Heads of KPP as leaders (L) and 478 KPP employees and 232 Taxpayers in the KPP work area as followers (F), with a dyadic relationship system Leader-Follower (LF) referring to the Leader-Member Exchange (LMX) theory with in-group and out-group.*

*This study uses eight variables, namely economic turbulence, leadership style consisting of transformational leadership and transactional leadership, competence, adaptive behavior, responsive behavior, innovative behavior, and KPP performance. The research variables and operational definitions in this study are explained in detail in Table 1. Question items are designed based on operational definitions (see Appendix A.1.).*

***Table 1.***
*Research Variables and Operational Definitions*

| *Latent Variables* | *Operational Definition* | *Reference* |
|---|---|---|
| *Economic Turbulence (EQT)* | *Rapid, sharp and fundamental changes in economic conditions that affect the economic and social activities of society.* | *Adopted from Pudjiarti and Priagung Hutomo (2020)* |
| *Transformative Leadership (GTF)* | *The creation of relationships that increase the level of motivation and morality of leaders and followers in KPP.* | *Adapted from Bass (1990); Northouse (2018)* |
| *Transactional leadership (GTS)* | *KPP leadership focuses on the exchanges that occur between leaders and followers.* | *Adapted from Bass (1990); Northouse (2018)* |
| *Competence (KPT)* | *Knowledge, skills, and behavior of individual leaders in carrying out their duties.* | *Adopted from the organization of Delia Davila Quintana, Mora Ruiz, and E. Vila (2014)* |
| *Adaptive behavior (ADF)* | *Efforts to adjust or adapt to environmental changes in order to achieve optimal performance at KPP.* | *Adopted from Sabuhari et al. (2020)* |
| *Responsive behavior (RPT)* | *The behavior of seeking, understanding, and satisfying customer needs in KPP organizations.* | *Adopted from Bodlaj, Coenders, and Zabkar (2012)* |
| *Innovative behavior (INV)* | *Useful products or adoption of ideas and implementation of ideas, starting from problem recognition and creation of ideas or solutions at KPP.* | *Adopted from Aryee et al. (2012)* |
| *Performance (KNJ)* | *The results of the implementation of organizational and personnel duties and functions during a certain period in the KPP organization.* | *Adopted from Alzghoul et al. (2018)* |

## 4. RESULTS AND DISCUSSION

*The following section reports the statistical findings of this study, consisting of the results of demographic profiles, validity tests and model tests.*

### 4.1. Respondent Demographics

*The characteristics of leaders and followers in this study are presented in Table 2. Based on gender, 86% of respondents were male, while the remaining 14% were female. This is in accordance with national data stating that out of a total of 352 Heads of KPP Units, only 54 people (15.4%) were female, so that the majority of leaders in KPP were male. This is possible due to several things, namely: (i) the placement of the Head of KPP outside Java or outside the domicile area, so that serious attention needs to be paid to female employees who are married; and (ii) the existence of provisions for rotation or mutation of the Head of KPP periodically every 2-5 years, so that it is not heeded by female employees.*

***Table 2.***
*Descriptive Leader - Follower*

| Notes | Leader Head of Integrated Licensing Service Office (KP) | Follower Employee (P) | Follower Taxpayer (WP) |
|---|---|---|---|
| Sex | Men: 86%<br>Female: 14% | Men: 64%<br>Female: 36% | Men: 54.2%<br>Female: 45.8% |
| Age | 46-50 years: 34%<br>51-55 years: 58%<br>>55 years: 8% | <30 years: 26%<br>31-40 years: 24%<br>41-50 years: 32%<br>51-60 years: 18% | <30 years: 21.7%<br>31-40 years: 33.7%<br>41-50 years: 30.1%<br>51-60 years: 14.5% |
| Education | Bachelor: 2%<br>Teacher : 92%<br>Doctoral Degree: 9% | High School-Assistant: 27.8%<br>Bachelor: 38%<br>Teacher: 34%<br>Doctoral Degree: 0.2% | High School-Assistant: 27.7%<br>Bachelor: 54.2%<br>Teachers: 16.9%<br>Doctoral Degree: 1.7% |
| Duration | Length of service as Head of KPP<br>1-3 years: 19%<br>4-6 years : 26%<br>7-9 years :12%<br>10-13 years: 27%<br>>12 years: 16% | Length of work<br>1-10 years : 30%<br>10-20 years : 26%<br>20-30 years: 39%<br>51-60 years: 18% | Length of time registered as a taxpayer<br>1-2 years: 6%<br>2-5 years: 17.4%<br>>5 years: 76.6% |
| Total | 64 Head of KPP | 478 employees | 232 taxpayers |

*In addition to leaders, the characteristic analysis also discusses the characteristics of followers. In this study, there are two groups of followers, namely KPP employees and taxpayers. Table 2 shows that the majority of KPP employees are male, with a composition of 64% male and 36% female. This composition is greater than that of KPP leaders. In addition, this composition is also not much different from the percentage of DJP employees in 2022, with a ratio of 64.09% male employees (28,746 employees) and 35.91% female employees (16,110 employees) so that the total DJP employees are 44,856 people.*

*Meanwhile, for taxpayer respondents, 54.2% of respondents were male, while the remaining 45.8% were female, which means that most taxpayers are male. This is possible because married female taxpayers can combine their Taxpayer Identification Number (NPWP) with their husband's name. Furthermore, in terms of age, 21.7% of taxpayer respondents are in the age range <30 years, 33.7% are in the age range 31-40 years, 30.1% are between 41-50 years, and 14.5% are between 51-60 years. This shows that most taxpayers are of productive age, with the majority belonging to generation Y (millennials) or generation X and having a bachelor's degree.*

### 4.2. Validity and Reliability Assessment

*In this assessment, an indicator is declared valid if it has a loading factor above 0.5. The CFA results on leaders (KP) show that most of the variables resulting from the partial measurement model analysis are valid, with LF between 0.4–1,000. All latent variables of the measurement model provide reliable results, as indicated by CR values ranging from 0.432–0.860 and AVE values ranging from 0.290–0.726. Likewise, the CFA results on followers (P) also reveal that most of the variables resulting from the partial measurement model analysis are valid, with LF between 0.671–0.972. All latent variables of the measurement model show reliable results, as indicated by CR values ranging from 0.790–0.967 and AVE values ranging from 0.590–0.936. In the CFA results for followers (WP), the LF values ranged from 0.682–0.976 and all latent variables of the measurement model had reliable results, as indicated by the CR values ranging from 0.699–0.974 and the AVE values ranging from 0.545–0.895. The summary of the analysis is shown in Table 3.*

***Table 3.***
*Leader-Follower Confirmatory Factor Analysis*

| Variables | Leader (KP) | | Followers (P) | | Followers (WP) | |
|---|---|---|---|---|---|---|
| | LFa | CRb ( AVEc ) | LFa | CRb ( AVEc ) | LFa | CRb ( AVEc ) |
| BATHTUB | 1,000 | 0.783 (0.676) | 0.796 | 0.799 years (0.683) | 0.716 | 0.699 years (0.545) |
| BATH.ABB | 0.647 | | 0.848 | | 0.756 | |
| CYLINDER | | | | | | |
| KPT | | 0.817 (0.535) | | 0.961 years (0.862) | | 0.974 years (0.974) |
| KPT.A | 0.812 | | 0.920 | | 0.930 | |
| KPT.B | 0.917 | | 0.972 | | 0.976 | |
| KPT.C | 0.815 | | years 0.879 | | years 0.930 | |
| GTS | | 0.432 (0.290) | 0.733 | 0.790 (0.656) | 0.682 | 0.798 years (0.689) |
| GTS.A | 0.400 | | 0.895 | | 0.978 | |
| GTS.B | 0.710 | | | | years | |
| GTF | 0.864 | 0.800 (0.667) | 0.934 years | 0.934 years (0.876) | 0.907 | 0.900 (0.818) |
| GTF.A | 0.777 | | 0.938 | | 0.902 | |
| GTF.B | years | | 0.947 years | | 0.926 | 0.943 (0.848) |
| ADF | | 0.838 (0.651) | 0.948 years | 0.963 (0.897) | 0.925 | |
| ADF.A | 0.737 | | 0.947 | | 0.912 | |
| ADF.B | 0.847 | | years | | | |
| ADF.C | 0.839 | | | | | |
| RPT | | 0.860 (0.685) | 0.956 | 0.955 (0.876) | 0.950 | 0.951 (0.867) |
| RPT.A | 0.807 | | 0.935 | | 0.934 | |
| RPT.B | 0.863 | | 0.917 | | years | |
| RPT.C | 0.806 | | | | 0.909 | |
| INF | | 0.841 (0.726) | 0.968 years | 0.967 years (0.936) | 0.942 | 0.945 years (0.895) |
| INF.A | 0.851 | | 0.966 | | 0.950 | |
| INF.B | 0.853 | | years | | | |
| English | 0.541 years | 0.788 years (0.513) | 0.671 | 0.790 (0.590) | 0.688 | 0.880 (0.707) |
| KNJ.A | 0.831 | | 0.929 | | 0.926 | |
| KNJ.B | 0.945 | | 0.777 | | 0.933 | |
| KNJ.C | years | | years | | | |

aLF >0.5; bCR >0.7; cAVE >0.5

*Confirmatory factor analysis was also conducted in-group (KP–P) and out-group (KP–WP), referring to (Northouse 2018). The in-group CFA results showed LF values between 0.666–0.964, with all latent variables of the measurement model providing highly reliable results as indicated by CR values of 0.749–0.958 and AVE values of 0.588–0.919. Meanwhile, the out-group CFA results had LF values between 0.53–0.976, and all latent variables of the measurement model produced reliable results as indicated by CR values of 0.727–0.967 and AVE values of 0.562–0.886, as seen in Table 4.*

***Table 4.***
*Confirmatory Factor Analysis Within Group and Out Group*

| Variables | in group (KP–P) | | outgroup (KP–WP) | |
|---|---|---|---|---|
| | LFa | CRb ( AVEc ) | LFa | CRb ( AVEc ) |
| BATHTUB | 0.796 | 0.800 (0.675) | 0.750 | 0.727 (0.573) |
| BATH.ABB | 0.840 | | 0.763 | |
| CYLINDER | | | | |
| KPT | | 0.954 (0.840) | | 0.967 years (0.880) |
| KPT.A | 0.914 | | 0.931 | |
| KPT.B | 0.91 | | 0.976 | |
| KPT.C | 0.852 | | years 0.890 | |
| GTS | | 0.749 (0.604) | 0.609 | 0.736 (0.624) |
| GTS.A | 0.684 | | 0.959 | |
| GTS.B | 0.882 | | | |
| GTF | | 0.921 (0.853) | 0.910 | 0.895 (0.811) |
| GTF.A | 0.926 | | 0.890 | |
| GTF.B | 0.921 | | | |
| ADF | | 0.956 (0.877) | 0.900 | 0.939 (0.840) |
| ADF.A | 0.925 | | 0.929 | |
| ADF.B | 0.942 | | 0.920 | |
| ADF.C | 0.942 | | | |
| RPT | 0.945 years | 0.945 years (0.850) | 0.942 | 0.940 (0.838) |
| RPT.A | | | 0.915 | |
| RPT.B | 0.921 | | 0.891 | |
| RPT.C | 0.901 | | | |
| INF | | 0.958 (0.959) | 0.938 | 0.940 (0.886) |
| INF.A | 0.959 | | 0.945 | |
| INF.B | 0.959 | | years | |
| English | 0.666 | 0.788 years (0.588) | 0.530 | 0.826 (0.560) |
| KNJ.A | 0.928 | | 0.858 | |
| KNJ.B | 0.788 | | 0.962 | |
| KNJ.C | years | | | |

aLF >0.5; bCR >0.7; cAVE >0.5

*4.3. Conformity Assessment*

*There are several measures of Goodness of Fit (GOF), namely absolute fit, incremental fit, and parsimonious fit (Hair et al. 2019; Puspitawati 2020). In this study, as shown in Table 5, both in-group and out-group met most of the GOF criteria. Of all the test measurements, eight of them had good fit, while the other three had marginal fit. Thus, the entire model was declared to meet the Goodness of Fit test and could be used in this study.*

***Table 5.***
*Testing of in-group and out-group structures*

| Test | Criteria | Values in groups | Outgroup values | Standard | Notes |
|---|---|---|---|---|---|
| Absolute match measure | Chi square | 787,437 | 516,218 | Smaller | Not suitable |
| | GFI | 0.876 | 0.853 | > 0.90 | Marginal fit |
| | RMR Standard | 0.062 | 0.062 | < 0.05 | Marginal fit |
| | RMSEA | 0.084 years | 0.086 years | < 0.08 | Perfect fit |
| Incremental match size | AGFI | 0.823 | 0.791 | > 0.9 | Marginal fit |
| | Non-Financial Funds (NFI) | 0.938 | 0.927 | > 0.9 | Perfect fit |
| | NNFI | 0.935 | 0.933 | > 0.9 | Perfect fit |
| | CFI | 0.950 | 0.948 years | > 0.9 | Perfect fit |
| | IFI | 0.950 | 0.948 years | > 0.9 | Perfect fit |
| | Radio frequency information | 0.920 | 0.905 years | > 0.9 | Perfect fit |
| Economical fit size | PNFI | 0.724 | 0.715 | > 0.5 | Perfect fit |
| | PGFI | 0.614 | 0.598 | > 0.5 | Perfect fit |

*Vertical dyadic linkage theory, also known as LMX theory, divides two main types of leader-follower linkages: (1) in-group, in the form of extensible roles and responsibilities; and (2) out-group, where roles and responsibilities are limited to formal contracts (Northouse 2018). In the context of this study, the in-group is the dyadic relationship between the Head of Tax Office and Tax Office employees, while the out-group is the relationship between the Head of Tax Office and taxpayers. LMX theory assumes that individuals will provide resources to those who have provided resources (Law-Penrose, Wilson, and Taylor 2015). This assumption is important to understanding resources as an antecedent of LMX. When resources are exchanged between leaders and followers outside of their normal work roles, the recipient of the resources will feel indebted to the other party (Law-Penrose, Wilson, and Taylor 2015).*

*The results of the comparative test of the relationship between in-group and out-group can be seen in Table 6. In the in-group, mediation from adaptive behavior affects performance. Meanwhile, in the out-group, responsive behavior is needed to improve performance. This may be because adaptive behavior in in-group LF exchange affects career needs, positions, and placement locations, while out-group LF exchange requires more responsive behavior in the form of fast, precise, and efficient service.*

**Table 6.**
*Results of the In-Group and Out-Group Model Relationship Path Test*

| Dyadic relationships in groups LF (KP-P) | | | Out-group dyadic relationships LF (KP-WP) | | |
|---|---|---|---|---|---|
| Endogenous variables | Connection | Load factor | Endogenous variables | Connection | Load factor |
| GTF | KPT →GTF | 0.87* | GTF | KPT →GTF | 0.85* |
| The R2 value is 0.78. | GTF TUBE→ | 0.05 | The R2 value is 0.78. | GTF TUBE→ | 0.09* |
| GTS | KPT →-GTS | 0.55* | GTS | KPT →-GTS | 0.34* |
| The R2 value is 0.42 | GTS TUBE→ | 0.19* | The R2 value is 0.24. | GTS TUBE→ | 0.25* |
| ADF | ADF KPT→ | 0.46* | ADF | ADF KPT→ | 0.40* |
| The R2 value is 0.77 | ADF TUBE→ | -0.07 | The R2 value is 0.78. | ADF TUBE→ | 0.02 |
| | ADF GTF→ | 0.39* | | ADF GTF→ | 0.45* |
| | ADF GTS→ | 0.11* | | ADF GTS→ | 0.10* |
| RPT | KPT →RPT | 0.47* | RPT | KPT →RPT | 0.53* |
| The R2 value is 0.65. | RPT TUB→ | -0.013 | The R2 value is 0.75. | RPT TUB→ | 0.09* |
| | GTF →RPT | 0.27* | | GTF →RPT | 0.26* |
| | GTS →RPT | 0.14* | | GTS →RPT | 0.12* |
| INF | KPT →INF | 0.45* | INF | KPT →INF | 0.68* |
| The R2 value is 0.67 | INF TUBE→ | -0.05 | The R2 value is 0.75. | INF TUBE→ | -0.03 |
| | GTF →INF | 0.39* | | GTF →INF | 0.19* |
| | GTS →INF | 0.036 days | | GTS →INF | 0.05 |
| English | TUB →KNJ | 0.19* | English | TUB →KNJ | 0.28* |
| The R2 value is 0.35 | GTF →KNJ | -0.14 | The R2 value is 0.40. | GTF →KNJ | 0.19 |
| | GTS →KNJ | 0.30* | | GTS →KNJ | 0.12 |
| | ADF →KNJ | 0.23* | | ADF →KNJ | 0.08 |
| | RPT →KNJ | 0.16 | | RPT →KNJ | 0.22* |
| | INF →KNJ | -0.05 | | INF →KNJ | -0.09 |

**) significant at 5% alpha*

*Table 6 shows that transactional leadership has a direct effect on in-group performance, but does not have a direct effect on out-group performance. In addition, the factor loading of in-group leadership is greater than that of out-group leadership. This finding is in line with LMX theory which states that in-group relationships are characterized by mutual trust, respect, liking, and influence (Northouse 2018), which is in contrast to out-group relationships which are characterized by formal communication in accordance with standard operating procedures (SOPs). In this case, LMX seeks to build high-quality LF relationships so that there can be an exchange of content and intellectual processes or visions that lead to transformational leadership rather than transactional leadership.*

## 5. CONCLUSION

*Comparison of effective leadership in in-group and out-group relationships has managerial implications for the government and KPP, namely: (i) from the follower's perspective, transactional leadership is more dominant, thus encouraging a policy of transparency in the process and use of tax funds by DJP officials; (ii) from the out-group perspective, responsive behavior is greatly needed, thus requiring an online and contactless system with DJP employees so that taxpayer needs can be handled more easily and quickly, and in more detail; and (iii) from the in-group perspective, adaptive behavior affects performance, thus requiring a policy related to limited authority in managing internal HR at the KPP level according to needs that have not been clearly regulated and have only been determined by DJP.*

*Furthermore, the conclusions regarding leadership in in-group and out-group interactions are: (i) there are differences in the perceptions of leaders and followers regarding turbulence, adaptive behavior, responsive behavior, and transactional leadership in directly influencing performance; (ii) adaptive behavior mediates performance in in-group relationships, while responsive behavior mediates performance in out-group relationships; and (iii) in in-group relationships, transactional leadership has a direct influence on performance, while in out-group relationships, there is no direct influence on performance.*

*From the results of the analysis and findings of this study, suggestions that can be given for further research are: The results of the study indicate that: (i) This study uses cross-sectional data, so that further research can use longitudinal data to determine the differences in time and turbulence conditions; (ii) Further research needs to be conducted that focuses more on efforts to transform transactional leadership into transformational leadership in KPP; (iii) Further research can discuss institutional efforts to produce effective leadership in KPP; and (iv) Further research on the remuneration system, career patterns, and mutations in KPP organizations is very necessary.*

## 6. REFERENCE


*Alzghoul, Amro, Hamzah Elrehail, Okechukwu Lawrence Emeagwali, and Mohammad K AlShboul. 2018. "Knowledge Management, Workplace Climate, Creativity and Performance." Journal of Workplace Learning 30 (8): 592–612. https://doi.org/10.1108/JWL-12-2017-0111 .*

*Amrulloh, Dedeng Abdul Gani. (2021) . The Influence of Leadership Lecturer Service and Competence Towards Commitment Organization and Organization Citizenship Behavior (OCB) and the impact on the Performance of College Lecturers in the Field Economics & Business in West Java. Pasundan University Journal .*

*Anand, Smriti, Jia Hu, Robert C Liden, and Prajya R Vidyarthi. 2011. "Leader-Member Exchange: Recent Research Findings and Future Prospects." In The Sage Handbook of Leadership, edited by Alan Bryman, Keith Grint, and David L Collinson, 1st ed., 311–25. SAGE Publications Ltd.*

*Antonakis, John, and Robert J House. 2014. "Instrumental Leadership: Measurement and Extension of Transformational-Transactional Leadership Theory." The Leadership Quarterly 25 (4): 746–71. https://doi.org/https://doi.org/10.1016/j.leaqua.2014.04.005.*

*Aryee, Samuel, Fred O Walumbwa, Qin Zhou, and Chad A Hartnell. 2012. "Transformational Leadership, Innovative Behavior, and Task Performance: A Test of Mediation and Moderation Processes." Human Performance 25 (1): 1–25. https://doi.org/10.1080/08959285.2011.631648.*

*Atan, J bin, and N Mahmood. 2019. "The Role of Transformational Leadership Style in Enhancing Employee Competence for Organizational Performance." Management Science Letters 9 (13): 2191–2200.*

*Bag, Surajit, Lincoln C Wood, Lei Xu, Pavitra Dhamija, and Yaşanur Kayikci. 2020. "Big Data Analytics as an Operational Excellence Approach to Improve Sustainable Supply Chain Performance." Resources, Conservation and Recycling 153: 104559.*

*https://doi.org/https://doi.org/10.1016/j.resconrec.2019.104559.*

*Bass, Bernard M. 1990. "From Transactional to Transformational Leadership: Learning to Share a Vision." Organizational Dynamics 18 (3): 19–31. https://doi.org/https://doi.org/10.1016/0090-2616(90)90061-S.*

*Bass, Bernard M, and Bruce J Avolio. 1990. "Implications of Transactional and Transformational Leadership for Individual, Team, and Organizational Development." Research in Organizational Change and Development 4 (1): 231–72.*

*Bodlaj, Mateja, Germa Coenders, and Vesna Zabkar. 2012. "Responsive and Proactive Market Orientation and Innovation Success in Market and Technological Turbulence." Journal of Business Economics and Management 13 (4): 666–87. https://doi.org/10.3846/16111699.2011.620143.*

*Camps, Joaquín, Victor Oltra, Joaquín Aldás-Manzano, Guillermo Buenaventura-Vera, and Federico Torres-Carballo. 2016. "Individual Performance in Turbulent Environments: The Role of Organizational Learning Capabilities and Employee Flexibility." Human Resource Management 55 (3): 363–83. https://doi.org/https://doi.org/10.1002/hrm.21741.*

*Caputo, Francesco, Valentina Cillo, Elena Candelo, and Yipeng Liu. 2019. "Innovating through the Digital Revolution." Management Decision 57 (8): 2032–51. https://doi.org/10.1108/MD-07-2018-0833.*

*Chang, James F. 2016. Business Process Management Systems: Strategy and Implementation. CRC Press.*

*Chatterjee, Sheshadri, and Ranjan Chaudhuri. 2021. "Supply Chain Sustainability during a Turbulent Environment: Examining the Role of Firm Capabilities and Government Regulation." Operations Management Research. https://doi.org/10.1007/s12063-021-00203-1.*

*Costa, Joana, Mariana Pádua, and António Carrizo Moreira. 2023. "Leadership Styles and Innovation Management: What is the Role of Human Resources?" Administrative Sciences 13 (2): 47. https://doi.org/10.3390/admsci13020047.*

*Delia Davila Quintana, Carmen, Jose-Gines Mora Ruiz, and Luis E. Vila. 2014. "Competencies That Shape Leadership." Edited by Samo Pavlin and Ivan Svetlik. International Journal of Employment 35 (4): 514–35. https://doi.org/10.1108/IJM-05-2013-0107.*

*Do, Ben-Roy, Pi-Wen Yeh, and Jean Madsen. 2016. "Exploring the Relationships between Human Resource Flexibility, Organizational Innovation and Adaptation Culture." Chinese Management Studies 10 (4): 657–74. https://doi.org/10.1108/CMS-01-2016-0022.*

*Giang, Huynh Thi Thuy, and Luu Tien Dung. 2021. "Transformational Leadership and Non-Family Employees' Intrapreneurial Behavior in Family-Owned Firms: The Mediating Roles of Adaptive Culture and Psychological Empowerment." Journal of Leadership & Organization Development 42 (8): 1185–1205. https://doi.org/10.1108/LODJ-03-2021-0116.*

*Hargrove, Devin, and Sim B Sitkin. 2011. "Next-Generation Leadership Development in a Changing and Complex Environment: An Interview with General Martin E. Dempsey." Academy of Management Learning & Education 10 (3): 528–33. https://doi.org/10.5465/amle.2011.0006.*

*Iqbal, Qaisar, Noor Hazlina Ahmad, and Zeyun Li. 2021. "A Frugality-Based Innovation Model for Sustainable Development: Technological and Market Turbulence." Journal of Leadership & Organization Development 42 (3): 396–407. https://doi.org/10.1108/LODJ-06-2020-0256.*

*Jankelová, Nadežda, Zuzana Joniaková, Ildikó Némethová, and Jana Blštáková. 2020. "How to Support the Influence of Transformational Leadership on Agricultural Business Performance." Sustainability. https://doi.org/10.3390/su12187510.*

*Jiang, Weiping, Xianbo Zhao, and Jian Zuo. 2021. "Confucian Principles and Performance: A Contractor Leadership Model." International Journal of*

*Construction Management 21 (8): 834–44. https://doi.org/10.1080/15623599.2019.1587678.*

*Katsaros, Kleanthis K, Athanasios N Tsirikas, and Georgia C Kosta. 2020. "The Impact of Leadership on Firm Financial Performance: The Mediating Role of Employee Readiness for Change." Leadership & Organization Development Journal 41 (3): 333–47. https://doi.org/10.1108/LODJ-02-2019-0088.*

*Khan, Irfan Ullah, Gerald Goh Guan Gan, Mohammad Tariqul Islam Khan, and Naveed Saif. 2023. "The Role of Organizational Justice in Linking Leadership Style and Academic Performance in Higher Education." Administrative Science 13 (4): 101. https://doi.org/10.3390/admsci13040101.*

*Kharub, Manjeet, Rahul S Mor, and Rajiv Sharma. 2019. "Relationship between Cost Leadership Competitive Strategy and Firm Performance." Journal of Manufacturing Technology Management 30 (6): 920–36. https://doi.org/10.1108/JMTM-06-2017-0116.*

*Konopaske, Robert, John M Ivancevich, and Michael T Matteson. 2018. Organizational Behavior and Management. Eleventh E. New York: McGraw-Hill Education.*

*Law-Penrose, Jared C., Kelly Schwind Wilson, and David Taylor. 2015. Leader-Member Exchange (LMX) from a Resource Exchange Perspective. Edited by Talya N. Bauer and Berrin Erdogan. Oxford University Press. https://doi.org/10.1093/oxfordhb/9780199326174.013.0017.*

*Li, Jie, Stacie Furst-Holloway, Suzanne S Masterson, Larry M Gales, and Brian D Blume. 2018. "Leader-Member Exchange and Leader Identification: A Comparison and Integration." Journal of Managerial Psychology 33 (2): 122–41. https://doi.org/10.1108/JMP-06-2017-0220.*

*Lyubovnikova, Joanne, Alison Legood, Nicola Turner, and Argyro Mamakouka. 2017. "How Authentic Leadership Affects Team Performance: The Mediating Role of Team Reflexivity." Journal of Business Ethics 141 (1): 59–70. https://doi.org/10.1007/s10551-015-2692-3.*

*Madi Odeh, Rana BS, Bader Yousef Obeidat, Mais Osama Jaradat, Ra'ed Masa'deh, and Muhammad Turki Alshurideh. 2021. "The Role of Transformational Leadership in Achieving Organizational Resilience through Adaptive Culture: The Case of Dubai Services Sector." International Journal of Productivity and Performance Management ahead-of-p (ahead-of-print). https://doi.org/10.1108/IJPPM-02-2021-0093.*

*Mu, Jifeng, Yongchuan Bao, Tejvir Sekhon, Jiayin Qi, and Edwin Love. 2018. "Outside-In Marketing Capabilities and Firm Performance." Industrial Marketing Management 75: 37–54.*

*Mumford, Michael D, Erin Michelle Todd, Cory Higgs, and Tristan McIntosh. 2017. "Cognitive Skills and Leadership Performance: Nine Critical Skills." The Leadership Quarterly 28 (1): 24–39. https://doi.org/https://doi.org/10.1016/j.leaqua.2016.10.012.*

*Muterera, Jonathan, David Hemsworth, Anahita Baregheh, and Blanca Rosa Garcia-Rivera. 2018. "The Leader–Follower Dyad: The Relationship Between Leaders' and Followers' Perceptions of Transformational Leadership and Its Impact on Job Satisfaction and Organizational Performance." International Journal of Public Management 21 (1): 131–62. https://doi.org/10.1080/10967494.2015.1106993.*

*Nguyen, Thi Thu, Lokman Mia, Lanita Winata, and Vincent K Chong. 2017. "The Effect of Transformational Leadership Style and Management Control System on Managerial Performance." Journal of Business Research 70: 202–13. https://doi.org/https://doi.org/10.1016/j.jbusres.2016.08.018.*

*Northouse, Peter G. 2018. Leadership: Theory and Practice. Sage Publications.*

*Odoardi, Carlo, Francesco Montani, Jean-Sébastien Boudrias, and Adalgisa Battistelli. 2015. "Linking Managerial Practices and Leadership Styles to Innovative Work Behavior." Leadership & Organization Development Journal 36*

*(5): 545–69. https://doi.org/10.1108/LODJ-10-2013-0131.*

*Ohemeng, Frank L.K., Emelia Amoako-Asiedu, and Theresa Obuobisa Darko. 2018. "The Relationship between Leadership Style and Employee Performance." International Journal of Public Leadership 14 (4): 274–96. https://doi.org/10.1108/IJPL-06-2017-0025.*

*Pawirosumarto, Suharno, Purwanto Katijan Sarjana, and Rachmad Gunawan. 2017. "The Influence of Work Environment, Leadership Style, and Organizational Culture on Job Satisfaction and Its Implications on Employee Performance at Parador Hotels and Resorts, Indonesia." Journal of International Law and Management 59 (6): 1337–58. https://doi.org/10.1108/IJLMA-10-2016-0085.*

*Pham, Hai, and Soo-Yong Kim. 2019. "The Effect of Sustainable Practices and Managers' Leadership Competence on Construction Firms' Sustainability Performance." Sustainable Production and Consumption 20: 1–14. https://doi.org/https://doi.org/10.1016/j.spc.2019.05.003.*

*Prochazka, Jakub, Martin Vaculik, Petr Smutny, and Stanislav Jezek. 2018. "Leader Traits, Transformational Leadership, and Leader Effectiveness." East European Journal of Management Studies 23 (3): 474–501.*

*Pudjiarti, Emiliana Sri, and Prihatin Tiyanto Priagung Hutomo. 2020. "The Important Role of Effective Organizational Learning to Enhance Innovation and Firm Performance in Market Turbulence Conditions." International Journal of Innovation Science 12 (3): 237–54. https://doi.org/10.1108/IJIS -08-2019-0079.*

*Rahim, M Afzalur. 2014. "Structural Equation Model of Social Intelligence and Creative Performance of Leaders." Creativity and Innovation Management 23 (1): 44–56. https://doi.org/https://doi.org /10.1111/caim.12045.*

*Redmond, Susan, and Pat Dolan. 2016. "Toward a Conceptual Model of Youth Leadership Development." Child & Family Social Work 21 (3): 261–71. https://doi.org/https://doi.org /10.1111/cfs.12146.*

*Sabuhari, Rahmat, Achmad Sudiro, Dodi Irawanto, and Mintarti Rahayu. 2020. "The Influence of Human Resource Flexibility, Employee Competence, Organizational Culture Adaptation and Job Satisfaction on Employee Performance." Management Science Letters 10 (8): 1775–86.*

*Salas-Vallina, Andrés, Yasin Rofcanin, and Mireia Las Heras. 2022. "Building Resilience and Performance in Tough Times: The Effects of Shared Leadership and Morale at All Levels." BRQ Business Research Quarterly 25 (1): 8–27. https://doi.org/10.1177/23409444211035138.*

*Shafi, Mohsin, Zoya, Zheng Lei, Xiaoting Song, and Md Nazirul Islam Sarker. 2020. "The Effect of Transformational Leadership on Employee Creativity: The Moderating Role of Intrinsic Motivation." Asia Pacific Management Review 25 (3): 166–76. https://doi.org/https://doi.org/10.1016/j.apmrv.2019.12.002.*

*Shet, Sateesh V, SV Patil, and Meena R Chandawarkar. 2019. "Competency-Based Superior Performance and Organizational Effectiveness." International Journal of Productivity and Performance Management 68 (4): 753–73. https://doi.org/10.1108/IJPPM-03-2018-0128.*

*Wang, Chung-Jen, Huei-Ting Tsai, and Ming-Tien Tsai. 2014. "Linking Transformational Leadership and Employee Creativity in the Hospitality Industry: The Influence of Creative Role Identity, Creative Self-Efficacy, and Job Complexity." Tourism Management 40: 79–89. https://doi.org/https://doi.org/10.1016/j.tourman.2013.05.008.*

*Wang, Ming-Te, and Jennifer A. Fredricks. 2014. "Reciprocal Relationships Among School Engagement, Adolescent Problem Behavior, and School Dropout During Adolescence." Child Development 85 (2): 722–37. https://doi.org/10.1111/cdev.12138.*

*Wei, Yinghong Susan, Saeed Samiee, and Ruby P Lee. 2014. "The Effects of Organic Organizational Culture, Market*

*Responsiveness, and Product Strategy on Firm Performance in Emerging Markets." Journal of the Academy of Marketing Science 42 (1): 49–70. https://doi.org/10.1007/s11747-013-0337-6.*

*Yasmeen, Humaira, Ying Wang, Hashim Zameer, and Zubair Ahmad. 2020. "Environmental Turbulence as a Moderator of the Impact of Transformational Leadership and IT Business Strategy Alignment on EIS Adaptation." International Journal of Information Systems in Service Sector (IJISSS) 12 (3): 74–92.*

*Yücel, İlhami . 2021. "Transformational Leadership and Turnover Intention: The Mediating Role of Employee Performance during the COVID-19 Pandemic." Administrative Sciences 11 (3): 81. https://doi.org/10.3390/admsci11030081.*