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## **The Effect of Shared Leadership on Business Performance: A Study of the MICE Industry in Jakarta**

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**Abstract:**

*The MICE (meetings, incentives, conferences and exhibitions) industry is considered a big part of Jakarta's tourism sector, while the figure for tourists is also significant.*

*Therefore, hosting events is considered a highly effective way to augment the city's tourism income. The method used in this study is a quantitative approach. The data was obtained from the dissemination of research instruments (questionnaires) to 171 respondents of MICE employees in Jakarta. The data were analyzed using Warp PLS software.*

*The results showed that MICE has an effect on shared leadership. The role of government is not to strengthen shared leadership in improving MICE business performance, but the entrepreneurial orientation to be capable to bridging leadership.*

*Therefore, entrepreneurial orientation is very important in improving the business performance in Jakarta.*

**Keywords:** *Shared Leadership, Role of Government, Entrepreneurial Orientation, MICE Business Performance.*

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## 1. Introduction

The MICE (meetings, incentives, conferences and exhibitions) is one sector in the economic development of a country in which every national and international event organizer requires the support of skilled human resources and good performance (Hall, 2003). Trend growth in MICE tourism in Indonesia faces several obstacles such as: the low awareness of the importance of a tourist destination of MICE activities and the lack of promotion of MICE.

Jakarta's worth is said to be that of being an internationally competitive destination, but in 2014 it dropped to 176 from the previous rank in 2012 where it ranked 172. and one of the most important aspects in improving MICE tourism is to increase positive activities of the stakeholders and to make tourists feel satisfied while they are in these tourist destinations that should be improved MICE business performance (Mazanec *et al.*, 2007; Croes, 2011; Romao *et al.*, 2013; Andrades *et al.*, 2013).

Leadership with a partnership approach is a pattern of behavior that is consistent with the development that can affect the business performance (DuBrin, 2001). Sally (2002) revealed that the shared leadership has existed since ancient times where joint leadership is very effective in improving business performance. But O'Toole *et al.* (2002) observe that research on shared leadership is not effective and so it's rarely done. Shared leadership is basically the teamwork being effective in improving the business performance (Pearce *et al.*, 2009; Harris *et al.*, 2007; Boardman (2001) but in a study conducted by Carte *et al.* (2006) they claim that the shared leadership does not improve the business performance.

Many studies link the shared leadership, entrepreneurial orientation and business performance (Cogliser and Brigham, 2004; Daily *et al.*, 2002; Moreno and Casillas, 2008; Ren and Guo, 2011; Vecchio, 2003). Entrepreneurial orientation always describes how the company will achieve high performance (Lumpkin and Dess, 1996; Miller, 2011; Rauch *et al.*, 2009; Wales *et al.*, 2011).

Scholars state that the entrepreneurial orientation influences the business performance (De Clercq *et al.*, 2010; Green *et al.*, 2008; Rutherford and Holt, 2007). Surprisingly, the literature that could explain the relationship between leadership and entrepreneurial orientation is very limited (Bouchard and Basso, 2011). The relationship between shared leadership and business performance is associated with inconsistent business performance, hence this research adds the role of government as the moderator variable and entrepreneurship orientation as the mediation variable.

## 2. Literature Review

O'Toole *et al.* (2002) argues that the notion of leadership rarely gets the most attention because it doesn't fit with the classical theory of leadership. The most

important arguments are the importance of shared leadership and how it is emerged and why it is needed. Some researchers argue that a leader cannot cooperate while the elements of the joint leadership is composed of people with different skills.

Some other researchers have argued that the shared leadership would be effective more if leadership is done for the purpose of the organization. Shared leadership is collective leadership and collaborative decision-making and has a sense of responsibility for improving performance (Hoch and Dulebohn, 2013). Shared leadership is the collective influence which the members share with each other in a team. To achieve this leadership must interact and be dynamic in improving the performance (Pearce and Conger, 2003). Carson *et al.* (2007) define shared leadership as being the work done together between leader and follower.

Worley and Lawler (2006) show three advantages of shared leadership. First, spread knowledge and power, allowing for a fast response in the organization. Secondly, with the approach of sharing, members can develop leadership and management skills through strategy, and create value and other tasks in the organization. Third, leaders at different levels who have a grasp on the internal organization of the external environment are seen as an important factor to change the company.

White and Smith (2010) stated that the shared leadership may be advantageous in improving the business performance. Several studies have shown a significant relationship between shared leadership and business performance. Pearce and Barkus (2004), Hiller *et al.* (2006), Ishikawa (2012), Small and Rentsch (2010) and Greenberg *et al.* (2001) described the shared leadership as a way for the CEO to work well improving performance. The word entrepreneurship itself actually originated from the French and it means adventurers, creators, and business manager. Drucker (1996) says that entrepreneurship is the ability to create something new and different.

Robbins and Coulter (2007) suggest that entrepreneurship is the process whereby an individual or a group of individuals uses organized efforts and means to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources are currently available.

### **3. Research Methodology**

#### **3.1 Approach and type of study**

This study uses a quantitative approach, data collection was done using research instruments and quantitative data analysis was used, with the aim to test the hypothesis that has been set. Research with a quantitative approach is deductive, whereby concept or theory is used to formulate hypotheses and answer questions. The hypothesis is then tested through field data collection based on the principle of rational empirical results. The population for this study consisted of hotel managers

in Jakarta who amounted to 300 people. The sample in this study was decided by using the Slovin formula which is  $n = N / 1 + Ne^2$ , and a further sampling technique used was simple random sampling. With a error significance level of 0.05. Using the formula Slovin formula -  $300 / (1 + 300 \times 0.05 \times 0.05) = 171$  persons.

## **3.2 Data analysis technique**

### **3.2.1. Descriptive statistical methods**

Descriptive analysis is used to determine the respondent's description of indicators of every research variable. A description of each indicator is expressed in the value of the frequency and average values. Picture obtained presents respondents' perceptions of the indicators by reflecting a variable. Descriptive analysis was also intended to describe the tendency of respondents towards the indicator statement relating to the research variables.

### **3.2.2. Inferential statistical methods**

To test the hypothesis and build a model which is worthy (fit), this study uses data analysis methods warp PLS (Partial Least Square) software. This study aims to examine and analyze the causal relationship between exogenous and endogenous variables and simultaneously check the validity and reliability of the research instrument as a whole. Warp PLS techniques are a powerful tool to confirm the theory of the relationship between variables contained in the structural model.

### **3.2.3. Moderation variable analysis**

One method to analyze the moderating variable is regression involving moderating variables in constructing the research model. Moderating variable acts as a variable that can strengthen or weaken the relationship between predictor variables and the dependent variable. If there is no moderating variables in the proposed model known as regression analysis, the absence of moderating variables erases it. The relationship between the predictor variables with the dependent variables must exist can still be done (Solimun, 2011).

### **3.3.4. Mediation variable analysis**

Analysis of mediating variables can be done through two approaches, differences in coefficients and multiplication coefficient. The approach of coefficient differences uses the screening method to perform analysis with and without the involvement of mediating variables. Inspection methods mediating variables approach coefficient differences is done as follows: (a) examine the direct influence of independent variables on dependent variables in the model involving mediating variables; (b) examine the influence of independent variables on dependent variables on models without involving the mediating variables; (c) independent variables examined the influence of the variable mediation; (d) examine the effect of mediation on the dependent variable (Solimun, 2011).

## **4. Discussion**

The composition of the actors in the MICE business is dominated by men, based on the information that in conducting national and international events we don't know when the job is done day and night. Pulkkinen (1996) describes the character of men as being able to carry out the work quickly, driven by strong physical power and tends to work in a team (team work). Besides, men always promote entrepreneurship. Being an entrepreneur is the right choice because it can develop their potential in managing the company. Meanwhile, women as a minority is also in line with the findings of Pulkkinen (1996) that women are generally docile, passive and prefer the family.

Characters owned by women are less suited to managing the MICE business in an increasingly competitive global competition. Therefore, the company MICE Services business is dominated by men at 75% and 25% of women. It is generally known that education is correlate with the knowledge and behavior of people so that the higher the level of education a person has, the higher the level of knowledge and the more effective behavior is. This also applies in managing MICE business. MICE business leaders who have a relatively high level of education will manage the business effectively, according to careful planning so that it can carry out activities both nationally and internationally.

**Table 1.** *Description of Respondent*

No	Description	Amount	Percent ( % )
1.	Gender:		
	• Male	121	75
	• Female	50	25
	Total	171	100
2.	Respondents age:		
	• 0 -30 years	40	15,
	• 30 years - 40 years	60	18.
	• More than 40 years	71	57
	Total	171	100
3	Level of education:		
	• Senior high school	50	20
	• Diploma IV, Tourism	98	70
	• Bachelor degree	23	10
	Total	171	100
4	Length of work:		
	• 0-10 years	51	20
	• More than 10 years	120	80
	Total	171	100

**Source:** *Research Results 2016.*

Based on Table 1 which refers to the level of education of the entrepreneurs in MICE, 70 percent finished a Diploma IV in School of Tourism, while 10 percent have an undergraduate level of education. Based on interviews with the respondents they do not continue their education because of busy businesses. The entrepreneurs

generally are relatively aged over 40 years so they think continuing education is not something that is important.

#### 4.1 Comparison between the load factor and average values

Based on Table 2 the highest indicator for reflecting the shared leadership is the indicator of "look for opportunities" having a charge factor of 0.760 or 76%. The respondents consider that seeking opportunities is important for the company in the field of MICE. But in reality, these expectations are not met because the empirical mean value of this indicator cannot be said to be good (3.91) which is still below the number four. The 3.91 Figure indicates that many respondents who disagree or are neutral to the indicator, seek these opportunities. The lowest indicator for reflecting the shared leadership is the indicator of cooperation having a value of 0.591 or load factor of 59.1%. The respondents consider that cooperation very important. They also consider that deregulation is very important for the development of MICE in Jakarta.

Respondents who see the role of government as a facilitator have a load factor of 0.712 or 71%. Although the government has been working hard in building the infrastructure in Jakarta so that all the facilities and infrastructure may support the MICE, the expectations of respondents are very high. But this is still not good because the average value of the indicator is still below the number four (3.85). Both indicators have the same loading of 80%. This result of factor loadings is pretty high expectations on this indicator.

The indicator in reflecting the entrepreneurial orientation is an indicator courage to take risks with the value of load factor of 0.801 or 80%. Courage to take risks according to respondents is absolutely necessary and very important for the development of entrepreneurial orientation. But in reality this indicator did not get a good average value of the respondents (3.61) which means that there are still many who disagree or are neutral. The highest indicator in reflecting the variable MICE business performance is the indicator of quantity. Quantity in performance is the amount of work performed by a person oremployees in a given period. But in reality this is not quite good because their mean value is still below the number four (3.60). Indicators of the lowest in the MICE business performance reflects the quality factor at 0701 or 70% . But in practice this is not good because the average value of this indicator is below four (3.41). This indicates that many of the respondents still disagree, strongly disagree or are neutral against those indicators.

**Table 2.** *The load factor comparison with the average value*

No	Variable / Indicator	Loading factor	Means
	Shared Leadership		
1	X1.1 Empowerment	0,726	3.89
2	X1.2 Seek Opportunity	0.760	3.91

3	X1.3 Self Development	0.619	3.99
4	X1.4 Cooperation	0.591	4.10
	Government role		
5	Y1.1 Facilitator	0.712	3.85
6	Y1.2 Deregulation	0.719	3.90
	Entrepreneurship Orientation		
7	Y2.1 Dare To Take Risks	0.801	3.61
8	Y2.2 New Innovation	0.802	3.55
	MICE Business Performance		
9	Y3.1 quality	0.701	3.41
10	Y3.2 quantity	0.801	3.60

Source: Research Results 2016.

## 4.2 Hypothesis Test Results

The first hypothesis proposed in the conceptual framework states that “*Shared Leadership has a significant influence on the MICE business performance*”. The result of the calculation shows that shared leadership (X) has a significant effect on the business performance (Y3) with a path coefficient of 0.133 and  $p = 0.038$ . Given  $p$  is less than 0.05 then it is said to be significant, so the hypothesis is accepted. Path coefficient is positive (0.130) indicating that the better the shared leadership the higher the growth of MICE business performance.

The second hypothesis states that “*Shared Leadership has a significant effect on Entrepreneurship Orientation*”. The results showed that the shared leadership (X) has a significant influence on entrepreneurial orientation with path coefficient of 0.413 and  $p = 0.001$ . Given  $p$  is less than 0.05 then it is said to be significant. The path coefficient of (0.413) is positive and indicates that the better the shared leadership, then the better the entrepreneurial orientation.

The third hypothesis states that “*entrepreneurial orientation significantly influence the MICE business performance*”. The result of calculation shows that the entrepreneurial orientation significantly influences the MICE business performance with a coefficient of 0.593 and  $p = 0.001$ . Given  $p$  is less than 0.05 then it is said to be significant. The path coefficient of (0.593) is positive and this indicates that the better the entrepreneurial orientation, then the better the MICE business performance services are.

The fourth hypothesis that has been built declared that “*the government's role has a moderating influence on the performance of shared leadership on MICE business performance*”. The result of calculation shows that the role of government tweakens the relationship between shared leadership and MICE business performance with a path coefficient of -0083 and  $p = 0.232$ . Given  $p$  is greater than 0.05 then it is said to be insignificant. The coefficient is negative (-0083) and the result of interaction with the shared leadership with the government role is of -0114 with a path coefficient of

$p = 0.064$ . Given the path coefficient is negative then it is said to be insignificant. Thereby the government's role weakens MICE business performance.

**Table 3. Result of Inner Weight**

Variable relationship	Coefficients	P Values	Information
Shared leadership ->Business Performance	0.133	0.038	Significant
Shared leadership → entrepreneurship orientation	0.413	0.001	Significant
Entrepreneurship Orientation->Business Performance	0.593	0.001	Significant
Government Role ->Business Performance	-0.083	0.232	Non-Significant
Shared Leadership x Government Role	-0.114	0.064	Non-Significant

*Source: Research Results 2016.*

**Table 4. Mediation test**

Variable relationship	Coefficients	P Values	Information
Shared Leadership -> MICE Business Performance through Entrepreneurship orientation.	0,245	0,001	<i>Weakly significant</i>

Path coefficient shows an indirect effect of Shared Leadership (X) on the MICE business performance (Y3) through entrepreneurial orientation (Y2). The Coefficient amounted to 0.245,  $p = 0.001$ . Given that  $p$  is less than 0.10, then it is said to be weakly significant,

**Table 5. Effect of Total**

Variable relationship	Coefficient	P Values	Information
Shared Leadership → MICE Business Performance through Entrepreneurship orientation	0,378	0,001	$(0,378)^2 \times 100\% = 14,28\%$

From Table 6 we can explained that much influence (total effects) of a latent variable (exogenous) is creates an endogenous effect to latent variables. The total effect on entrepreneurial orientation is equal to 0.378 or 14.28%. This means that the entrepreneurial orientation of latent variables provide a major contribution in influencing the MICE business performance in Jakarta.

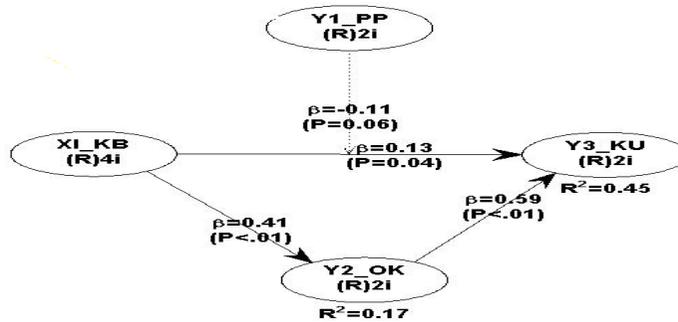
**Table 6. Moderation variable**

Variable relationship	Coefficient	P Values	Information
Shared leadership * government rule	-0.114	0.064	Non-significant

Moderating variables of the model included a Homologize Moderator. Homologize moderation can be identified through the variable correlation coefficient of the government's role with MICE business performance which is statistically insignificant with value -0.083, t-table value with 0,05 alpha of 1645, then it can be seen from the moderating variable correlation coefficient with business performance

has no significant statistical value  $0,232 < t$ -table with alpha 0,05 for 1,645. Further research model can be presented below in Figure 1:

Figure 1. Research model chart



## 5. Conclusion

Based on the formulation of the problem, research objectives, hypothesis testing and discussion, the following can be summarised:

1. Shared Leadership is formed of empowerment indicators, looking for opportunities, self-development and co-operation related to MICE business performance in Jakarta.
2. Shared Leadership can be directly linked with the entrepreneurial orientation as reflected by the courage to take risks and new innovations.
3. Orientation entrepreneurship can improve the MICE business performance in Jakarta.
4. The government has not been instrumental in supporting the shared leadership despite some government policies to support the company has been issued but the implementation was not able to meet expectations.
5. Orientation entrepreneurship becomes important in improving business performance by ther MICE instigation shared leadership.

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