SUMMARY

ANDRI. The Effect of Leadership Behavior on Organizational Performance in Palm Oil Mills (POM) Sei Galuh PT. Perkebunan Nusantara V (PTPN V) Kampar - Riau. Supervised by AJI HERMAWAN and ANGGRAINI SUKMAWATI.

The increase of negative campaigns on palm oil industry has resulted in more intense competition in palm oil industry. To deal with this, one important key in the company’s strategy is management of human resources. Leadership behavior is one of the keys in order to improve company performance.

The purposes of this study are (1) to analyze leadership behaviors that affect organizational performance and (2) to analyze which leadership behavior to be applied in order to improve organizational performance in POM Sei Galuh PTPN V. The data was collected using questionnaire survey. The questionnaires were distributed to 60 respondents using pusposive sampling technique. The content of the questionnaire was adopted from Yukl’s three-dimensional leadership theory model. The organizational performance was measured using the percentage of achievement of the main performance indicator (MPI). Data was analyzed using multiple linear regression.

The results show that relationship-oriented leadership behavior has a significant and positive effect on organizational performance and the change-oriented leadership behavior has a significant and negative effect on organizational performance. The results have important implications for organizational leaders. The leaders are advised to maximize relationship orientation behavior towards their employees in order to improve organizational performance and the leaders should manage organizational change carefully so that change orientation will not have adverse impact for the company.

Keywords: organizational performance, palm oil mill, leadership behavior