

Assessing the Role of Strategic Planning & Transformational Leadership on MNCs Organizational Performance

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Abstract

This study investigates the impact of strategic planning on organizational performance with the mediation of transformational leadership. The research specifically focuses on multinational corporations (MNCs) within the manufacturing sector. A total of 243 managerial staff from these MNCs participated in the study. The findings reveal that strategic planning significantly enhances both transformational leadership and organizational performance. Furthermore, transformational leadership plays a crucial role in mediating the positive relationship between strategic planning and organizational performance. Using the VRIN framework from Resourced-Based View (RBV) theory, the study highlights that both strategic and transformational leadership are essential strategic resources that contribute to improving organizational performance. Practically, these results serve as a guide for managers aiming to optimize strategic planning and transformational leadership to boost performance. Additionally, the study suggests that policymakers should reinforce their commitment to environmental, social, and governance (ESG) issues pertaining to corporate governance, ultimately enhancing competitiveness in the global market. Future research is recommended to broaden the scope of this study by exploring other regions or adding variables such as job satisfaction and organizational innovation to gain a deeper understanding of their influence on performance improvement.

Keywords: Strategic Planning, Transformational Leadership, Organizational Performance, MNC, RBV

Introduction

Multinational Corporations (MNCs) are companies that operate in at least one country outside their country of origin, utilizing global resources and markets, playing an important role in capitalism and global development, influencing economic policies in their home countries and host countries, and often generating most of their revenue abroad (Suchithra,

2023; Multinational Enterprises, 2022). MNCs are business entities that make direct investments in production capacity in other countries to seek economic profits (Thakur, 2020). This makes MNCs the main drivers of global economic integration, contributing to international trade, foreign direct investment (FDI), and technological development (Liu, 2025). Therefore, companies classified as MNCs are key players in contemporary international economic relations and consistently grow in scope and influence within the context of globalization (Muzondiwa et al., 2022).

The economic growth of the Riau Islands, which achieved the highest growth rate in Sumatra at 5.20%, cumulatively demonstrates that the Riau Islands have achieved extraordinary growth compared to other provinces in Sumatra, Indonesia (BPS Sumsel, 2024). The economic growth is primarily driven by the manufacturing sector in the processing industry, which contributed the largest share to growth at 3.86%, followed by the construction sector with a growth contribution of 2.41% (BPS Kepri, 2024).

According to data from safeguardglobal.com (2023), Indonesia is among the top ten leading contributors to global manufacturing goods, and is the only ASEAN member with a contribution of 1.4% (US\$0.23 trillion). The manufacturing industry encompasses activities that involve processing raw materials into finished products and may include various types of activities, from assembly to product modification (Fatyandri et al., 2023). The manufacturing industry plays a crucial role in improving living conditions, building local capital, and achieving high productivity (Hussain & Sudhir, 2024). The manufacturing sector plays a vital role in economic development and job creation in Indonesia; therefore, companies in this sector must be able to enhance their competitive advantage (Fatyandri et al., 2023).

Company's ability to identify problems, justify capital use, and ensure resource optimization will improve organizational performance, which ultimately contributes to long-term stability and competitiveness in the market (Zhang, 2023). Organizational performance is a critical aspect for organizations to assess the extent to which implemented strategies are successful by conducting performance evaluations to identify areas requiring improvement and allocating resources (financial, human, and technological) more effectively, while also providing accountability to stakeholders (Kamuri et al., 2025). Organizational performance is a series of achievements of an organization that has implemented a series of activities as an implementation of predetermined objectives (Singhroha & Yadav, 2025; Alosani & Yusoff, 2019). Organizational performance is an indicator of the success of an organization's performance, which will enhance the organization's competitiveness and impact stakeholders (Habeeb & Eyupoglu, 2024). Habeeb & Eyupoglu (2024) emphasize that good organizational performance in higher education institutions is not only related to their internal achievements but also plays an important role in supporting the implementation and achievement of the SDGs (Sustainable Development Goals) more broadly.

Habeeb & Eyupoglu (2024) confirm that strategic planning is not only important for setting the direction of higher education institutions, but also significantly influences organizational performance, enabling them to operate more efficiently and effectively. Strategic planning has also become an integral part of modern management tools and one of the most important approaches to improving organizational performance (Abdul Rahman, 2019; Gomera et al., 2018; Omotayo et al., 2018). Among these is its role in addressing the

era of rapid technological change, which has rendered traditional strategic planning approaches less effective. We have now entered an era of evolution and adoption of advanced technologies that have a significant impact on various sectors, requiring strategic responses from organizations and governments (UNCTAD, 2019). Strategic planning must adapt to rapid changes to ensure that companies remain competitive in responding to VUCA (Volatility, Uncertainty, Complexity, Ambiguity) challenges through the use of VUCA Radar (Winkler et al., 2024). Companies can enhance the effectiveness of their strategies in dealing with the VUCA environment by prioritizing agility and better communication (Allio, 2024). Artificial intelligence can support strategic planning in the VUCA environment by improving data-driven decision-making and managing business uncertainty (Scheibel et al., 2024).

Transformational leadership is considered one of the keys to achieving organizational performance with its active, supportive, and encouraging characteristics (Kavalić, 2021; Northouse, 2018). This leadership style encourages intellectual stimulation and personal development of staff, leading to increased job satisfaction and overall organizational success (Andoko et al., 2024; Manar & Salim, 2024). Islam et al. (2018) state that transformational leadership has a stronger correlation with organizational performance, where the stronger the transformational leadership, the higher the organizational performance (Raflianto & Laily, 2020). This is further emphasized by Habeeb & Eyupoglu (2024), who assert that transformational leadership plays a crucial role in enhancing organizational performance in higher education institutions by motivating individuals, fostering a positive culture, and inspiring them to achieve organizational goals. This is supported by the World Economic Forum, which released a list of the Top 10 Skills most needed in 2023 and in the future, including leadership and social influence as one of them, in ninth position. Although ranked in ninth position, leadership and social influence are considered important for exerting effective social influence and for encouraging collaborative efforts with others that facilitate interpersonal connections in innovative and creative endeavors within a professional environment, ultimately contributing to the enhancement of various competencies.

The novelty of this research lies in its focus on the unique context of multinational corporations (MNCs) within the manufacturing sector, emphasizing the roles of strategic planning and transformational leadership in enhancing organizational performance. By concentrating on managerial staff as respondents, this study offers fresh insights into how these strategic resources can be leveraged effectively. Additionally, the integration of the VRIN framework from Resource-Based View (RBV) theory highlights the importance of these elements as key drivers for sustainable competitive advantage. This study contributes to the existing body of knowledge by demonstrating the positive interplay between strategic planning, transformational leadership, and organizational performance, providing valuable implications for both practitioners and policymakers.

Literature Review & Hypothesis

Theoretical Framework

The article written by Barney (1991) is considered an important milestone in the development of Resource-Based View (RBV). Barney (1991) provides the VRIN (Valuable, Rare, Inimitable, Non-substitutable) framework to evaluate the potential of company resources in creating sustainable competitive advantage in the context of the development of the RBV theory. Barney (1991) introduces the VRIN framework which consists of: Valuable,

Rare, Imperfectly Imitable, and Non-substitutable. Barney (1991) emphasized two key assumptions about resource heterogeneity and immobility. Resource heterogeneity is a condition in which companies in an industry or strategic group have unique resources in the form of physical assets, human resources, and organizational capabilities. Meanwhile, resource immobility is a condition in which these resources are inherent to the company, making it difficult for them to be transferred or replicated by competing companies.

Strategic Planning and Transformational Leadership

Habeeb & Eyupoglu (2024) found that strategic planning contributes positively to the development of transformational leadership. The results of research by Eli-Chukwu et al. (2023) shows that strategic planning and transformational leadership are key to overcoming challenges in the implementation of e-learning in higher education institutions in Nigeria. Transformational leaders who are able to inspire and motivate staff and students in higher education institutions are expected to facilitate this change by providing intensive training to staff on the use of e-learning technology and pedagogy.

Egielewa et al. (2022) emphasize the importance of good strategic planning in creating a desired future for educational organizations in the implementation of online learning. Likewise, transformational leadership plays an important role in creating positive and sustainable change in educational organizations. To address this issue, good strategic planning is needed to identify and allocate the resources needed to advance educational infrastructure and technology. Samad et al. (2015) state that transformational leadership not only plays a role in facilitating strategic planning, but also in increasing the positive impact of this planning on organizational performance. This research is based on relevant strategic management theories, such as RBV and Emergent Theory, which support the argument that effective leadership can strengthen the relationship between strategic planning and organizational performance.

Research conducted by Sny (2013) shows that transformational leadership has an important role in strategic planning in educational organizations. The research emphasizes that transformational leaders are able to create a clear vision and mobilize the commitment of members of the organization to jointly achieve the same goal. In addition, these leaders can overcome the tension between stability and change, and manage the dynamics between expectations and fears in the process of organizational transformation.

Strategic planning is one of the company's strategic resources that can become a sustainable competitive advantage which will ultimately improve the company's competitiveness and organizational performance for the better. This study examines the impact of strategic planning in improving transformational leadership in MNCs in Riau Islands, Indonesia. RBV theory support this idea because companies that set clear goals in line with their resources and actions supported by transformational leadership have a greater chance of success. Therefore, this study proposes the following hypothesis:

H₁ – Strategic Planning has a positive effect on Transformational Leadership

Transformational Leadership and Organizational Performance

Habeeb & Eyupoglu (2024) show transformational leadership has been proven to improve organizational performance by creating a proactive, engaged, and collaborative culture. This situation illustrates that inspirational and visionary leadership is crucial to achieving strategic goals and measurable organizational results. Alshahrani et al. (2024) state that transformational leadership functions as an important mediator in the relationship between innovative work behavior and organizational performance. Leaders who are able to inspire and motivate employees tend to increase innovation in the workplace. Motivation to learn and a climate of innovation also contribute to an increase in innovative work behavior, which in turn has a positive impact on organizational performance.

The results of Zhu & Huang's (2023) research on SMEs in China show that transformational leadership has a significant positive effect on ESG performance in small and medium-sized enterprises. Leaders who demonstrate transformational leadership characteristics can encourage companies to focus more on sustainable practices. Research also emphasizes the importance of building and maintaining external social capital. Muafi & Johan (2022) show in their research that transformational leadership has a positive impact on service performance in start-ups in Indonesia. The study also found that the intensity of competition and the organizational learning culture serve to moderate the correlation between transformational leadership and service performance. Specifically, the study identified that leaders who apply a transformational leadership style have the ability to increase employee motivation and performance, as well as contribute to improved service performance.

This study examines the impact of transformational leadership in improving organizational performance in MNCs in Riau Islands, Indonesia. RBV theory support this idea because transformational leadership is considered a strategic resource for companies that will support improved organizational performance. transformational leadership is able to produce high performance, satisfaction levels, commitment, high follower loyalty, follower empowerment, and effective organizational change. Therefore, this study proposes the following hypothesis:

H₂ - Transformational Leadership has a positive effect on Organizational Performance

Strategic Planning and Organizational Performance

Habeeb & Eyupoglu (2024) show that strategic planning has an important role in improving organizational performance in higher education institutions in Nigeria. This research provides evidence that strategic planning can improve organizational performance and support transformational leadership. Elliott et al. (2020) found that strategic planning has an indirect effect on performance, which is mediated by the divergent activities of middle managers and the salience of external stakeholders in the Police Force of England and Wales. This means that how strategic planning is implemented and the involvement of middle managers in the process can significantly affect organizational performance.

Mabai & Hove (2020) in their research found that strategic planning serves as a basis for balancing departmental strategic documents with government planning documents, as well as helping to set SMART (Specific, Measurable, Achievable, Relevant, Time-bound) goals and objectives. Meanwhile, research by Alosani et al., (2020) concluded that strategic planning and innovation have a significant positive impact on organizational performance in the Dubai police force, which includes the development of a clear vision, mission, and objectives as well as strategies to achieve them. Tefera & Abebe (2024) show that there is a strong and positive correlation between strategic planning and organizational performance in public banks operating in Eastern Hararghe, Ethiopia. This shows that banks that implement strategic planning well tend to perform better.

This study examines the impact of strategic planning in improving organizational performance in MNCs in Riau Islands, Indonesia. RBV theory supports this idea because strategic planning is considered one of the company's strategic resources that will support the improvement of organizational performance by aligning the organizational culture with strategic objectives that are systematic and used by the organization to set long-term direction and goals, as well as develop strategies to achieve organizational goals. Therefore, this study proposes the following hypothesis:

H₃ - Strategic Planning has a positive effect on Organizational Performance

Transformational Leadership, Strategic Planning, and Organizational Performance

Al-Aamri et al. (2024) emphasize the importance of academic staff involvement in the strategic planning process, which will ultimately contribute to improving organizational performance in higher education institutions in Oman. Habeeb & Eyupoglu (2024) reveal the importance of strategic planning and transformational leadership in improving the performance and sustainability of higher education institutions in Nigeria. Singh et al. (2023) show that there is a significant positive relationship between strategic planning, leadership style, and organizational performance. This study emphasizes the importance of strategic planning in dealing with changing market dynamics. Technology-driven leadership style proves to be an important link between external market dynamics and internal work processes that can ultimately improve organizational performance.

Juliana et al. (2021) shows a significant relationship between strategic planning, leadership style, and organizational performance. Companies that implement transformational leadership tend to have a more flexible and innovative culture, while companies with transactional leadership focus more on control and efficiency. This study also emphasizes that financial performance and non-financial performance are interrelated and influenced by the alignment between business strategy, leadership style, and organizational culture. Samad et al. (2015) show that there is a significant positive correlation between strategic planning and organizational performance. Transformational leadership functions as a moderator that strengthens the relationship between strategic planning and organizational performance. This means that organizations led by transformational leaders tend to perform better when they implement strategic planning effectively.

This study examines transformational leadership as a mediator of the positive influence of strategic planning in improving organizational performance in MNCs in Riau Islands,

Indonesia. RBV theory support this idea because strategic planning and transformational leadership are considered strategic resources of the company that will support the improvement of organizational performance by aligning the organizational culture with strategic objectives that are systematic and used by the organization to set long-term direction and goals, as well as develop strategies in achieving organizational goals. Therefore, this study proposes the following hypothesis:

H₄ – Transformational Leadership mediates the influence of Strategic Planning on Organizational Performance

All of the hypotheses of this study are presented in the following conceptual model:

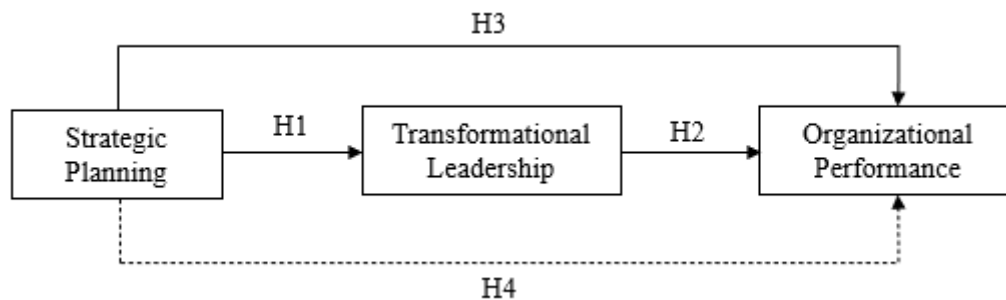


Figure 1. Conceptual Model

Methodology

Research Design

This study uses a quantitative research method that focuses on the collection and analysis of numerical data, relying on statistics to analyse data obtained from a representative sample of the population, so that the results can be generalized. This method aims to test hypotheses and to explain the relationship between the variables involved in the study. (Bougie & Sekaran, 2019; Hermawan & Yusran, 2017). This study is a hypothesis testing with the aim of explaining the nature of a certain influence between variables or testing the level of significance of the influence between two or more variables. This study tests the hypothesis of the influence of independent variables, namely strategic planning and knowledge management, on organizational performance both directly and indirectly (Hair et al., 2020).

Population & Sample

The population is a set of objects or elements relevant to a research project because it has information that is designed to be collected by the research project (Hair et al., 2020). The population relates to all groups of people, events, or objects that are the focus of the researcher's attention for research (Hermawan & Yusran, 2017). The object of this study consist of managerial level of multinational companies from manufacturing sector and operating in Riau Islands region of Indonesia. The sample in this study was determined based on the number of questions on the questionnaire consist of 28 indicators and multiplied by 5, so that the minimum sample size was determined to be 140 respondents (Hair et al., 2020).

Data Collection

The data used in this study came from primary sources obtained through the online distribution of questionnaires. Primary data is collected directly by researchers for the specific purpose of the study being conducted, which is original data obtained from the first source, not from previous studies or existing information (Sekaran & Bougie, 2019).

The distribution of questionnaires in the scope of this research was carried out through online media using a google form that was randomly distributed to employees who had held managerial positions for at least one year, which included: managers, senior managers, general managers, and directors of MNCs from manufacturing sector and operating in Riau Islands, Indonesia through various communities and also references.

Measurement

The measurement scale used in this study uses demographic characteristics and variables measured using a Likert scale (1-5). The questions used to measure company data consist of three questions, and the demographic data of respondents consists of five questions. Organizational performance uses ten indicators adopted from Al-shami & Al-nashmi (2024), strategic planning uses ten indicators adopted from Natasha & Devie (2013), and transformational leadership uses eight indicators adopted from Zhu & Huang (2023).

Data Analysis

Data analysis methods used in this study were descriptive statistical (JASP 0.19.3.0) and Structural Equation Model (Smart PLS 3.2.9). Descriptive statistics is a statistical methodology used to describe and summarize a collection of data, with the aim of explaining descriptive information about the characteristics and trends inherent in the collected data, which consists of the mean and standard deviation (Bougie & Sekaran, 2019).

Structural Equation Model (SEM) is a statistical analysis technique that is very useful for testing and modelling complex relationships between variables and providing information on how these variables interact with each other. SEM can evaluate the reliability and validity of measurement instruments used in research, as well as ensure that all constructs are measured accurately. SEM is suitable for use with large and complex data sets (Bougie & Sekaran, 2019).

Model measurement analysis (outer model) is an important step in the research process that ensures that the constructs being measured are of good quality, which in turn supports the validity and reliability of the research results (Hair et al., 2020). Measurement model testing (outer model) can be conducted through two methods: reliability testing and validity testing. Reliability is measured using Cronbach's Alpha and Composite Reliability values, while validity is assessed using the AVE value. Next step, structural model analysis (inner model) is performed to obtain path coefficients, adjusted R-squared values, indirect effects, and standardized root mean residuals. For the last step, the proposed hypotheses are tested.

Result

Respondents Demographic Profile

The demographic profile of respondents in this study consists of five items: position, department, length of service, age, and education. Table 1 summarizes the demographic profile of respondents.

Table 1

Demographic profile of respondents

Item		Frequency	Percentage
Position	Director	2	0,82%
	General Manager	4	1,65%
	Senior Manager	21	8,64%
	Manager	216	88,89%
Total		243	100%
Department	Human Resource	49	20,16%
	Produksi	37	15,23%
	Quality	35	14,40%
	Supply Chain	24	9,88%
	Operations	24	9,88%
	Support	17	7,00%
	Test & Maintenance	17	7,00%
	Competency & Improvement	16	6,58%
	Finance & Accounting	14	5,76%
	Logistic & Warehouse	10	4,12%
Total		243	100,00%
Length of Service	1 year - less than 3 years	65	26,75%
	3 years - less than 6 years	63	25,93%
	6 years - less than 9 years	43	17,69%
	9 years or more	72	29,63%
Total		243	100,00%
Age	< 30 years	10	4,11%
	30 - < 35 years	29	11,93%
	35 - < 40 years	64	26,34%
	40 - < 45 years	57	23,46%
	45 - < 50 years	57	23,46%
	50 years and above	26	10,70%
Total		243	100%
Education	Magister	16	6,58%
	Bachelor's degree	208	85,60%
	Diploma	11	4,53%
	High School or equivalent	8	3,29%
Total		243	100%

Descriptive Statistics

The descriptive statistics of this study ranged between 4 (agree) and 5 (strongly agree) with the following details: organizational performance (4.42), strategic planning (4.66), and transformational leadership (4.57). The standard deviation generated from each indicator used was smaller than the average value. This indicates that most of the values in the dataset are relatively close to the mean, resulting in consistent measurement outcomes that provide

an accurate representation. Therefore, the variation between values is not significant. Based on the mean values and standard deviations obtained from the measurement results, it can be concluded that MNCs in the Riau Islands, Indonesia, have implemented the indicators used in the three research variables within their organizations.

Measurement Model Analysis (Outer Model)

Reliability Test

Based on reliability tests result in Table 2, organizational performance, strategic planning, and transformational leadership have Cronbach's Alpha & Composite Reliability values > 0.7. This value indicates that the indicators used in this study are reliable (Hair et al., 2020).

Table 2

Reliability Test Results

	Cronbach Alpha	Composite Reliability	Result
Organizational Performance	0.934	0.944	Reliable
Strategic Planning	0.961	0.967	Reliable
Transformational Leadership	0.945	0.955	Reliable

Validity Test

Based on validity tests result in Table 3, all constructs have Cronbach's Alpha & Composite Reliability values > 0.7, indicating that the indicators used are well related (Hair et al., 2020). Therefore, it can be concluded that the measurement instrument used in this study has good reliability. The AVE (Average Variance Extracted) values for all constructs in Table 2 are > 0.5. This indicates that the constructs have good convergent validity (Hair et al., 2020).

Table 3

Validity Test Results

	AVE	Result
Organizational Performance	0.629	Valid
Strategic Planning	0.748	Valid
Transformational Leadership	0.752	Valid

Based on the results of the reliability and validity tests, the measurement model can be continued to the structural model test.

Structural Model Analysis (Inner Model)

Goodness of Fit Model

Based on the goodness of fit model data in Table 4, organizational performance and transformational leadership have a very good model with Adjusted R-square values of 0.620 and 0.474. This is in accordance with the criteria of Hair et al. (2020) which states that an R-square value ≥ 0.3 is in the very good category. The model is considered very good and shows that most of the variation in the dependent variable can be explained by the independent variables.

The Adjusted R-square value for organizational performance of 0.620 shows that the strategic planning and transformational leadership variables are able to explain the organizational performance variable by 62.0%, while the remaining 38.0% is explained by other variables that are not included in the model. Then the Adjusted R-square value for transformational leadership is 0.474, indicating that the strategic planning variable is able to explain the transformational leadership variable by 47.4%, while the remaining 52.6% is explained by other variables not found in the model.

Table 4

Goodness of Fit Model

	R-square	Adjusted	R-square	Result
Organizational Performance	0.623	0.620		Very Good
Transformational Leadership	0.476	0.474		Very Good

Standardized Root Mean Residual (SRMR)

Based on Table 5, it can be seen that the SRMR value of original sample is 0.071 (below 0.08), which means that the average size of the difference between the expected and observed covariance matrices indicates that the model has a good fit with the data (Hair et al., 2020).

Table 5

Standardized Root Mean Residual (SRMR)

	Original Sample (O)	Sample	Mean (M)	Result
Saturated Model	0.071		0.042	Good Fit
Estimated Model	0.071		0.042	Good Fit

Hypothesis Testing

Based on Table 6, it can be seen that the test results for all hypotheses reject H_0 and support H_1 , H_2 , H_3 , and H_4 with p-value < 0.05 and positive values in the original sample. It can be concluded that strategic planning has a positive effect on transformational leadership and organizational performance. Transformational leadership has a positive effect on organizational performance, and transformational leadership mediates the positive effect of strategic planning on organizational performance.

Table 6

Hypothesis Testing Results

Hypothesis	Original Sample	P-Value	Result
H ₁ : Strategic Planning → Transformational Leadership	0.685	0.000	Supported
H ₂ : Transformational Leadership → Organizational Performance	0.241	0.000	Supported
H ₃ : Strategic Planning → Organizational Performance	0.600	0.000	Supported
H ₄ : Strategic Planning → Transformational Leadership → Organizational Performance	0.165	0.000	Supported

Discussion

The Positive Effect of Strategic Planning on Transformational Leadership

The results of the study indicate that strategic planning influences transformational leadership in MNCs in Riau Islands, Indonesia. MNCs clearly state their vision, mission, and company targets in writing, as shown in the results of studies by Kamuri et al. (2025); Habeeb & Eyupoglu (2024); Gigliotti et al. (2025); Nyamboga (2025); and de Goër de Herve (2024). MNCs have procedures for evaluating existing threats and opportunities and always develop several alternative strategies, where the selection of the appropriate strategy will support effective leadership (Kamuri et al., 2025; Zhang et al., 2025).

MNC always uses long-term considerations in every strategic plan, and this plays an important role in improving transformational leadership. Long-term evaluation in measuring impact and outcomes provides better insights for transformational leaders to make strategic decisions by enhancing the comprehensiveness, speed, and effectiveness of leadership (Bou, 2024; de Goër de Herve, 2024; Sukhadeve & Tarar, 2024). Management involvement in decision-making plays an important role in enhancing transformational leadership by creating a more collaborative leadership culture, improving the effectiveness of organizational strategies, and accelerating innovation and change to improve overall organizational performance (Gupta & Verma, 2024; Njoki et al., 2024; Abositta et al., 2024).

Continuous evaluation of the strategies implemented by MNC plays an important role in strengthening transformational leadership by providing continuous feedback, increasing innovation, and optimizing organizational performance by encouraging creativity, knowledge sharing, and building an adaptive work culture (Zhang, 2025; Ombisa et al., 2025; Smajlovic & Bandur, 2025). Strategic planning implemented by MNCs plays an important role in enhancing transformational leadership by providing clear direction, improving decision-making effectiveness, and creating an adaptive and innovative organizational culture. Similarly, transformational leadership with mature strategic planning will strengthen company commitment and drive sustainable growth (Kamuri et al., 2025; Buryk et al., 2025).

The results of this study support the idea that strategic planning has a positive influence on the emergence of transformational leadership. Using the RBV (Barney, 1991) perspective, this study explains that an effective strategic planning process enables organizations to develop a deep understanding of their strategic resources and capabilities, as well as opportunities and challenges in the external environment. This understanding provides leaders with the insights necessary to formulate a clear and inspiring vision. In addition, involvement in the strategic planning process can stimulate critical thinking and innovation among leaders and provide them with a better understanding of the needs and development potential of individuals within the organization.

This study makes an important contribution to the body of knowledge of strategic management by empirically testing and explaining the positive influence of strategic planning on transformational leadership through the RBV perspective. These findings enrich our understanding of how fundamental strategic management processes can play an active role in shaping leadership characteristics that are crucial to organizational success.

The Positive effect of Transformational Leadership on Organizational Performance

The results of the study indicate that transformational leadership has a positive effect on the organizational performance of MNCs in the Riau Islands, Indonesia. Several research indicators show that the managerial level of MNCs demonstrates a strong determination to achieve goals that play an important role in improving organizational performance. MNC leaders demonstrate competent, enthusiastic, and confident traits. Leadership competence plays a significant role in improving organizational performance by ensuring the effectiveness of strategies, motivating employees, creating an innovative and productive work environment, and enhancing the company's competitiveness, which positively impacts sustainability (Arsani et al., 2025; Nawaz et al., 2025; Zhao et al., 2025).

MNC leaders have high self-confidence, tend to take calculated risks, overcome challenges with resilience, and inspire employees to achieve organizational goals. This study supports the findings of previous research conducted by Nawaz et al. (2025); Florea & Croitoru (2025); Savita & Koodamara (2025). In MNCs, a leader's spirit, supported by a strong organizational culture, can inspire their teams, increase employee engagement, motivate, and accelerate adaptation to business changes, directly impacting organizational performance and organizational resilience in facing challenges (Nawaz et al., 2025; Rahman & Hermina, 2025; Ogunja et al., 2025).

The focus of MNC leaders on the interests of the company plays an important role in improving organizational performance by ensuring that the strategic vision, organizational culture, and employee motivation are aligned with the company's objectives. Leaders with a clear focus are able to direct teams effectively, strengthen organizational commitment, and increase employee job satisfaction. The results of this study support the findings of Nawaz et al. (2025); Kamuri et al. (2025); Tarmelo-Bernuy et al. (2025). MNC leaders clearly express their expectations for high performance and communicate the importance of the company's mission in improving employee motivation, commitment, and performance. By setting clear expectations, MNC leaders can ensure that each individual understands their role in achieving company goals, thereby increasing accountability and operational efficiency and impacting long-term business growth (Nawaz et al., 2025; Kamuri et al., 2025).

Transformational leadership in MNCs plays an important role in improving organizational performance by inspiring employees, encouraging innovation, creating an adaptive and productive work environment, and strengthening the company's competitiveness by increasing productivity (Ratnasahara et al., 2025). transformational leadership is important for improving organizational effectiveness by promoting innovation, a collaborative culture, and knowledge sharing (Kamuri et al., 2025; Zhang, 2025).

The results of this study show that transformational leadership has a positive influence on organizational performance. Furthermore, this study provides a theoretical lens of RBV (Barney, 1991) to explain *why* this happens. Transformational leaders, through their ability to inspire, motivate, stimulate intellectually, and give individual consideration, effectively mobilize and develop organizational resources and capabilities that meet VRIN criteria.

This study makes an important contribution to the body of knowledge in strategic management by empirically testing and explaining the positive influence of transformational leadership on organizational performance through the Resource-Based View perspective. These findings enrich our understanding of how certain leadership styles can serve as catalysts in leveraging internal resources and capabilities to achieve competitive advantage and sustainable performance.

The Positive Effect of Strategic Planning on Organizational Performance

The results of the study indicate that strategic planning has a positive effect on the organizational performance of MNCs in Riau Islands of Indonesia. Several research indicators show that clearly stated vision, mission, and targets in MNCs play an important role in improving organizational performance. The results of this study support the findings of Eryomenko & Kolesnikov (2020); Kimani (2022); Gulati et al. (2016). Long-term evaluation plays an important role in MNCs in improving organizational performance. Long-term evaluation combined with knowledge management will enhance innovation and competitive advantage as a company's competitive edge, and help companies optimize resources and improve effectiveness (Abou-Moghli, 2025; Williams-Kovacs et al., 2025).

The selection of the right strategy affects the speed of expansion and performance of multinational companies, especially in facing global market challenges (Yi et al., 2025). The results of this study support previous research by Zhang et al. (2025); Dewi et al. (2025). MNCs in this study always ensure that the strategic decisions taken are in line with long-term goals and strengthen the company's competitiveness in the future. Thus, the decisions made will make the company more adaptive to market conditions and enhance innovation, ultimately improving organizational performance. The findings of this study support previous research by Abou-Moghli (2025); Williams-Kovacs et al. (2025).

Management involvement in decision-making plays an important role in improving organizational performance by creating a more participatory work environment, increasing innovation, and strengthening organizational commitment. Management involvement in the decision-making process can also ensure that the strategies implemented are in line with the company's long-term goals and aligned with the company's needs (Ichdan et al., 2023; Ireri & Omwenga, 2022; Hussain & Sudhir, 2024). Continuous evaluation by MNCs plays an important role in improving organizational performance by strengthening innovation, making strategic decisions based on accurate data, and ensuring that the business strategies used remain relevant to market dynamics (Uwibambe & Njenga, 2025).

Strategic planning that is aligned with organizational culture plays an important role in improving organizational performance by providing clear direction for the company, ensuring optimal resource allocation, and increasing the company's competitiveness through its ability to adapt to changes in the business and encourage innovation (Kamuri et al., 2025). The results of this study support the findings of Ferrari et al. (2025) that strategic planning in the context of a circular economy helps companies integrate sustainability into their business strategies, which positively impacts company performance.

The results of this study show that strategic planning has a positive influence on organizational performance. Furthermore, this study provides empirical support for RBV (Barney, 1991), which states that competitive advantage and superior performance are rooted in valuable, rare, difficult to imitate, and organized internal resources and capabilities. An effective strategic planning process enables organizations to systematically identify, develop, and manage these resources to create value and advantage in the market.

This study makes a significant contribution to the body of knowledge of strategic management by empirically testing and confirming the positive influence of strategic planning on organizational performance through the lens of the RBV. These findings enrich our understanding of how organizations can achieve superior performance through strategic planning processes that are oriented toward the development and utilization of unique and valuable internal resources and capabilities.

Transformational Leadership Mediates the Positive Influence of Strategic Planning on Organizational Performance

This study shows that transformational leadership acts as a mediator of the influence of strategic planning on organizational performance in MNCs in Riau Islands, Indonesia by increasing organizational commitment, encouraging innovation, and ensuring that strategic planning is implemented effectively. Transformational leadership is able to translate company strategies into inspiring visions, thereby increasing employee motivation and the effectiveness of strategy implementation in MNCs.

The results of this study support several previous studies. Among others, the study by Habeeb & Eyupoglu (2024) shows the mediating role of transformational leadership on the influence of strategic planning on organizational performance. Then, the study by Rianto et al. (2021) shows that transformational leadership plays a role in improving organizational learning, which functions as an intermediary between strategic change and performance in the Islamic banking industry in Indonesia. Similarly, Jasfar & Santosa (2023) found that transformational leadership has a significant influence on organizational commitment, which ultimately enhances organizational performance in the context of education and training in the Indonesian Navy. Thus, transformational leadership strengthens the impact of strategic planning on organizational performance by ensuring that strategies are implemented through visionary and collaborative leadership.

The results of this study indicate that transformational leadership mediates the positive influence of strategic planning on organizational performance. This implies that although strategic planning sets the direction and goals, effectiveness in achieving superior performance is highly dependent on the ability of leaders to inspire and mobilize employees to implement the plan. The RBV perspective provides a strong theoretical foundation for understanding why this mediation occurs. Strategic planning helps identify VRIN resources, but transformational leadership is the driver that activates and optimizes the utilization of these resources.

This study makes a significant contribution to the body of knowledge of strategic management by empirically testing and explaining the mediating role of transformational leadership in the positive influence of strategic planning on organizational performance,

supported by the RBV perspective. These findings emphasize the importance of integrating strategic planning and leadership development processes to achieve sustainable organizational performance.

Conclusion

This study was conducted to analyze the influence of strategic planning and transformational leadership on organizational performance in MNCs in Riau Islands, Indonesia. The results of the study indicate that strategic planning has a positive influence on transformational leadership and organizational performance. Transformational leadership has a positive influence on organizational performance, and transformational leadership mediates the positive influence of strategic planning on organizational performance. This indicates that an increase in strategic planning has a positive influence on an increase in transformational leadership and organizational performance. Similarly, an increase in transformational leadership has a positive influence on an increase in organizational performance. Transformational leadership also mediates the positive influence of an increase in strategic planning on an increase in organizational performance.

The theoretical implications of this study are to contribute to the development of strategic science, particularly in the areas of strategic planning and transformational leadership, to improve the organizational performance of MNCs in Riau Islands, Indonesia. Strategic planning and transformational leadership are categorized as strategic resources that have been proven to influence the improvement of organizational performance. Therefore, the results of this study support the RBV theory presented by Barney (1991). The managerial implications of this study are to optimize the implementation of strategic planning and transformational leadership to improve organizational performance. In terms of policy, it is hoped that this study will serve as a reference for policymakers to encourage their commitment to ESG (Environmental, Social, and Governance) issues, particularly regarding corporate governance, thereby enhancing the competitiveness of companies in the international business competition.

This study makes an important contribution to the body of knowledge of strategic management through the RBV perspective by empirically testing and explaining the positive influence of strategic planning on transformational leadership and organizational performance. It also explains the positive influence of transformational leadership on organizational performance and its role as a mediator of the positive influence of strategic planning on organizational performance. These findings enrich our understanding of how strategic planning can play an active role in shaping the characteristics of transformational leadership that are crucial for organizational performance. They also shed light on how organizations can achieve superior performance through a strategic planning process that is oriented toward the development and utilization of unique and valuable internal resources and capabilities. Furthermore, they highlight how transformational leadership style can serve as a mediator in leveraging internal resources and capabilities to achieve competitive advantage and sustainable performance.

Limitations and Future Research Suggestions

This study is limited to multinational corporations (MNCs) operating within the manufacturing sector in the Riau Islands, Indonesia. To enhance the generalizability of the findings, future

research should consider conducting comparative studies in different regions or countries, utilizing both online and offline data collection methods. It is also recommended to incorporate additional variables such as organizational innovation to better understand how this factor influences the improvement of organizational performance. Furthermore, investigating job satisfaction could provide a broader perspective on how employees perceive and contribute to efforts aimed at enhancing organizational performance. Exploring these variables in future research can yield deeper insights and strengthen the overall understanding of the dynamics at play in organizational performance improvement.

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