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Transformational Leadership Based on Islamic Values for Organizational Change: A Strategic Approach at the Madiun Forestry Service

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Abstract

The success of public sector organizations in adapting to environmental, technological, and policy shifts depends on leadership effectiveness and adaptive managerial strategies. This study explores the role of transformational leadership in managing organizational change at the Madiun Region Forestry Service Branch through the lenses of Resource-Based View (RBV) and Dynamic Capabilities. The study identifies key strategic resources and analyzes the organization's capacities in sensing, seizing, and transforming. Findings reveal that transformational leaders foster a collaborative and adaptive work culture, accelerate digital transformation, and enhance synergy between government and forestry communities. The integration of Islamic leadership values amanah (trust and responsibility), shura (deliberation), and ihsan (excellence) adds ethical depth and strengthens value-based leadership practices. This research contributes by providing a conceptual model linking transformational leadership, RBV, and dynamic capabilities to promote sustainable, ethical, and innovationoriented transformation in public sector organizations.

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INTRODUCTION

Changes in the global environment, demands for governance transparency, and advances in digital technology have compelled public sector organizations to become more adaptive and innovative in managing their performance (Grover et al., 2022). In this context, the Madiun Regional Forestry Service Branch, as a local government institution responsible for forest resource management, faces complex challenges ranging from national policy shifts, such as the Social Forestry Program, to demands for service efficiency and digital transformation in forestry governance. These dynamics require leadership that goes beyond administrative functions: transformational leadership capable of driving comprehensive change across structural, cultural, and spiritual dimensions of the organization.

From an Islamic perspective, leadership (*al-qiyādah*) is not merely a position of power but a trust (*amanah*) that must be accounted for before God and society. Fundamental principles of Islamic leadership include justice, trustworthiness, consultation (*shura*), and service to the people (*khidmah*), as reflected in QS. Al-Baqarah: 247. This emphasizes that leadership is based not only on authority, but on knowledge, integrity, and responsibility. These values align closely with transformational leadership, which emphasizes vision, values, and individual and organizational development.

According to Bass (2019), transformational leadership has four pillars: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. In public sector organizations, transformational leaders are expected to foster a visionary and collaborative culture, strengthen employee engagement, and drive innovation through continuous learning (Al-Husseini et al., 2021). When framed within Islamic values, transformation becomes not only a managerial process but also a form of social worship (*fard kifayah*) aiming for public benefit (*maslahah*).

To enhance leadership effectiveness in responding to change, this study employs the *Resource-Based View* (RBV) and Dynamic Capabilities as strategic frameworks. RBV highlights the importance of an organization's unique and valuable resources, such as human resource competencies, local knowledge, and social networks with forestry communities that meet the VRIN criteria (Valuable, Rare, Inimitable, Non-substitutable) (Freeman et al., 2021). Previous studies have shown that RBV positively influences organizational performance and innovation in public institutions, including forest management agencies (Wijaya et al., 2020) and regional government organizations (Haque & Fernando, 2021). In Islam, these resources are viewed as divine trusts to be managed responsibly for collective benefit.

Meanwhile, Dynamic Capabilities encompass an organization's ability to sense (identify external changes), seize (capture opportunities), and transform (restructure internal processes) (Ellstrom et al., 2022). Empirical evidence suggests that dynamic capabilities strengthen organizational adaptability, innovation, and competitive advantage in public and quasi-public organizations (Teece, 2018; Setiawan et al., 2021). Islamic principles encourage adaptation through *islah* (continuous improvement) and *tajdid* (renewal), emphasizing morally driven innovation aligned with contemporary challenges.

Cultural transformation also presents challenges, such as resistance to digitalization, skill gaps, and rigid bureaucratic structures. According to Kotter's (1996) model, strategic change involves eight stages, starting from creating a sense of urgency to institutionalizing change. This aligns with the Islamic spiritual principle that true change begins internally: "Indeed, Allah will not change the condition of a people until they change what is in themselves" (QS. Ar-Ra'd: 11).

The concept of the Learning Organization encourages continuous learning through systems thinking, shared vision, team learning, and personal mastery (Bass, 2019). Research by Soomro (2020) demonstrates that learning organization practices enhance engagement and improve institutional outcomes. The integration of RBV and Dynamic Capabilities allows organizations to manage tangible and intangible resources more innovatively and adaptively (Capurro et al., 2022). Transformational leadership plays a key role in optimizing these frameworks by motivating and aligning the organization toward long-term strategic goals. Effective leaders utilize unique institutional resources while nurturing dynamic capabilities to maintain competitiveness in the face of global challenges (Efendi, 2023).

This study aims to examine the role of transformational leadership in managing organizational change at the Madiun Regional Forestry Service Branch, focusing on how leaders foster a collaborative and adaptive culture. It also analyzes how RBV and Dynamic Capabilities contribute to organizational adaptability, innovation, and the effective utilization of unique resources. Furthermore, it investigates the integration of Islamic leadership values with transformational leadership to promote ethical, value-driven, and sustainable organizational transformation. In summary, transformational leadership, when combined with strategic resource management and adaptive organizational capabilities, serves as a catalyst for building an innovative, value-driven, and resilient organizational culture, particularly when infused with the ethical and spiritual principles of Islamic leadership.

RESEARCH METHOD

This study employs a qualitative approach using a descriptive-analytical literature review method. This method is suitable for understanding complex phenomena based on existing scholarly works (Creswell & Poth, 2018). A literature review enables researchers to identify themes, patterns, and relationships among key concepts in the studied field (Snyder, 2019).

Data were collected from reputable international journals, academic textbooks, institutional reports, and other relevant publications related to strategic management, transformational leadership, organizational culture, the Resource-Based View (RBV), and dynamic capabilities. Sources were selected based on relevance and credibility, particularly from renowned journals such as the Strategic Management Journal, Academy of Management Review, and Harvard Business Review.

The population of this study comprises all publications discussing transformational leadership and organizational culture in the context of higher education. The sample was drawn from articles published within the last five years (2019–2024) to ensure the use of

current and relevant information (Booth et al., 2021). Inclusion criteria for sample selection included articles with significant impact in strategic management, evidenced by high citation counts and recognition at international conferences.

Data analysis was conducted using content analysis by synthesizing findings from the selected literature to construct a comprehensive conceptual framework on the role of transformational leadership in strengthening organizational culture and competitiveness in higher education institutions (Bowen, 2009). This process involved identifying key themes, patterns, and relationships among the studied variables. Through this approach, the study aims to contribute both theoretically and practically to the development of strategic leadership in educational institutions.

RESULT AND DISCUSSION

This study aims to explore the role of transformational leadership, Resource-Based View (RBV), and dynamic capabilities in strengthening organizational culture and competitiveness at the Madiun Region Forestry Service Branch. The analysis is based on key literature, including Bass (2019) on transformational leadership, Freeman et al. (2021) on RBV and strategic resources, Ellström et al. (2022) on dynamic capabilities, and Philip (2021) on digital transformation leadership. These frameworks provide a solid foundation to understand how leadership, strategic resources, and adaptive capabilities interact to drive organizational change in public sector institutions. The discussion is structured around four main themes: transformational leadership, strategic resource management, dynamic capabilities, and their integrative synergy.

Transformational Leadership as a Catalyst for Organizational Culture Change

Transformational leadership in the Madiun Region Forestry Service Branch fosters an adaptive, collaborative, and innovation-friendly organizational culture. Leaders with clear vision and high motivational skills actively mobilize employees to participate in digital transformation initiatives, especially in forestry data management, environmental monitoring, and public service delivery. This aligns with Philip (2021), who highlights that transformational leaders inspire followers to go beyond personal interests to achieve collective organizational goals.

Evidence from other Indonesian forestry sectors, including Maluku and West Sumatra, demonstrates that transformational leadership positively influences organizational commitment, employee engagement, and innovative behavior (Achmad, 2022; Fauzan & Syahrizal, 2025). Similar trends have been observed in public sector institutions across Southeast Asia, where transformational leadership increased institutional adaptability, service efficiency, and overall performance (Al-Husseini et al., 2021).

From an Islamic perspective, transformational leadership resonates with the concept of *uswatun ḥasanah*, emphasizing leaders as moral and spiritual role models. Leaders who embody *amanah* (trustworthiness) and *ihsan* (excellence) cultivate organizational cultures that are not only technically competent but also ethically grounded. This dual focus on

professional and moral development enhances employee motivation, reinforces organizational cohesion, and strengthens public trust in institutional governance.

Resource-Based View (RBV) as a Basis for Strategic Resource Management

The RBV approach highlights that strategic resources such as employee expertise, community networks, and local forestry knowledge are central to sustaining organizational excellence. These resources possess VRIN (Valuable, Rare, Inimitable, and Non-substitutable) characteristics, making them key drivers of sustainable competitive advantage (Freeman et al., 2021). Efficient management of these assets enables institutions to leverage their unique capabilities, differentiate services, and respond more effectively to environmental challenges.

Studies in other public sector organizations, such as regional environmental agencies and educational institutions, indicate that strategic resource optimization improves operational efficiency, innovation capacity, and overall competitiveness (Wijaya et al., 2020; Haque & Fernando, 2021). Islamically, managing resources aligns with the principles of *khilafah* and *amanah*, which position humans as stewards of natural and intellectual assets. Resources are therefore treated not merely as institutional property but as divine trusts to be managed responsibly for the benefit (*maslahah*) of society. This ethical stewardship encourages sustainable practices while maximizing institutional performance.

Dynamic Capability in Responding to External Changes

The Forestry Service Branch demonstrates strong dynamic capabilities through sensing, seizing, and transforming in response to external changes, such as national policy shifts under the Social Forestry Program, community development initiatives, and digitalization of information systems. Ellström et al. (2022) emphasize that dynamic capabilities are critical for sustaining competitive advantage in turbulent and complex environments. Comparable evidence from public healthcare and governance institutions shows that organizations with well-developed dynamic capabilities adapt more effectively to regulatory, technological, and environmental changes, enhancing service quality and stakeholder satisfaction (Setiawan et al., 2021; Soomro et al., 2020).

From an Islamic ethical perspective, these adaptive capabilities reflect the principles of *tajdid* (renewal) and *islah* (continuous improvement). By integrating foresight, innovation, and organizational restructuring, leaders demonstrate a commitment to morally grounded, proactive adaptation. This approach not only improves institutional resilience but also ensures that public services are sustainable, equitable, and aligned with societal needs.

Strategic Synergy between Leadership, Resource-Based View (RBV) and Dynamic Capabilities for Sustainable Strategic Advantage

The integration of transformational leadership, RBV, and dynamic capabilities generates strategic synergy that enhances organizational readiness, responsiveness, and change management effectiveness. Leaders guide employees to leverage strategic resources innovatively while fostering adaptive processes, creating a culture that is resilient, value-

driven, and community-oriented. Evidence from other public sector studies confirms that this integrative approach strengthens sustainability, institutional trust, and long-term performance (Booth et al., 2021; Efendi, 2023).

This synergy also aligns with *maqashid sharia*, protecting essential human values, including religion, soul, intellect, lineage, and property, while promoting ethical governance. Institutions that integrate strategic management with ethical and spiritual principles are better positioned to achieve both operational excellence and social legitimacy. By combining visionary leadership, resource optimization, and dynamic capabilities, the Forestry Service Branch exemplifies a model of governance that is adaptive, innovative, and morally accountable.

In conclusion, these findings demonstrate that adaptive, resource-based transformational leadership, supported by dynamic capabilities, provides a robust framework for innovative, ethical, and competitive governance in regional forestry services. Leaders who align managerial strategies with Islamic ethical values ensure that organizational decisions are both effective and socially beneficial. This model offers practical guidance for other public sector institutions seeking to enhance performance while maintaining moral and spiritual integrity. The study also opens opportunities for future research on integrating modern management frameworks with ethical and cultural values to support sustainable public governance.

CONCLUSION

This This research confirms that transformational leadership is pivotal in enhancing change management in the public sector, particularly at the Madiun Region Forestry Service Branch. Visionary, inspiring, and collaborative leaders foster an adaptive work culture, support service digitalization, and strengthen synergies between government and forestry communities. Leadership extends beyond managerial tasks to shaping organizational values and serving as moral role models.

The *Resource-Based View* emphasizes strategic management of assets such as human resource competencies, social networks, and local knowledge as sources of sustainable competitive advantage. Dynamic capabilities enable organizations to sense environmental changes, respond strategically, and implement internal transformations effectively.

From an Islamic perspective, leadership embodies trust (*amanah*), justice (*adl*), and deliberation (*shūrā*), guiding decisions toward collective benefit (*maslahah*), sustainability, and fairness.

The integration of transformational leadership, strategic resource management, dynamic capabilities, and Islamic values provides a model of public sector governance that is both effective and ethically grounded. This framework offers practical insights for policy development and leadership strategies in other public sector institutions while encouraging further exploration of integrating modern management with ethical and spiritual principles.

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