







“The mediating role of managerial capabilities in local governments: Leadership style and strategy execution”

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THE MEDIATING ROLE OF MANAGERIAL CAPABILITIES IN LOCAL GOVERNMENTS: LEADERSHIP STYLE AND STRATEGY EXECUTION

Abstract

Leadership style and managerial capability remain critical yet understudied factors influencing strategy execution in local governments. This quantitative study examines how paternalistic, transactional, and transformational leadership shape managerial capability and strategy execution, and whether managerial capability mediates these relationships. Using a structured questionnaire, data were collected from 382 civil servants (ASN) across 10 regencies, cities, and the provincial government in North Maluku, and analyzed using PLS-SEM. The statistical results show that all three leadership styles significantly enhance managerial capability, with paternalistic ($\beta = 0.291$), transactional ($\beta = 0.283$), and transformational ($\beta = 0.282$) leadership demonstrating positive effects ($p < 0.05$). Paternalistic and transformational leadership also positively influence strategy execution, whereas transactional leadership shows no significant direct effect ($\beta = -0.004$, $p = 0.473$). Managerial capability significantly improves strategy execution and serves as a meaningful mediator, supported by indirect path coefficients ranging from $\beta = 0.109$ to 0.112 ($p < 0.05$). These findings reinforce the role of managerial capability as a strategic public-sector resource within the RBV framework. Practically, the results highlight the importance of leadership development programs that integrate paternalistic and transformational behaviors, supported by selective transactional practices, to strengthen managerial capability and improve strategy implementation in local governments.

Keywords

administrative leadership, Indonesia, leadership behavior, leadership mediation effects, local government performance, managerial capability, organizational capability development, policy execution, public sector governance, strategic implementation

JEL Classification

G32, G30, M41, L25

INTRODUCTION

Leadership plays a central role in determining how effectively government institutions translate strategic plans into concrete actions. Strategic execution depends not only on formal planning but also on leaders' ability to guide priorities, coordinate programs, and ensure continuity in service delivery. Prior studies emphasize that leadership style strongly shapes the success of strategy formulation and implementation (Brozovic, 2018; Kacaribu, 2020). In Indonesia, regional governments are increasingly required to strengthen leadership quality and managerial competence to meet broader national development expectations (Nurmillah, 2021). However, leadership alone does not fully explain variations in execution performance. Managerial capability – such as the ability to plan, allocate resources, supervise, and solve problems – may serve as an important link between leadership behavior and execution outcomes, yet this mechanism remains under-examined in public-sector research.

Studies that examine leadership style, managerial capabilities, and strategy execution remain limited and fragmented (Ali et al., 2024; Rizun et al., 2021).

Li et al. (2019) reported that leadership among senior managers in China did not substantially shape managerial capabilities, suggesting that capability building may not occur uniformly across organizational settings. In contrast, Dhar et al. (2022) found that leadership styles influence adaptability and execution, although the effects vary depending on context. These contrasting findings reveal both conceptual and empirical gaps: the relationship among leadership style, managerial capability, and strategy execution remains unclear, particularly in government institutions, where hierarchical structures differ from those of private sector organizations.

The regional government context of North Maluku offers a relevant setting to revisit this issue. Empirical studies show that transformational leadership is commonly practiced among local officials (Laha & Suranto, 2015), with transactional characteristics also present in bureaucratic routines (Polisiri, 2019). At the same time, administrative behavior reflects paternalistic tendencies, such as personalized authority and the distribution of key roles based on relational considerations (Soulisa, 2022). Paternalistic leadership, as noted by Sulisty (2023), may significantly influence managerial capability because of its impact on appointment decisions, supervision, and the exercise of authority. These dynamics make North Maluku an appropriate case to explore how different leadership styles interact with managerial capability and contribute to strategic execution outcomes.

1. LITERATURE REVIEW

The resource-based view (RBV) conceptualizes organizations as collections of heterogeneous resources that differ in value, rarity, imitability, and substitutability. When these resources meet valuable, rare, inimitable, and non-substitutable (VRIN) characteristics, firms can achieve superior performance (Razzaque et al., 2024). Within this perspective, leadership and human resources act as strategic assets because they shape the organization's capacity to execute strategies effectively (Karakasnaki, 2024). In this study, the leadership styles examined – transformational (Jabid et al., 2023), transactional (Marlia et al., 2025), and paternalistic (Fahri et al., 2021) – are treated as strategic resources that may enhance managerial capabilities and strengthen strategy execution in local government settings.

The development of transformational leadership research, influenced by Burns, shifted attention toward leaders who articulate a compelling vision, motivate employees, and encourage organizational learning (Eaton et al., 2024). Transformational leaders promote innovation and build capabilities that support both strategic formulation and execution (Umar et al., 2025; Lussier & Hendon, 2025). Prior studies have found consistent positive

effects of transformational leadership on capability development; however, its effectiveness in local government, particularly in decentralized administrative contexts, remains less explored.

Transactional leadership is based on reciprocal exchanges in which leaders provide rewards and followers meet performance expectations (Ansari et al., 2024). This approach emphasizes coordination, role clarity, and task fulfillment, enabling leaders to shape organizational or individual capabilities (Bornay-Barrachina et al., 2025). Subordinates led by transactional leaders are obliged to accept and carry out the leader's orders in exchange for a reward, access to resources, or protection from negative consequences (Khoshnaw & Karadas, 2025). While transactional leadership has been associated with improved operational discipline, evidence on its ability to strengthen managerial capabilities or contribute to strategic processes remains mixed, especially within public-sector institutions.

Paternalistic leadership reflects a culturally embedded style characterized by close, informal, and authority-driven relationships between leaders and subordinates (Okafor et al., 2022). The local leadership model can be considered a subset of paternalistic leadership characterized by a strong relationship between leaders and employees, who

enthusiastically follow, implement, and appreciate the work of their subordinates, serving as role models for them (Lee et al., 2025). In Asian contexts, paternalism is pervasive, though its forms vary depending on cultural norms and power structures (Jory, 2016). Despite its prevalence, empirical research on how paternalistic leadership shapes managerial capabilities or affects strategy execution, particularly in Southeast Asian governments, remains limited. This gap is relevant for local governments such as North Maluku, where paternalistic practices are documented but understudied in relation to organizational performance dynamics.

Managerial capabilities represent the skills, competencies, and processes managers use to mobilize resources, coordinate activities, and implement strategies effectively (Ssekiziyivu et al., 2025). These capabilities influence how quickly and accurately organizations translate strategies into operational actions, shaping both organizational outcomes and public service performance (Tawse & Tabesh, 2021). According to Holm et al. (2025), although managerial capabilities have been linked to execution quality, studies connecting leadership style to managerial capabilities in the public sector remain sparse and inconsistent, indicating a need for further exploration.

Strategy execution refers to the processes and actions that translate planned strategies into organizational outcomes (Dhar et al., 2022). Schleith et al. (2025) describe execution capacity as a dynamic organizational capability that determines whether strategic goals are achieved. Evidence directly connecting leadership and execution remains limited, especially in local government settings where bureaucratic structures, communication gaps, and low strategic consensus often reduce execution effectiveness (Dhar et al., 2022). This highlights the importance of investigating not only leadership styles but also mechanisms, such as managerial capabilities, that may strengthen execution.

Strategy execution depends on achieving strategic consensus, aligning organizational units, and ensuring effective communication (Muff et al., 2022). In North Maluku, paternalistic norms can hinder information flow and limit lower-level employees' engagement in strategic processes (Dhar et al.,

2022; Khalilov et al., 2025). The influence of leadership styles on execution remains theoretically plausible but empirically inconsistent.

Strategic leadership shapes how managers develop competencies that support long-term adaptability and value creation (Ho et al., 2023). Transformational leaders often help employees reach their potential and enhance organizational capabilities, while transactional leaders can strengthen skills through structured coordination (Khalilov et al., 2025). Paternalistic leadership may also influence managerial roles in contexts with strong hierarchical norms.

The implementation of local government at the regional and SKPD levels can be further enhanced by managers' capacity to assess the availability of organizational resources, create a chain of use of organizational resources required by the region, and distribute resources using flexible resources through the organizational system (Khalilov et al., 2025).

Managerial capabilities may function as a bridge linking leadership to execution, reducing administrative costs, improving coordination, and strengthening implementation processes (Adinew, 2024; Khalilov et al., 2025). Given that leadership affects capabilities and capabilities affect execution, managerial capability is expected to mediate these relationships.

This study aims to examine how transactional, transformational, and paternalistic leadership styles influence strategy execution in Indonesian local governments, while evaluating managerial capability as the mediating organizational mechanism that explains how leadership affects execution effectiveness, as illustrated in the conceptual framework (Figure 1). These are the study's hypotheses:

- H1: Transactional leadership significantly affects strategy execution.*
- H2: Transformational leadership significantly affects strategy execution.*
- H3: Paternalistic leadership significantly affects strategy execution.*

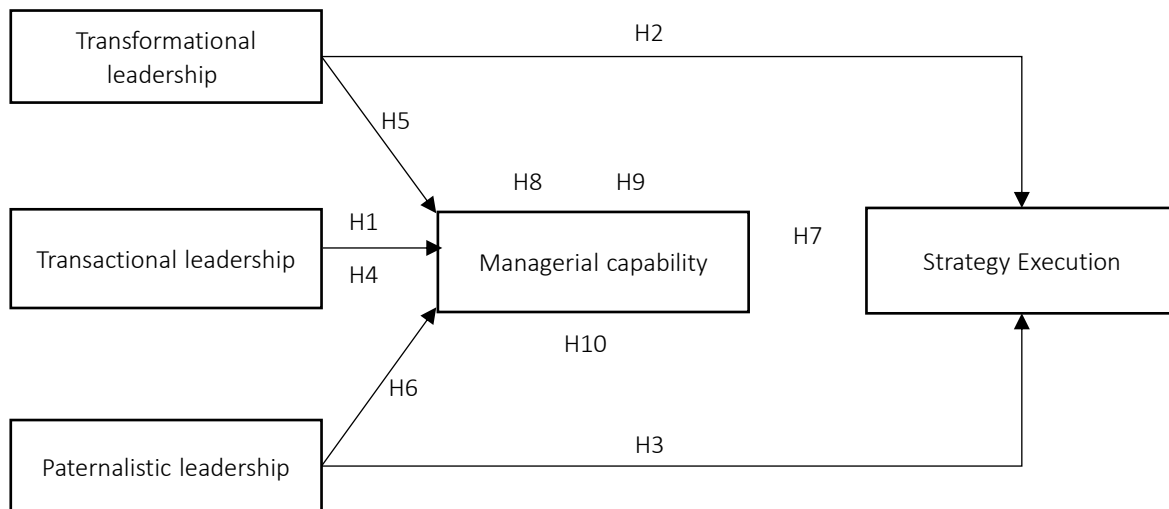


Figure 1. Research model

- H4: Transactional leadership has a significant effect on local government managerial capabilities.*
- H5: Transformational leadership has a significant influence on local government managerial capabilities.*
- H6: Paternalistic leadership has a significant effect on local government managerial capabilities.*
- H7: Managerial capability positively affects strategy execution.*
- H8: Managerial capabilities mediate the relationship between paternalistic leadership and strategy execution.*
- H9: Managerial capabilities mediate the relationship between transactional leadership and strategy execution.*
- H10: Managerial capabilities mediate the relationship between transformational leadership and strategy execution.*

This study adopts RBV to explain how leadership styles (paternalistic, transactional, and transformational) serve as strategic resources that influence both managerial capabilities and execution performance. Managerial capabilities are positioned as an intermediate capability linking leadership to execution. The framework in Figure 1

proposes direct effects from leadership to capabilities and execution, as well as mediating effects of managerial capabilities on the relationship between leadership styles and execution.

2. METHODS

This analysis was conducted among civil servants (ASN) working in provincial, district, and city governments throughout North Maluku. Self-administered questionnaires were used to collect data through a purposive sampling approach. Questionnaires were distributed both in person and online, given Indonesia’s archipelagic nature. Respondents in this study focused on ASN in echelon III and IV positions, consistent with the research objectives, as these officials hold operational and managerial responsibilities relevant to leadership practices and strategy implementation.

Ethical requirements were adhered to throughout the study. Participation was voluntary, and informed consent was obtained before completing the survey. Participants were informed of the purpose of the study, the anonymity of responses, and the confidentiality of data. No personal identification was collected. Data were securely stored in encrypted files accessible only to the research team. Although local Institutional Review Board (IRB) approval is not required for minimal risk survey research involving government employees, ethical principles equivalent to IRB standards were followed to ensure impartiality, transparency, and the protection of participants’ rights.

The study uses a structured questionnaire comprising validated items rated on a 5-point Likert scale (1 = strongly disagree; 5 = strongly agree). All items were adapted from established instruments: six items for paternalistic leadership from Shahzad et al. (2022), six items for transactional leadership from Feranita et al. (2020), eight transformational leadership items from Lee et al. (2023), six managerial capability items from Agyapong et al. (2023), and five strategy execution items from Chuah et al. (2016).

The questionnaire included an introductory statement describing the voluntary nature of participation, the purpose of the study, the anonymity provisions, the data-handling procedures, and the option to withdraw at any stage. Only non-identifiable demographic variables (organizational unit, echelon level, and length of service) were collected to ensure full confidentiality. No sensitive personal data were requested. The instrument was pilot-tested for clarity and cultural suitability before distribution.

Table 1. Respondent characteristics

Characteristics	Frequency	Percentage
Working area		
North Maluku Province	124	32.46%
South Halmahera Regency	133	34.82%
North Halmahera Regency	36	9.42%
West Halmahera Regency	27	7.07%
Central Halmahera Regency	2	0.52%
Sula Islands Regency	2	0.52%
Morotai Island Regency	28	7.33%
Taliabu Island Regency	1	0.26%
Ternate City	17	4.45%
Tidore Islands City	12	3.14%
Rank and Class		
Young Arranger /IIIa	36	9.42%
Junior Arranger Level I /IIIb	27	7.07%
Arranger /IIIc	43	11.26%
Level I Arranger /IIId	132	34.55%
Supervisor /Iva	84	21.99%
Supervisor Level I /IVb	43	11.26%
Junior Primary Level Mentor /IVc	16	4.19%
Intermediate Primary Level Supervisor /IVd	1	0.26%
Gender		
Male	221	57.85%
Female	161	42.15%
Age		
18–25 y.o.	24	6.28%
26–35 y.o.	30	7.85%
36–45 y.o.	148	38.74%
46–55 y.o.	155	40.58%
56–60 y.o.	25	6.54%
Education		
High School	26	6.81%
Diploma	18	4.71%
Bachelor	225	58.90%
Master	112	29.32%
Doctor	1	0.26%
Length of Work		
< 1 years	20	5.24%
1–5 year	22	5.76%
6–10 years	28	7.33%
11–15 years	94	24.61%
> 15 years	218	57.07%

The questionnaire consists of two parts; each section contains different questions. In the first section, respondents were asked to complete questions regarding demographic data, such as work area, rank, gender, age, education level, and organizational tenure. Next, respondents were asked to provide an assessment of each studied variable. Data were collected from November to December 2024, resulting in 450 responses. A total of 382 valid questionnaires were returned, resulting in a response rate of 84.89%. Surveys were excluded if an item was unanswered or if the demographic fields required for screening (echelon level and regional work unit) were incomplete. This study used partial least squares structural equation modeling (PLS-SEM) methodology to validate the hypotheses. Table 1 presents the respondents' demographic data.

Based on their area of employment, as shown in Table 1, the majority of respondents currently work in the South Halmahera Regency Government and the North Maluku Provincial Government, namely 133 and 124 people, respectively. Furthermore, the majority of respondents are currently ranked IIIId, namely 34.55% or 132 people. Based on these data, the majority of respondents in this study are at the middle-management level. The third characteristic of respondents is gender. Male respondents dominate this category, comprising 221 people, compared to 161 female respondents. The fourth category is age, and those involved in this study were mostly aged 46–55 years, comprising 41% (155 people). The fifth category is education level, dominated by respondents with a bachelor's degree (225), indicating that respondents are at the secondary education level. The last category is the tenure, with 218 respondents, the majority, having worked for more than 15 years.

3. RESULTS

To provide an overview of the respondents' perceptions of the key variables examined in this study, descriptive statistics were first analyzed. Table 2 presents employees' perceptions of transformational, paternalistic, and transactional leadership, managerial capabilities, and strategic execution within the organization, offering an initial understanding of how these leadership approaches and managerial competencies are perceived by the workforce.

In general, 52.36% of respondents agreed that their leaders tend to be transformational. This tendency is illustrated in Table 2, where the second-highest proportion of responses was followed by responses indicating strong agreement that their leaders demonstrated transformational leadership. The second variable was transactional leadership; the average response indicated that most respondents (63.61%) agreed that their leaders used a transactional leadership style. The third independent variable was paternalistic leadership; the average score for this variable was the lowest among the other two variables, with only 45.03% of respondents agreeing. The next variable was managerial capability, which is a mediating variable between leadership style and strategic execution. The descriptive analysis of respondents' responses indicates that 62.57% agreed that their leaders had good capabilities. Strategic execution, the dependent variable, was the final variable studied, and the survey found that 63.61% of respondents agreed. This indicates that respondents are aware of how the plan is actually implemented at the operational level. This means that in the public sector, particularly in local government, respondents were slightly more

Table 2. Employee perceptions on transformational, paternalistic and transactional leadership, managerial capabilities, and strategic execution

Variable	(%) Strongly Disagree	(%) Disagree	(%) Neutral	(%) Agree	(%) Strongly Agree	Mode
TFL	0.26	2.36	35.86	52.36	9.16	Agree
PL	0.52	3.14	43.46	45.03	7.85	Agree
TSL	0.79	2.36	18.32	63.61	14.92	Agree
MC	1.31	1.31	14.14	62.57	20.68	Agree
SE	0.79	3.40	19.11	61.52	15.18	Agree

Note: SE = Strategy Execution; MC = Managerial Capability; TSL = Transactional Leadership; TFL = Transformational Leadership; PL = Paternalistic Leadership.

likely to agree that their leaders practiced transactional than transformational and paternalistic leadership. They were also more likely to agree that their leaders demonstrated good managerial skills and strategic execution.

The measurement model evaluation aims to assess the validity and dependability of the model's reflection indicators. Hair et al. (2019) state that loading value, discriminant validity, convergent validity, and internal consistency reliability are among the characteristics used to evaluate the measurement model in PLS-SEM. Table 3 displays the findings from the assessment of the measurement model.

Every reflected indicator has an AVE larger than 0.50 and a loading value greater than 0.70, according to Table 3. These results suggest that more than

half of the variation in each construct's indicators may be explained. Additionally, each indication has good convergent validity.

Following the confirmation of convergent validity, the next step in evaluating the measurement model is to assess discriminant validity. Discriminant validity ensures that each construct is empirically distinct and captures phenomena that are not represented by other constructs in the model. This assessment verifies that the indicators associated with a particular construct share higher correlations with their own construct than with others (Hair et al., 2019). The results of the discriminant validity analysis are presented in Table 4.

The results show that all constructs in this study had composite reliability and Cronbach's alpha values greater than 0.70. As a result, all of the

Table 3. Measurement model evaluation

Variable	Item	Loadings	AVE	Cronbach's Alpha	Composite Reliability
Managerial Capability	Capa1	0.836	0.712	0.919	0.937
	Capa2	0.861			
	Capa3	0.845			
	Capa4	0.792			
	Capa5	0.878			
	Capa6	0.848			
Strategic Execution	Exe1	0.857	0.778	0.929	0.946
	Exe2	0.886			
	Exe3	0.898			
	Exe4	0.904			
	Exe5	0.865			
Paternalistic Leadership	Patern1	0.771	0.563	0.846	0.885
	Patern2	0.742			
	Patern3	0.772			
	Patern4	0.778			
	Patern5	0.706			
	Patern6	0.730			
Transactional Leadership	Transac1	0.780	0.609	0.873	0.903
	Transac2	0.825			
	Transac3	0.823			
	Transac4	0.758			
	Transac5	0.753			
	Transac6	0.739			
Transformational Leadership	Transfor1	0.757	0.582	0.897	0.917
	Transfor2	0.750			
	Transfor3	0.825			
	Transfor4	0.800			
	Transfor5	0.741			
	Transfor6	0.770			
	Transfor7	0.700			
	Transfor8	0.753			

Table 4. Discriminant validity results

	Variable	1	2	3	4	5
1	MC	–	–	–	–	–
2	PL	0.703	–	–	–	–
3	SE	0.767	0.745	–	–	–
4	TSL	0.662	0.604	0.558	–	–
5	TFL	0.707	0.788	0.741	0.646	–

Note: SE = Strategy Execution; MC = Managerial Capability; TSL = Transactional Leadership; TFL = Transformational Leadership; PL = Paternalistic Leadership.

study's constructs have acceptable internal consistency reliability, allowing them to move on to the following round of research. As shown in Table 4, the HTMT correlation ratio for each construct in this study is less than 0.85. Every concept included in this study has excellent discriminant validity, enabling it to proceed to the next stage of the examination.

The objective of the structural model evaluation is to determine the direction and significance of the influence of external latent variables on endogenous latent variables. Additionally, another objective of the structural model evaluation is to evaluate the explanatory and predictive capabilities of the research model. According to Hair et al. (2019), the structural model's evaluation in this study is similar to that of the measurement model, where there are at least several criteria for evaluating the structural model, namely collinearity (VIF) and path coefficient. Table 5 presents the results of the collinearity test.

Table 5. Collinearity test results (VIF)

Path	VIF
MC → SE	2.175
PL → MC	2.049
PL → SE	2.222
TSL → MC	1.592
TSL → SE	1.777
TFL → MC	2.246
TFL → SE	2.421

Note: SE = Strategy Execution; MC = Managerial Capability; TSL = Transactional Leadership; TFL = Transformational Leadership; PL = Paternalistic Leadership.

The structural model does not have a collinearity issue because all relationships between latent variables have a less than three for the variance inflation factor (VIF). The bootstrapping technique, available in SmartPLS 3.0, was used to test hypotheses. The error tolerance standard is that if al-

pha is less than 5%, then the hypothesis is accepted, and vice versa. Table 6 displays the hypothesis test findings.

Table 6. Hypotheses testing results

Hypothesis	Coefficients	T statistics	P values
TSL → SE	-0.004	0.069	0.473
TFL → SE	0.266	4.745	0.000
PL → SE	0.242	3.991	0.000
TSL → MC	0.291	5.167	0.000
TFL → MC	0.283	3.959	0.000
PL → MC	0.282	3.942	0.000
MC → SE	0.385	6.283	0.000
PL → MC → SE	0.109	3.095	0.001
TSL → MC → SE	0.112	3.830	0.000
TFL → MC → SE	0.109	3.759	0.000

Note: Coefficients are standardized path estimates from PLS-SEM; significance assessed via bootstrapping ($n = 382$). Direct effects and indirect (mediated) effects are reported. SE = Strategy Execution; MC = Managerial Capability; TSL = Transactional Leadership; TFL = Transformational Leadership; PL = Paternalistic Leadership.

The results presented in Table 6 show that H1 is rejected, as transactional leadership does not significantly influence strategy execution ($\beta = -0.004$; $p = 0.473$), indicating no direct effect on strategic outcomes. In contrast, H2 and H3 are supported: transformational leadership ($\beta = 0.266$; $p = 0.000$) and paternalistic leadership ($\beta = 0.242$; $p = 0.000$) both demonstrate positive and significant effects on strategy execution. These findings suggest that among the three leadership styles, only transformational and paternalistic leadership contribute directly to the success of strategy execution in local government settings.

The results for managerial capability further indicate that H4, H5, and H6 are all supported. Transactional leadership ($\beta = 0.291$; $p = 0.000$), transformational leadership ($\beta = 0.283$; $p = 0.000$), and paternalistic leadership ($\beta = 0.282$; $p = 0.000$) each exert a significant positive effect on mana-

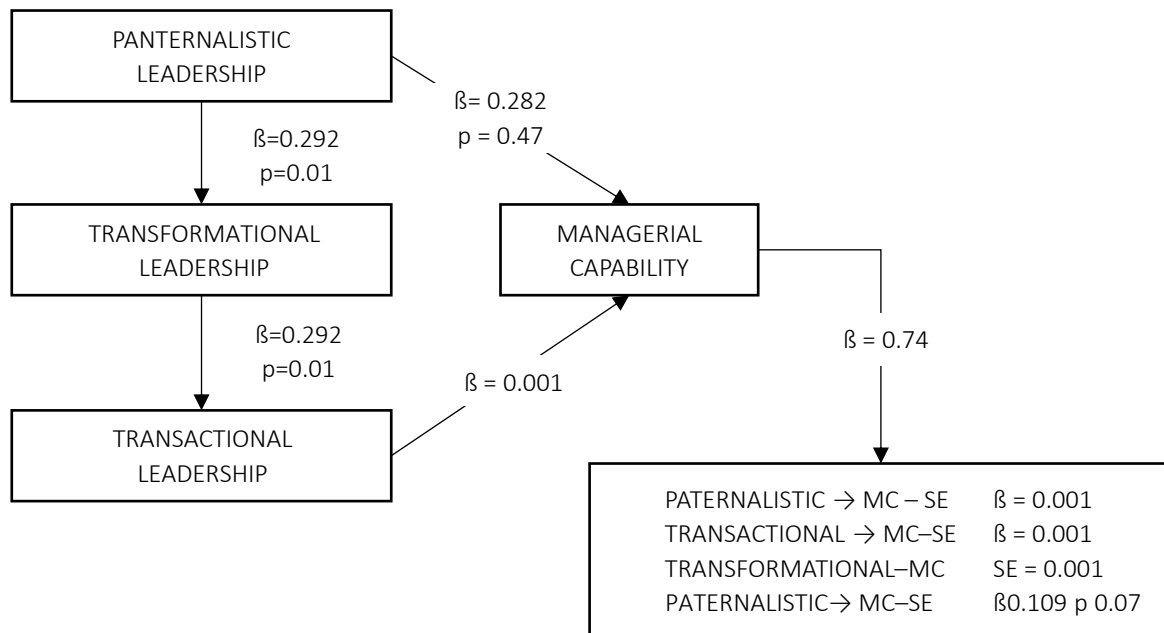


Figure 2. PLS path model – Standardized path coefficients and significance

gerial capability. This implies that all leadership styles meaningfully enhance the managerial competencies of local government officials, even though transactional leadership does not directly influence strategy execution.

In addition, H7 is supported, as managerial capability positively and significantly affects strategy execution ($\beta = 0.385$; $p = 0.000$). This confirms the mediating role of managerial capability as a central mechanism through which leadership styles translate into effective strategic action.

Finally, the mediation analyses reveal that H8, H9, and H10 are also supported. Paternalistic leadership ($\beta = 0.109$; $p = 0.001$), transactional leadership ($\beta = 0.112$; $p = 0.000$), and transformational leadership ($\beta = 0.109$; $p = 0.000$) each exert significant indirect effects on strategy execution through managerial capability. These results indicate that managerial capability serves as a meaningful mediator, particularly enabling transactional leadership, which lacked a direct effect, to contribute indirectly to strategic execution.

To provide a clearer visualization of the structural relationships and the significance of the hypothesized paths, the PLS path model is presented in Figure 2. It illustrates the standardized path coefficients along with their corresponding significance

levels, depicting the relationships among the variables within the proposed research framework.

4. DISCUSSION

Transactional leadership does not significantly influence strategy execution (H1 is rejected). This contradicts Dhar et al. (2022) and suggests contextual differences in public sector environments. While transactional leaders establish structures, rewards, and performance expectations (Mabasa & Eresia-Eke, 2022), such mechanisms may not address deeper psychological needs or the complexity of strategic execution in local governments. Over-reliance on rewards, rigid command structures, and large spans of control can hinder communication and strategic alignment (Jacobsen et al., 2023; Khalilov et al., 2025).

Respondents also disagreed with statements implying unnecessary directives or unquestioned obedience (Chuah et al., 2016; Feranita et al., 2020). This indicates that strategy execution requires prioritization, flexibility, and shared understanding – elements that transactional leadership does not sufficiently support.

Because paternalistic (not transactional) leadership drives loyalty and relational coordination,

RBV theory offers limited support for transactional leadership as a strategic resource in this context (Mailani et al., 2024). While transactional structures create discipline, they may restrict adaptation, which is necessary for successful strategy execution.

The findings confirm that transformational leadership significantly enhances strategy execution (H2 is supported), consistent with Dhar et al. (2022). Effective execution requires consensus, clarity, and alignment around strategic objectives (Muff et al., 2022). Transformational leaders play a central role in shaping such consensus by communicating vision, motivating employees, and aligning organizational culture with strategic priorities.

Through the RBV lens, transformational leadership functions as a VRIN resource that enhances execution capability, particularly in dynamic or complex settings (Karakasnaki, 2024). Its intangible qualities – vision-building, empowerment, and motivational influence – contribute directly to stronger strategy implementation.

The results confirm that paternalistic leadership has a significant positive effect on strategy execution (H3 is supported). While Dhar et al. (2022) found no such effect among private Indian firms, the present finding aligns with Asian administrative contexts in which hierarchy, respect, and culturally embedded norms shape leadership effectiveness (Singh & Xiuxi, 2023). Eastern cultural and religious values may further strengthen the appropriateness of paternalistic behaviors in coordinating work processes and aligning employees toward strategic goals (Lewis, 2022).

RBV theory also supports this relationship by conceptualizing paternalistic leadership as a socially complex, deeply embedded capability that enhances strategic alignment and execution (Öztürk & Bağış, 2025). Rather than a mere leadership style, paternalism functions as an organizational resource that facilitates coordinated action and execution consistency.

The findings also confirm that transactional leadership positively affects managerial capability (H4 is supported), consistent with Dhar et al. (2022) and Burns' foundational notion that leadership-follower exchanges optimize organizational outcomes. Interestingly, "newcomer" groups – those in rank IIIa, aged 26–35, and with shorter tenure – rated

transactional behaviors more favorably. This suggests that these respondents place a high value on clarity, structure, and contingent rewards, which aligns with the discussion by Khalilov et al. (2025) on economic exchange-driven behavior.

Although transactional leadership is often contrasted with transformational or paternalistic forms, the RBV perspective still positions transactional leadership as a resource that enhances managerial capability (Karakasnaki, 2024; Marlia et al., 2025; Razaque et al., 2024). Its emphasis on structured processes, accountability, and formalized procedures contributes to a system of routines that can be valuable and difficult to replicate, thereby strengthening organizational capabilities.

Transformational leadership also shows a significant positive influence on managerial capability (H5 is supported), consistent with the findings of Dhar et al. (2022). Transformational leaders articulate a compelling vision, promote shared values, and encourage employees to exceed routine expectations (Blackmore, 2011). Respondents across age categories perceived transformational behaviors, such as communication of strategic direction and organizational values, as present in their institutions.

As Birasnav et al. (2019) noted, leaders who create a personalized and motivating environment facilitate individual development, and Eliyana et al. (2019) similarly emphasized the role of charisma and strong role modeling. Under RBV theory, transformational leadership is an intangible, unique organizational resource that strengthens managerial capabilities and contributes to long-term strategic advantage (Helfat et al., 2023).

The results indicate that paternalistic leadership significantly enhances managerial capability, confirming H6 and supporting Chan's (2024) proposition. Managers who apply paternalistic leadership, characterized by authority, moral integrity, and benevolence, are perceived as supportive and emotionally attuned to subordinates. Such conditions cultivate positive affect in the workplace and strengthen competencies necessary for program implementation and performance improvement (Dhar et al., 2022). Descriptive patterns from rank and educational backgrounds further demonstrate respondents' moderate agreement with paternalistic behaviors,

especially regarding emotional closeness, suggesting that such leadership norms remain culturally resonant and functional in local government contexts.

From the RBV perspective, these findings reinforce the view that paternalistic leadership is a VRIN-type resource that contributes to managerial capability (Fahri et al., 2021; Karakasnaki, 2024; Razzaque et al., 2024). Given its socially embedded, culturally specific characteristics, paternalistic leadership becomes difficult to imitate, making it a strategic internal resource that can sustain organizational capability development.

Managerial capability significantly enhances strategy execution (H7 is supported). Respondents across demographic groups reported being able to implement policies and strategies effectively. This aligns with Nwachukwu and Vu (2020), who emphasized that human resource practices enable cross-unit integration and consistency in strategy implementation. When managerial capabilities are aligned with institutional development plans, resource allocation and process coordination improve, strengthening execution outcomes (Khalilov et al., 2025).

RBV theory supports these results by interpreting managerial capability as a core intangible resource that provides a competitive advantage in strategy execution (Herdinata et al., 2025). Managerial competencies are not merely skills; they are embedded organizational routines that determine the strategic use of resources.

The study also confirms that managerial capability mediates the relationship between paternalistic, transactional, and transformational

leadership and strategy execution (H8–H10 are supported). This indicates that leadership styles contribute indirectly to execution through capability development. Under the RBV lens, well-managed resources – human, technological, and organizational – shape performance outcomes (Razzaque et al., 2024). Leadership is therefore a key asset that strengthens capability formation and strategic responsiveness (Karakasnaki, 2024).

Each leadership style contributes to the development of VRIN-based capabilities in distinct ways. Transformational leadership nurtures creativity, empowerment, and intellectual capital, enabling employees to think beyond routine tasks and contribute innovative ideas that strengthen managerial capacity. Transactional leadership, in contrast, reinforces operational discipline and accountability through structured processes, clear expectations, and performance-based rewards, elements that help ensure consistency and reliability in strategy implementation. Meanwhile, paternalistic leadership cultivates loyalty, trust, and cohesive work relationships, creating a stable and supportive organizational environment where employees feel committed to shared goals. Together, these leadership styles shape different dimensions of VRIN capabilities that ultimately enhance the organization's ability to execute strategies effectively.

These complementary mechanisms help managers adjust to varying contexts and leadership demands, promoting both adaptability and consistency. Over time, such capabilities enable local government agencies to maintain strategic responsiveness and execute initiatives more effectively.

CONCLUSION

This study aimed to analyze the effects of transformational, transactional, and paternalistic leadership on strategic execution in local government, with managerial capability as a mediating factor. The results show that transformational and paternalistic leadership have a direct positive effect on strategic execution, while transactional leadership has no direct effect. Managerial capability fully mediates the influence of transactional leadership and partially mediates the effects of transformational and paternalistic leadership, underscoring its central role in the execution process. These findings conclude that effective strategic execution in local government depends not only on leadership styles but also, and more critically, on the development of managerial capability as a key organizational resource, implying the need for leadership development programs that prioritize managerial competence.

AUTHOR CONTRIBUTIONS

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