PERFORMANCE OF INNOVATIVE LEADERSHIP STYLE

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ABSTRACT

-. *Work excellency suppose to be prepaired before it come through. It needs management, and self-improvement. For improving work place relations. For improving relations at home.*

Environment turbulency forces organization management to prepaire suitable strategy to face the turbulency. Transformational leadership style is the way to prepare organization to face the turbulency, because it is capable of improving member participation, in order to improve organization innovation, so that organization performance grows up.

This research support that telecomunication industry which has organization climate to improve member participation capable of improving organization member performance in order to face the turbulence. The reseach finding discussed.

Introduction

There is a statement that People have 4 times more capabilities than be seen, the capablities are potential creativity, innovation, productivity, motivation and commitment (Earle, 1996; Widyatmojo P, 2009). Organizational success is a comprehensive success of all members of organization. Therefore, an organization needs to have a good leadership. A good organization leadership is leader who able to choose leadership style, which is capable of arranging all of organization component capabilities, to work together with, to gain comprehensive success. A good organization leadership style exist in an organization, which handled by a CEO or a person or a leader which has superior entrepreneurs leadership capabilities (Collins James B., 2004; **Kickul** and **Gundry**. 2002). The capabilities consist of the proactive personality and three types of innovations: —innovative targeting processes, —innovative organizational systems, and − innovative boundary supports (Kickul and Gundry., 2002).

Leadership style **is an** human or managerial capabilities in order to influence a group of people or organization to achieve the organization or group objectives (Robbin, 1993). Leadership theories growing developed. At the first development of theory, the leadership theories grew with *trait theories of leadership*, and then *behavioral theories of leadership*, *contingency/situational theories*, and in the end there are *attribution theory of leadership*, *charismatic leadership theory*, and *transactional-transformational leadership theory*.

Historically, researchers have examined the individual traits of entrepreneurs, including the **need for achievement**, **autonomy** (Robbin, 1993; Mc Clelland 1961),

tolerance for ambiguity, and **risk- taking propensity** (Robbin, 1993). A turning point occurred in the late 1980s, when entrepreneurship definition as a set of activities involved in the creation of an organization. Telecommunication industry is an industry which has technology and economy high turbulent. Therefore, the enterpreneur needs innovative leadership style.

Communication takes place in the organization management. Telecommunications, today, is being greatly upgraded, spurred on by diversifying needs and technological improvements. Novy (1987) explained that telecomuncication developments need information superhighway implementation, enabling the use of fuller, deeper, more convenient telecommunication services. The key advances global integration, shape the industry of communications worldwide, and the social, economic and political structures of nations and transform people's way of life. Communication has become global and instant.

Mass media redefined by systems of transmitting and receiving personalized information and entertainment. Negroponte (1995) said the growth of **personal computer** happening so rapidly that future open-architecture television would be the Personal Computer. Negroponte (1995) believed that there was a perception that technology and humanities were totally opposed; likening it in the difference between science and art, between right brain and left. These gap between humanities and technology need resolve.

Telecommunications system operator is the organization responsible for providing telecommunications services to users. Therefore, the critical element of telecomincations definition is trasfering and receiving information by signal emission via electromagnetic radio or and optical fiber The definition of telecommunications service: (1) Any service provided by a telecommunication provider, and (2) A specified set of user-information transfer capabilities provided to a group of users by a telecommunications systems. There is no conflict between the two definitions. In contrast those definitions explaining telecomunication managerial and technology relationship.

Communication Technology

The transition over the past few decades, from the analogue transmission of voice over the twisted 2-wire copper cable of the telephone network, to the digital transmissions simultaneously over the same twisted copper wires of voice, data, and imagine, has been astonishingly rapid and is still gathering momentum. Likewise, decrease in size of cost, and increase in speed, power and versatility have transformed the computer from a mere number cruncher to a component in communications networks, extending its capacity into the storage and processing of all types of information. These new capacities and function of communications are commonly referred to as value added. The challenge of the next millennium large for the industry of communications and for its customers. It is likely to be a period of accelerating technological advances, of intense competition and considerable restructuring of the forces involved.

It is not surprising that the Indonesian telecommunications industry has expanded rapidly with attendant managerial problems. The effectiveness of management in this industry has to the author's knowledge. This paper reports the start of an attempt to fill the gap of the leadership theory of innovative organization. .

Research Problem Identification

. The theory of power distance, explain that superior tend to maintain his or her power, and the superior tend to reluctant to give autonomy in order to maintain his or her power to his or her subordinates (Hofstede, 1980; Widyatmojo P, 2009). On the other hand, the subordinates try to reduce their superior power, in order to make up his or her autonomy. Autonomy is an important factor of risk taking in order to innovate and to response the industry turbulence. Therefore, there is a gap of the two sides of those theories in the organization, and what kind of the two theories related. This gap resolved below.

Alternative Problem Solution

The problem of this research is what kind of leadership style that able to response the telecommunications industry turbulence. The leadership style that capable of improving autonomy in order to lift up organization innovation theoriticaly is transformational leadership style. Leaders use **transformational leadership behaviors increase the satisfaction, commitment**, loyalty, and performance of the followers (Earle, 1996; Widyatmojo P, 2009).

The Aim Of the Study

The aim of this study is to investigate the organization behavor in the transformational leadership style in Indonesia's telecommunication industry, in order to assess effectiveness.

Indonesia at the Cross-roads

The impact of new technology, coupled with regulatory changes, plus mounting competitive pressure between the service providers and suppliers is also radically altering the shape and content of the Indonesian telecommunication industry. Indonesia case, the situations I further compounded by a "choked" credit situation.
While telecommunications operators (Telkom) needs financing to expand and enhance their networks, banks are not able, or not willing to lend money and it is difficult to raise funds through initial public offerings (IPOs). Hence despite government effort to push for an information-rich society, telephone density[2] targets are not expected to be the achieved, because many Telkom has been affected by the financial and economic crisis. Consequently, there is a need to the telecommunications industry to make the necessary adjustments to face the realities, especially regarding productivity enhancement.

The Organization Structure

There are three general types of organization (autocratic, bureaucratic, and democratic) stemming from the bases of authority, and attention to the modern society, the bureaucratic leadership type become dominant because of the most technical efficiency. In doing so, he formed the starting point of a series of studies designed to examine the nature and functioning of bureaucracy (Robbin, 1993).

Jaque (1976) developed this theory of bureaucracy by focusing on the fact that superiors and subordinates were distinguished by different time-spans of work discretion. This difference, and the relationship which it generated, was building block which made a pyramidal authority-structure inevitable. Thompson (1967)

developed a formal theory of the way in which the component parts of an organization were differentiated and their interconnections established and patterned.

Pugh (1973) described work carried out with his colleagues, which examined in detail the management structures of modern organizations. Measures were obtained of the degree of specification, standardization and centralization of the authority structures that characterized organizations and the effects were demonstrated in contextual factors such as, size,, technology, ownership and interdependence with other organizations.

.Burns (1963) highlighted that **bureucratic** structures have formal limitations formal in contrast to ==organismic structures==. Authority, task allocation and communication were extremely flexible, in contrast to the rigid task and procedures of bureaucracy structure. Burns (1963) concluded that bureaucratic structures were only appropriate in stable environmental conditions; visa versa changing situations required **organismic structures**.

Lawrence and Lorsch (1967) continued the exploration of the relationship of the organization's structure to the environment faced. Lawrence and Lorsch (1967) concluded that the degree of structural differentiation necessary for a organization to function in a particular environment and the corresponding integration mechanisms determined organization performance.

Chandler (1980) showed how the structure of the large-modern organization inevitably changed to be able to pursue its business strategy adopted, because organization's structure had to follow the organization strategy. Miles and Snow (1984) demonstrated that successful achieved a strategic fit between the organization environment and the organization management strategies and structure. Pfeffer and Salancik (1978) argued that organization had to be understood in terms of their dependence on other institutions in their environment. Thereby, transformational leadership that capable of determining organismic structure is the best choice to acheive high performance organization.

Management and Decision-Making

All organizations need management, that the management process is complex thought. Fayol Henry (1949), the first of the modern management writers to propose a theoretical analysis of what managers had to do and by what principles they had to do it; this has withstood over eighty years of critical discussion. His principles of authority and responsibility, utility of command, good order, esprit de crop, etc, are the common currency of management practice, although not always followed.

Taylor challenged traditional management with his scientific management approach, which increased efficiency through specialization and tight control of task (including those of managers as well as non-managers (Robbins, 1993). Taylor's ideas is a controversial figure, and he has remained so since, he approaches to management thought work study and industrial engineering, which important parts of the control procedures of organizations.

Kanter (1979), the correct use of managerial power in order to achieving effective organizational performance, called productive managerial power use. Peters and Waterman (1982) presented a characterization of the management approach of the top executives of successful large corporations. A key element in continued success was the coporate value management that establishs an excellence. Decision-making is the manager key activity, in which the decision-making process is effective.

Organization manager decision making determines the structure and systems of management, to formulize strategic "games". A rational decision-making model

procedure to take account of the particular situation. March and Olsen (1976), argued that managers should not strive for rationality in this decisions, since the rationaliy could hamper flexibility and innovation, on the other hand. In other word, member freedom or member authority resulted member's job satisfaction, so that member innovation improved.

Playfulness and foolishness also have a part to play. Thereby, transformational leadership style is suitable for manager facing turbulence, since tranformational, enhances inspiring subordinates. The contradiction of these idea shows that transformational leadership is a way of getting good organization performance.

Organization Behavior and Transformational Leadership

Elton Mayo the inspirer of the famous Hawthorne studies and the "founding father" of the human-relation movement, the first example of social science having a major impact on management thinking, — emphasized that workers had be understood first as people. Elton Mayo's work has followed a large number of studies, which demonstrated the social process, surround the formal management systems, organization's infrastructure.

McGregor (1960) maintained that effective managers took a participative approach to their subordinates, not an autocratic one. McGregor's formulation of the inadequacies of **Theory X (autocratic management)** compared with **Theory Y (participative management)** has been very influential in introducing the human-relation approach to management thinking.

The finding of a study of Indonesian managers by Poon (1995) indicate that leaders who engage in ==transformational leadership behaviors increase the satisfaction, commitment==, loyalty, and effort expenditure of their followers. Trist and his Colleagues at the Tavistock Institute have consistently developed a systems approach to organization in which the task requirements and individuals' needs are interrelated as an interdependent socio-technical system. Therefore, transformational leadership improves job satisfaction and organization commitment, so that, member participation grows up, in the end organization performance improved.

Argyris (1985) explained how manager and organizations used defensive routines to prevent change, and ways to learn to develop new behaviors rather than merely continuing to repeat the behavioral ones. Silverman (1984) examined the way in which the various members of an organization, because of differing interpretation of the same situation, created a ceremonial order.

Hofstede (1980, 1991, 1993) on the basis of a major world-wide study of the values of organizational members in different countries, developed five value dimensions. His work has been praised as the most significant, and extensive cross-cultural study of work-related values (Bhagat and McQuaid 1982,; Robinson, 1983). Thereby, transformational leadership style producing high satisfaction, high organization commitment, and high performance in the organization, because the follower satisfied of leader's inspiration. Theref by the first reseach Hipotheses is that, member's job satisfaction influences member's commitment toward organization.

Organization Performance

Productivity is a key measure of organization performance. When orgnaisation performance increases, the economy grows in real terms and standards of living, so do organization productivity (Haselid, 1995).

Ichniowski, Shaw and Prennusshi (1997) presents new empirical evidence on the productivity effects of alternative employment practices using data assembled on steel finishing processes, concludes that groups of complementary human resource management (HRM) practices have large effects on productivity while changes in individual work practices have little effect on productivity. Therefore, the second hipotheses of this research is that job satisfaction and organization commitment improves member's performance.

The proposed hipotheses is justified by Church and Waclawski (1998) exploration of individual orientation differences and leadership behaviours relationship in workplace. Church and Waclawsky (1998) concluded that individual differences in personality orientation impact on leadership behavior in the work place. The productivity foundation, includes investment in capital goods, technological innovation, and worker's motivation. Hatvany and Pucik (1981) explain Japan management practices affected on human resources. Hatvany and Pucik (1981) concluded, the management practices were congruent with tasks structured, individual goals and climate. Hatvany and Pucik's finding that key elements of Japanese management practices were not unique to Japan and could be successfully transplanted to other cultures. Therfore, the third hipotheses is motivation improves member's performance.

Reseach Method

This study aims, to analyze how Indonesian telecommunications companies' management handle environment change. All identified Telkom will be approached. The only the result of change in the Indonesian telecommunications industry, Likert Scale questionnaires will be used, in order to measure: (1)— member's behaviour in the organization to gauge management style, and (2) —member's performance,.

The greater insight, it is proposed that structured interviews of the Chief Executive Officers of the surveyed strategies also be undertake. Some the variable which will be taken into account are:
   — Independent variables: member's job satisfaction, member's job motivation behavior.
   — Dependent variables: member's peformance.
 When sufficient data revealing the performance, job satisfaction and organization commitment obtained, the data will be analyzed to investigate their relationships. The unit of analysis of this research is individual unit analysis. The analysis method of this research is structural equation model, that using AMOS software. The result of the data analysis is as follows.
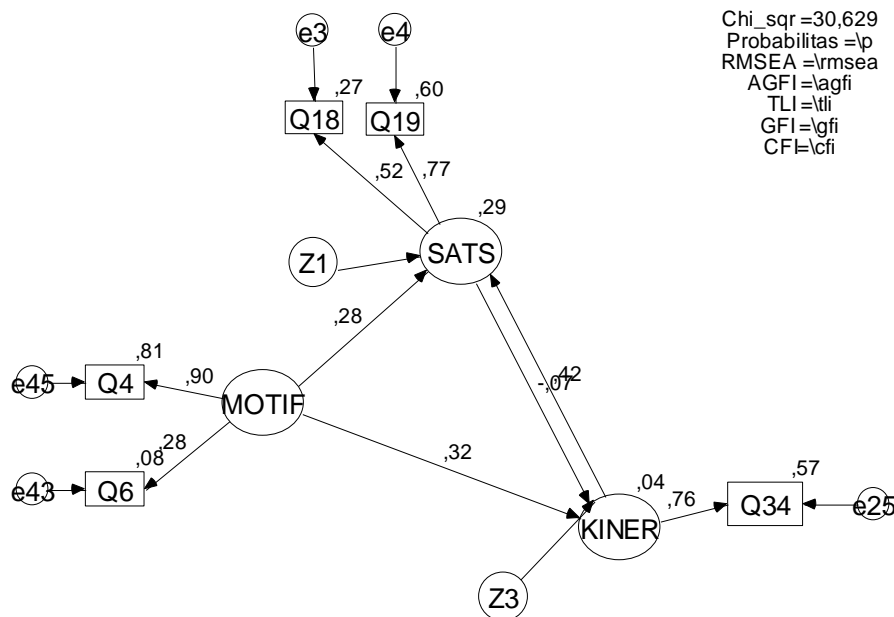
Analysis Result

The result of structural equation model conducted by AMOS shows that the data is suitable for the model which is indicated by Chi-square 30,629. Degrees of freedom is (15-14) =1, and number of distinct sample moments = 15, number of parameter i = 14. RMR = 0,36 and GFI = 0,963.

Standardized Regression Weights: (Group number 1 - Default model) as follows.

	Estimate
KINER <--- MOTIF	,321
SATS <--- MOTIF	,282
Q6 <--- MOTIF	,275
Q4 <--- MOTIF	,900
Q18 <--- SATS	,522
Q19 <--- SATS	,772
Q34 <--- KINER	,757
KINER <--- SATS	-,069
SATS <--- KINER	,421

The influence of Motivation toward Performance is 0,321 and the influence of Job Satisfaction toward Performance is 0,421 but there is negative reciprocal influence of Performance toward Job Satisfaction -0,069. The negative reciprocal influence shows that member dissatisfied of organization appreciation to the member.

 The fit model this research is presented as follows.

Note:
Motif = Motivation
Sats   = Job Satisfaction
Kiner = Performance.

The result diagram of the analysis shows little bit difference; that the first hipotesis which proposed motivation producing job satisfaction, is not supported. In apposite, member's motivation producing member's job satifaction. therefore the first hypotheses is unsupported. This finding that member's motivation influences toward member's job satisfaction = 0,28 is results of organization members perception that job satisfaction is an evaluation of performance achievement

individually. The second hipotheses that member's motivation influences member's performance, supported by data, so do the third hipotheses.

Reseach Conclusion

This result concludes that, motivation producing   job satisfaction producing which in turn job satisfaction producing good performance, enhancing good organization performance. The result of the analysis also indicating oposite direction of job satisfaction influence toward motivation. This opposite direction influence is resulted from organization members perception of job satisfaction as an evaluation of performance achievement.

Tentatively, transformational leadership style fit to improve organization performance by maximizing the participating enterprises organization is tested or supported by data. Productivity is determined by performence of the participating enterprises.

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