TRANSFORMATIONAL LEADERSHIP MODEL CONSTRUCTION SERVICE INDUSTRY IN JAKARTA DURING THE COVID-19 PANDEMIC ERA

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ABSTRACT

This study aims to analyze a transformational leadership model in the construction service industry in Jakarta during the Covid-19 pandemic using the dimensions of individual consideration, intellectual stimulation, inspirational motivation and idealized influence. The analysis technique uses the Structural Equation Model (SEM) with SmartPLS. The total sample is 95 heads of construction service companies in DKI Jakarta. Data were collected through distributing questionnaires. The results of the analysis show that transformational leadership in the construction service industry during the pandemic is at a high level. The results of testing the transformational leadership model show that each dimension is significant in composing transformational leadership. The four significant dimensions recommended are idealized influence, intellectual stimulation, individual consideration and inspirational motivation. Among the four dimensions, idealized influence and individual consideration are the dominant dimensions, this shows that during the Covid-19 pandemic, the influence of charismatic leadership role models became the main characteristics for companies that managed to survive, at the same time paying attention to each individual employee is indispensable. The practice of transformational leadership in companies is manifested in the transformation of information processes, new technology, and adaptation of techniques, communication, and data management utilizing digital media.

Keywords: Transformational Leadership, Construction Services

INTRODUCTION

Soon after the announcement if the Corona Virus Disease 2019 (COVID-19) in Wuhan China on November 2019, Covid-19 has spread and become into pandemic on all over the world. The rapid spread has gone worldwide that became in a world health crisis with millions of casualties. The growth of the health crisis that had impacts on the economy strategic plans that had been determined should be replaced by emergency response policies. Various resources were mobilized to overcome the Covid-19 outbreak. Companies that previously had an expansionary business plan turned into a protective plan.

The construction industry is one of the many businesses that are feeling the impact of the COVID-19 pandemic. Based on information from the Ministry of PUPR, the Covid-19 pandemic has a direct impact on cutting implementation budgets, delays in project completion, material
constraints, labor and cost overruns. Of the total 5,564 projects completed in 2020, only 2,373 (43%) (PURP, 2020).

The company's burdens are getting heavier due to the Covid 19 pandemic having a significant impact on the sustainability of construction service companies. In worse condition, some companies have even stopped operating. Association of Indonesian National Construction Entrepreneurs (Gapensi, 2021) noted that currently there are about 25% of the 30 thousand that do not re-register as members which is probably due to not being able to operate again.

To be able to survive in any kinds of business situations, Permana, et al., (2020) stated that the main factor as the key success of a company is the company leaders (top management). Leaders have the strong impact to form the company’s performance (Bagus et al., 2015; Syafei, et al., 2016). Gallén (2009) stated that the company leaders which consists of top management has the big role in the success process of the company. Top management plays a very important role in directing the company as a whole and coordinating all major functions so that the company's goals can be achieved (Gallén, 2009).

The uncontrolled pace of the Covid pandemic has led to changes in business models that pose a challenge to leadership facing modern organizations. However, many researchers have agreed that the subject of effective leadership strategies is continuously being achieved (Senge, 2017). The ability to deal with change effectively requires leadership behavior that is in line with the work of the organization which is called transformational leadership (Gopal et al., 2014). Recently, this topic has attracted the interest of researchers because the concept of transformational leadership has become a basic element in modern organizations.

A transformational leader induces change throughout the organization and creates new perspectives for managers and staff (Bono & Judge, 2004). Transformational leaders encourage subordinates to develop potential beyond their individual aspirations for the good of the organization. Through transformational leadership, employees can achieve performance that exceeds the expectations of the leader (Kusdi et al., 2018).

Transformational leadership refers to the attitude of a leader who seeks to create new ideas and perspectives to create various strategies for the growth and prosperity of the company (Bedi, Alpaslan & Green, 2016).

By developing commitment, passion and loyalty among managers and staff, they mobilize organizational members to make fundamental changes. So that the organization is ready and has the ability to move in new directions to reach a higher peak of ideal performance (Mirkamali, Thani & Alami, 2011).

Transformational leaders explain the future prospects of the organization and provide examples consistent with the prospects expressed, increase acceptance of group goals, provide a variety of support for individuals in the organization and encourage them to pursue organizational goals (Gumusluoglu & Ilsev, 2009).

Transformational leadership theory has developed into a hot topic in management research (Vera & Crossan, 2004). Transformational leadership theory was first conceived by Burns (1978), then followed by Bass (1987), which made an outstanding contribution to the development of the theory (Stewart, 2006). A transformational leader changes the way of thinking of followers in such a way that they adopt the organization's vision as if it were their own. This transformation motivates employees to prioritize struggles for collective goals over personal interests (Chang, Chao, Chang & Chi, 2018; David & Carolina, 2011; Gumusluoglu & Ilsev, 2009).
Experts argue that there are four dimensions of transformational leadership, including (1) idealized influence, (2) inspirational motivation, (3) intellectual stimulation, and (4) individual consideration (Bass & Avolio, 1994; Bedi et al., 2016; Brown & Treviño, 2006).

This study will examine these dimensions into a transformational leadership model in the construction service industry in Jakarta during the Covid-19 pandemic. This research is important to do because not only the transformational leadership model is an important subject, and it also has received interest from scholars to continue to be researched (Banks et al., 2016; Caldwell et al., 2012; Groves & LaRocca, 2011). On the other hand, the transformational leadership model is relevant to business situations that are full of uncertainty and continue to change drastically (Acharya & Anand, 2020; Bouranta, 2020).

**RESEARCH METHOD**

First, conduct a literature review to define and identify the constituent dimensions of transformational leadership variables in the construction industry. Based on the results of the literature review, this study defines the research dimensions as follows:

Idealized influence is a concept in which a leader becomes a role model for followers with friendly and charismatic behavior. They admire, respect and trust their followers. They care more about the needs of their followers than their own, and avoid using power for personal gain (Bono & Judge, 2004; Hoffmeister et al., 2014; Mirkamali et al., 2011).

Inspirational motivation is a concept that emphasizes efforts to challenge employees in their work and create clear perspectives for achieving goals and towards the future by increasing efficiency in the workplace. Inspirational motivation characterizes the degree to which a leader presents a vision to motivate followers (Bass & Steidlmeier, 1999; Bono & Judge, 2004; Deinert, Homan, Boer, Voelpel & Gutermann, 2015).

Intellectual stimulation is the approach of a leader who encourages his subordinates to try to create motivation and creativity by modifying the approaches and opportunities of their own subordinates. The leader's main goal is to offer a free flow of ideas and imagination so that followers and subordinates try to find new techniques and approaches (Bass & Steidlmeier, 1999; Bono & Judge, 2004; Rafferty & Griffin, 2004).

Individual consideration is a concept of interaction between leaders and subordinates in accordance with their own characteristics and abilities. Leaders give personal attention to individuals to build healthy relationships by providing new learning opportunities according to their interests and skills. Individual consideration is also characterized in the degree to which the leader is concerned with the individual needs of the follower (Avolio & Bass, 1995; Hoffmeister et al., 2014; Gopal & Rima Ghose Chowdhury et al., 2014).

The results of the literature review were then followed up with a triangulation process with several construction industry practitioners. The process is stopped when the information provided is saturated, that is, the source provides relatively the same information (Bekhet & Zauszniewski, 2012).

Second, a set of questionnaire was being built to be filled out by research respondents. Based on the results of the first stage, a total of 19 questions were obtained with details of idealized influence: five questions; inspirational motivation: 4 questions; intellectual stimulation: 4 questions and individual consideration: 6 questions. The measurement scale uses a Likert scale: 1=Strongly
Disagree; 2=Disagree; 3=Undecided; 4=Agree and 5=Strongly Agree (Joshi, et al., 2015; Kim, 2011).

Table 1
OPERATIONAL VARIABLES OF TRANSFORMATIONAL LEADERSHIP RESEARCH

<table>
<thead>
<tr>
<th>Dimention</th>
<th>Indicator</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized influence</td>
<td>1. Listening to the wants and needs of employees, especially during a pandemic (II1)</td>
<td>(Bono &amp; Judge, 2004; Hoffmeister et al., 2014; Mirkamali et al., 2011; Rezazadeh, et al., 2013).</td>
</tr>
<tr>
<td></td>
<td>2. Sacrificing personal interests for the benefit of the company (II2)</td>
<td></td>
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<tr>
<td></td>
<td>3. Be friendly and respectful to employees (II3)</td>
<td></td>
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<tr>
<td></td>
<td>4. Demonstrate strength, competence and resilience during a pandemic (II4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Instilling confidence in each employee to achieve realistic targets during the pandemic (II5)</td>
<td></td>
</tr>
<tr>
<td>Inspirational motivation</td>
<td>1. Speak optimistically about the future, and the pandemic that has brought the crisis would come to an end (IM1)</td>
<td>(Bass &amp; Steidlmeier, 1999; Bono et al., 2004; Deinert et al., 2015; Rezazadeh, et al., 2013).</td>
</tr>
<tr>
<td></td>
<td>2. Talk seriously about things that should be done at this point (IM2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Take full responsibility for the vision (IM3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Giving hope to members about goals that can be achieved both in the short term in the midst of a pandemic or in the long term (IM4)</td>
<td></td>
</tr>
<tr>
<td>Intellectual stimulation</td>
<td>1. Encourage the emergence of new perspectives from employees to plan, realize and achieve targets during the pandemic (IS1)</td>
<td>(Bass &amp; Steidlmeier, 1999; Bono &amp; Judge, 2004; Rafferty &amp; Griffin, 2004; Rezazadeh, et al., 2013).</td>
</tr>
<tr>
<td></td>
<td>2. Examine carefully the employee's performance and compliance with the predetermined standards (IS2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Examine each problem from a variety of different perspectives (IS3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Always stimulate employees to come up with new ways of doing things to achieve the best results amid a pandemic (IS4)</td>
<td></td>
</tr>
<tr>
<td>Individual consideration</td>
<td>1. Treating employees by giving personal attention is not a formality as a member (IC1)</td>
<td>(Avolio &amp; Bass, 1995; Hoffmeister et al., 2014; R. Gopal, et al., 2014;</td>
</tr>
</tbody>
</table>
2. Consider the different of needs, abilities and creativity possessed by employees (IC2)
3. Allocating time for employee training guidance (IC3)
4. Helping employees to continue to develop their abilities (IC4)
5. Maintain open communication with each employee (IC5)
6. Instill pride and respect in employees and stay connected to them (IC6)

Source: Researchers (2021)

The questionnaire was sent to 95 respondents. The number of respondents was obtained as recommended by (Hair et al., 2006) which states that for quantitative research, the determination of the number of respondents can be set at five to ten times the number of research indicators. The number of research indicators was 19, so the research data were: 19 x 5 = 95. In order for the sample to represent the size of small, medium and large companies, the technique of determining respondents was carried out by stratified random sampling. The company size classification refers to the Law of the Republic of Indonesia No. 20 of 2008 concerning SMES; small businesses have a wealth of above 50 million rupiah to 500 million rupiah. Medium-sized businesses have a wealth of over 500 million rupiah to 10 billion rupiah. Large businesses have a wealth of over 10 billion (UU No. 20 year 2008)

Third, after obtaining the data, the analysis is carried out using the Structural Equation Model (SEM) analysis technique with the smartPLS software. SEM smartPLS can be used to perform confirmatory analysis (Ringle et al., 2005). Confirmatory Factor Analysis (CFA) is a statistical technique used to find the construct form of a set of manifest variables, or to test a variable on the assumptions of the indicators that construct it (Ghozali, 2014). The consideration on using the SmartPLS 2.0 was because SmartPLS 2.0 is developed based on the modeling and bootstrapping paths, which are recommended by Tenenhaus & Esposito (2005).

RESULTS

Profile of Research Respondents

The research respondent's profile provides information about the realities surrounding the construction service industry companies that are research respondents. The following is presented in table 2, the profile of the research respondents.

<table>
<thead>
<tr>
<th>Items</th>
<th>Quantity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>75</td>
<td>79</td>
</tr>
<tr>
<td>Female</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 2

Profile Research Respondents
Model Fit Test

The analysis of the suitability of the SEM with PLS research model was carried out in three stages, namely the outer model analysis, the inner model analysis, and hypothesis testing (Chin, 1998).

The Outer Model Analysis

Based on the running data result by using the smartPLS Software, synchronization with the research model was obtained, which means, it is

Berdasarkan hasil running data dengan menggunakan software smartPLS diperoleh kesesuaian model penelitian, that meets the criteria required by the smart outer model PLS - Cronbach’s alpha & rho_A with >0.6; composite reliability >0.7 and AVE >0.5 (Cheung & Rensvold, 2002). Table 3, the output of SmarPLS.

<table>
<thead>
<tr>
<th>Table 3 VALIDITY AND RELIABILITY CRITERIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idealized influence</td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Individual consideration</td>
</tr>
<tr>
<td>Inspirational motivation</td>
</tr>
<tr>
<td>Intellectual stimulation</td>
</tr>
</tbody>
</table>

Output: SmartPLS (2021)
Inner Model Analysis

Inner model analysis could be seen from several indicators. Those indicators are: determination coefficient ($R^2$); Predictive Relevance ($Q^2$); Goodness of Fit Index (GoF) (Chin, 1998). Here is the calculation of each indicator.

**Determination coefficient ($R^2$)**

| Table 2 |
|-----------------|-----------------|
| **R$^2$ VALUE** | **R Square**    | **R Square Adjusted** |
| Idealized influence | 0.869 | 0.868 |
| Individual consideration | 0.801 | 0.799 |
| Inspirational motivation | 0.749 | 0.746 |
| Intellectual stimulation | 0.803 | 0.801 |

Source: Output SmarPLS (2021)

According to Chin (1998), R square values above 0.67 are strong, between 0.67 and 0.18 moderate, and below 0.19 are weak. All dimensions of transformational leadership, namely idealized influence, individual consideration, inspirational motivation, and intellectual stimulation are categorized as having a strong relationship.

**Predictive Relevance ($Q^2$)**

To calculate the $Q^2$, we used:

\[ Q^2 = 1 - \prod_{i=1}^{n} (1 - R_i^2) \]

\[ Q^2 = 1 - (1 - 0.868) (1 - 0.799) (1 - 0.474) (1 - 0.746) (1 - 0.801) \]

\[ Q^2 = 0.9986 \]

This test is conducted to determine the predictive capability with the blindfolding procedure. According to Chin, (1998), if the value obtained is between 0.02 and 0.15, the model has little predictive ability. If the value obtained is between 0.15 and 0.35, the model has moderate predictive ability. Finally, if the value obtained is above 0.35, the model has high predictability. Calculation of the value of $Q^2$ obtained a result of 0.9986, so the model has a large predictive capability.

**Goodness of Fit Index (GoF)**

The GoF value in SEM with PLS is calculated manually (Tenenhaus & Esposito, 2005) dengan rumus

\[ GoF = \sqrt{AVE^2 \times R^2} \]

\[ GoF = 0.701 \]
Tenenhaus & Esposito (2005) stated, GoF is low on 0, 1, middle on 0, 25, and high on 0, 35. The study calculates the GoF value and finds that the model has a moderate GoF value. This means that the model can represent real phenomena. The study concluded that the calculation of the GoF value is 0.701. Therefore, it is revealed that the research model can capture the real phenomena of leadership conditions in the construction service industry in Jakarta during the pandemic.

HYPOTHESIS TEST

The structural model in SEM-PLS was carried out by a bootstrapping process which produced a t-statistic value. If the t-statistic value is greater than the t-table with the 95% confidence level (>1.96), the effect is significant (Asparouhov & Muthén, 2009). Here the output bootstrapping smartPLS is showed in figure I.

FIGURE 1
OUTPUT BOOTSTRAPPING SMARTPLS

Figure 1 presents all the research dimensions and indicators used to build a transformational leadership model, which has a significant effect on the 95% confidence level (>1.96). Meanwhile, to find out how much influence the dimensions have in following the variable, by looking at the loading factor value of the original sample (O) output. The following is presented in Figure 2. Output SmarPLS Algorithm.

FIGURE 2
SMARTPLS ALGORITHM
Figure 2, smartPLS algorithm, which presents the four main dimensions of research that compilers of transformational leadership models have significant effects in the order of idealized influence, intellectual stimulation, individual consideration and inspirational motivation. Figure 3 presents the SmartPLS Output result.

### Table 3
SMARTPLS OUTPUT RESULT

<table>
<thead>
<tr>
<th>No.</th>
<th>Dimension Confirmatory</th>
<th>Origin (O)</th>
<th>Mean (M)</th>
<th>STDEV</th>
<th>T Stat</th>
<th>P Value</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Transformational leadership è idealized influence</td>
<td>0.932</td>
<td>0.932</td>
<td>0.016</td>
<td>57.854</td>
<td>0</td>
<td>Accepted</td>
</tr>
<tr>
<td>2</td>
<td>Transformational leadership è individual consideration</td>
<td>0.895</td>
<td>0.896</td>
<td>0.028</td>
<td>31.943</td>
<td>0</td>
<td>Accepted</td>
</tr>
<tr>
<td>3</td>
<td>Transformational leadership è inspirational motivation</td>
<td>0.865</td>
<td>0.863</td>
<td>0.027</td>
<td>31.86</td>
<td>0</td>
<td>Accepted</td>
</tr>
<tr>
<td>4</td>
<td>Transformational leadership è intellectual stimulation</td>
<td>0.896</td>
<td>0.896</td>
<td>0.023</td>
<td>39.369</td>
<td>0</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

### DISCUSSION

This study seeks to analyze a transformational leadership model for the construction service industry during the Covid-19 pandemic. The test results on the transformational leadership model found that four dimensions proved to be significant in forming transformational leadership variables. Based on the research results that have been presented, the following findings can be summarized.

First, transformational leadership is the strength of construction service business organizations in making strategic decisions appropriately during a pandemic. With its popular characteristics, transformational leadership occupies a high position among all leadership theories. In the Covid-19 pandemic situation, the success of this leadership style is due to the close closeness of all matters between the leader and his subordinates/employees. This pandemic situation that limits human movement, but intensive communication links occur by utilizing digital media. During the pandemic, the involvement of digital media has been increased inside the business process, the impact of Work From Home (WFH), the workers take turn to have meeting with the stakeholders (suppliers, users, workers and business partner), mainly using the digital media. The information process, new technology, technical adaptation, communication and data management
have been transformed with the digital media. The digital adoption has been proven to help the company survive during the pandemic. The improvisation of the business process could be done smoothly because of the transformational leadership practice.

These results support previous research which found that transformational leadership practices enable companies to innovate and adapt to changing environments (Bono & Judge, 2004; Piccolo & Colquitt, 2006; Pieterse, Van Knippenberg, Schippers & Stam, 2010; Zhu, Avolio, Riggio & Sosik, 2011).

Second, table 2 shows that in fact the majority of leaders of construction service companies in Jakarta are male (79%). The management and social psychology literature suggests that male and female executives perceive risk differently; male executives are more proactive, more interested in risk, and more likely to show excessive trust (Li, 2017). Thus, male executives are more courageous and implement strategic business activities that are relatively more aggressive (Yang & Wang, 2014). This reality is one that explains the dimensions of transformational leadership in the construction services industry as having high value. Since the government has maximized BUMN services in the construction sector, the construction industry has become increasingly competitive for private companies because the number of projects has decreased. The situation is getting worse due to the Covid-19 pandemic. This fact requires the courage of the leadership to bring the company out of a difficult situation.

Third, operationally, this study provides an overview that the practice of transformational leadership during the pandemic present’s priority, first, idealized influence (0.932); second, intellectual stimulation (0.895); third, individual consideration (0.865) and fourth, inspirational motivation, (0.896). This has managerial implications that transformational leaders act as mentors and advisors, pay attention to personal development, learning and meet employee needs. In line with previous research that transformational leaders provide challenges, broader perspectives, respect, trust, and act as role models for their employees (as stated by Gopal et al., 2014).

CONCLUSION AND SUGGESTION

Conclusion

This study proves that the transformational leadership model is relevant in facing the construction service business situation that has changed drastically due to the Covid-19 pandemic. These results indicate that during the Covid-19 pandemic, charismatic, innovative and adaptive leadership role models are the main characteristics for companies that have managed to survive; at the same time that attention to each individual employee is needed.

Practical Suggestion

Based on the results of running data with PLS, it is suggested that the leadership of a construction service company during this pandemic will broaden the perspective in every problem solving, give more detailed attention to each individual employee, increase the accuracy of a certain target to suit the duties and competencies of employees and spread a sense of optimism that every problem faced will certainly be resolved immediately, including pandemic pressure.

Academical Suggestion
This study found that the practice of transformational leadership dimensions is manifested in information process transformation, new technology, technical adaptation, communication, and data management utilizing digital media. In the future, more specific research is needed on the impact of transformational leadership on digital media adoption and of course on the performance of construction service companies during the pandemic.

REFERENCES


