

Transformational leadership contributions and job satisfaction in the development of innovative behavior of employees

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ABSTRACT

PLN (State-owned Electricity Company) in North Surabaya area are demanded to always improve their services to the public. The service improvement needs to be done for the electrical energy needs of the community that is always increasing. The leaders are supposedly able to apply transformational leadership in fostering innovative behavior of employees. In addition, the employees must also be satisfied with their jobs so as to encourage innovative behavior. This study aims to determine the direct effect transformational leadership and job satisfaction on the employees' innovative behavior, especially in North Surabaya Area Office PLN. This quantitative study took 57 employees of PLN office in North Surabaya area using probability sampling method and simple random sampling technique. Data analysis was done by using descriptive analysis with the statistical average of the category Three-box Method and inferential analysis using Partial Least Square (PLS). It shows namely: (a) transformational leadership affects the innovative behavior of employees (b) job satisfaction affects the innovative behavior of employees (c) leadership transformational affects job satisfaction (d) transformational leadership and job satisfaction influences the innovative behavior of employees and (e) leadership transformational effect on employee satisfaction.

ABSTRAK

PLN (Perusahaan Listrik Negara) di daerah Surabaya Utara dituntut untuk selalu meningkatkan pelayanan kepada masyarakat. Peningkatan pelayanan perlu dilakukan untuk kebutuhan energi listrik masyarakat yang selalu meningkat. Para pemimpin seharusnya mampu menerapkan kepemimpinan transformasional dalam mendorong perilaku inovatif karyawan. Selain itu, karyawan juga harus puas dengan pekerjaan mereka sehingga mereka berperilaku inovatif. Penelitian ini bertujuan untuk mengetahui pengaruh langsung kepemimpinan transformasional dan kepuasan kerja terhadap perilaku inovatif karyawan, terutama di Surabaya Utara di Area Kantor PLN. Penelitian kuantitatif ini mengambil 57 karyawan pada kantor PLN di daerah Surabaya Utara menggunakan metode probability sampling dan teknik simple random sampling. Analisis data dilakukan dengan menggunakan analisis deskriptif dengan statistika average Metode Three-box Method dan analisis inferensial menggunakan Partial Least Square (PLS). Hasilnya menunjukkan yaitu: (a) kepemimpinan transformasional mempengaruhi perilaku inovatif karyawan (b) kepuasan kerja mempengaruhi inovatif perilaku karyawan (c) kepemimpinan transformasional mempengaruhi kepuasan kerja (d) kepemimpinan transformasional dan kepuasan kerja mempengaruhi perilaku inovatif karyawan dan (e) kepemimpinan transformasional berpengaruh terhadap kepuasan kerja karyawan.

1. INTRODUCTION

PT PLN (Persero) is a state-owned company that is addressing the issue of electricity in Indonesia. Electrical power supply to consumers is a fundamental for PT PLN (Persero). PLN has along his-

tory, as the sole provider of electricity in the country which seeks to continuously improve the quality of service for all components of the Indonesian community in providing electricity for public use. In its public service, PLN is prone to criticism. Ac-

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cording to YLKI (Indonesian Consumers Foundation), based on complaint data collection from 2006 to 2007 there were 3,500 complaints.

The types of consumer complaints are in several matters. First, it concerns a complaint about the quality of the product. Power outage and voltage always goes up or down, covered in the character of this complaint. Second, complaints are also about human resources (HR). The context of HR complaint dealing with the staff of PT PLN unable to solve the problems, but also it deals with more behavioral factors (attitude). Third, complaints about infrastructure such as electricity poles were tilted do not want to be moved, and a transformer which often exploded. And, fourth, it deals with complaints about the business process.

Apart from the quality of the product, the business process issues complaint is a complaint that is very serious character; both the consumer and or for PT PLN. This is because the issue of the business process is not merely the management of PT PLN's internal problems, but involves external or third party (external). Even recently, the development of the technology have been in various services provided will ease. To be able to use the technology it is necessary to have adequate facilities for electrical energy. The need for electricity is very important and can not be separated from human life.

Even the dependence on electrical energy has been developed along with the development of economic development. Seeing such a vital electrical role, the existence of the State-owned company of Electricity Company (PLN) is a provider of electric service is needed by the community. To provide the best service for the community, the PLN has required innovative measures in its efforts.

Along with the increasingly need for human resources, the quality also need to be good and they should deal with environmental changes very quickly. In a company, it must not be a problem how sophisticated the technology of machinery and equipment are, as long as the human resources are considered important factors in handling them. Also, it does not matter whether the organization is large or small scale. This is because the human resources with reasonable mind can manage and control electrical production within the organization such as raw materials, machinery, and money.

The above challenges need a management system that facilitates the organization operation. The existence of various layers of structure in the organization tend to make employees do in own way when completing the work. Each layer of the

structure of the organization also has different needs that make the organization needs a leader. Good leadership can encourage innovation to improve the involvement and participation of employees in decision making effectively. In the context of public services, the most important priority of the PT. PLN (Persero) UPJ Surabaya course is how to provide good service (service excellence) to customers or consumers. Through good service is not expected to occur complain, because the need for services has been met with both so that they feel satisfied.

For example, a research on Innovative Work Behavior revealed that the innovative work behavior is influenced by two main factors, namely individual factors and organizational factors (Dorner 2012). Individual factors include the tendency to innovate, intrinsic motivation (Yuan and Woodman 2010), mastery orientation (Janssen & van Y peren 2004), understanding the problem at work, and self-efficacy (Dorenbosch et al. 2005). On the side of organizational factors, it includes the supervisor's behavior as the main driver (Scott & Bruce 2012), the influence of leadership (Damarich et al. 2011; Sagnak et al. 2011). Other factors that have been found in studies related to innovative work behaviorist he climate and culture of organizations exist, work autonomy (Axtell et al. 2007), and task interdependence and goal (Vegt & Janssen 2006).

As referred to Ellitan and Anatan (2009), innovation is an organizational activity system that transforms technologies from idea to commercialization. Innovation organization would need to be supported by innovative behavior by its employees. In other words, that innovation applies to the organization is also a behavior of individuals. The process of innovation by organizations, individuals have demanded new ideas, based on imaginative thinking process and supported by high internal motivation. In implementing the idea of the necessary courage to take risks for introducing 'new' contains risk.

Risk-taking is the ability to push new ideas face staggering challenges that risk-taking is away of realizing creative ideas into reality (Bryd & Brown 2005). Therefore, if the original goal to innovate for the benefit of the organization, but if not managed properly would backfire. In connection with PLN service, the implementation of ideas and innovation must be realized by either. This study will reveal the extent to which leadership roles are able to foster job satisfaction and innovative behavior of employees.

Again, some studies provide evidence that transformational leaders are able to induce his followers, through intellectual stimulation, to re-evaluate the potential problems and their work environment so that innovative ideas can be developed (Reuvers, et al. 2005). Kresnandito and Fajri-anthi (2012) propose that the perception of transformational leadership has a significant influence on the behavior of the innovative radio announcer in Surabaya. Intellectual stimulation by the leader to subordinates will stimulate and encourage subordinates to find new approaches to the problem. The lowers are also to be encouraged to innovate and be creative in solving problems to develop the ability and are encouraged to set goals or targets are challenging.

Thus, it can be concluded that transformational leadership is positively related to innovative behavior of employees (Shin & Zhou 2006). However, other researchers have also shown that there is no correlation between transformational leadership style and personal innovation performance (Jaussi & Dionne 2006). The above evidences are inconsistent primarily from the design of the study and research of different samples, draw researchers to discuss further.

Organizational researchers and practitioners have identified psychological empowerment as a construct that needs critical attention. Widespread interest in the psychological empowerment issues arise at the time of global competition and the changes that occur that require member organizations to have more initiative and innovative. One form of psychological empowerment efforts is to provide a sense of job satisfaction for employees. Job satisfaction can be defined as a variable attitude. This relates to how people feel about their jobs and different aspects of their work. Job satisfaction is the extent to which people feel satisfied or dislike (dissatisfaction) towards their work.

For example, a study by Riaz and Haider (2010) which examines the influence of the type of transformational and transactional leadership on job success and career satisfaction found positive results for all the variables studied. Based on the description of the background of the above problem, this study proposes some problems, first, whether there is an effect of transformational leadership on job satisfaction of the staff of the North Surabaya Area PLN; Secondly, whether job satisfaction affects the innovative behavior of employees PLN Area Office North Surabaya; Third, whether there is an effect of transformational leadership on innovative behavior of employees of the Office of

Surabaya Area North PLN; Fourth, Is transformational leadership and job satisfaction affects the employee's Innovative Behavior PLN Area Office North Surabaya?

This study tries to find answers to some of the issues raised, first, determine the effect of transformational leadership on job satisfaction of the staff of the North Surabaya Area PLN. Second, determine the effect of job satisfaction on employee innovative behavior PLN Area Office North Surabaya. Third, determine the effect of transformational leadership on innovative behavior of employees of the Office of PLN North Surabaya area. Fourth, determine the effect of transformational leadership and job satisfaction on employee innovative behavior PLN Area Office North Surabaya.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Innovative Behavior

There are some essential opinions in the literature as a consequence of economic and community development, technological advances, and the transformation of the structure and tasks of the organization, innovation have become something very important work today. In an organization, innovation is crucial for improving the effectiveness of internal processes and quality outcomes achieve and maintain competitive advantage and secure the long term viability of the organization. Because the benefits of innovation and more flexible work structures, organizations increasingly expect and require their employees to contribute to changes and improvements in the workplace. This means that employees are asked to reflect on their work practices and pro-actively address issues related to the job.

For example, for the employees who contribute to the development of innovation, engagement can bring benefits in the form of correspondence between the conditions and terms of employment with individual needs and competencies, resulting in increased collaboration and communication with colleagues. This in turn can improve well-being and job satisfaction (Janssen 2000). However, at the same time, employees who participate in the innovation process may also be at risk of conflict and resistance from colleagues or supervisors who want to prevent changes in work patterns and norms.

The term above often refers to the innovation or the creation of new things. Most definitions of innovation include the development and implementation of something new does not mean new

thing really new or original, but it is understood as a "novelty". The meaning of this novelty, Schumpeter made clear by the opinion that innovation is the creation and implementation of something into a combination of (De Jong & den Hartog 2007).

Innovation is also often associated with products, services, processes, marketing, delivery systems and policies. Innovation is understood as a novelty implies the existence of dimensions of space and time. Industrial products such as shoes can be said to be new in a place not necessarily known as a result of new innovations or else where. Currently, the dimensions of such a distance can be overcome by information technology, so that when there is a new discovery in one place can be distributed to various places in a short time and are not limited by distance.

The scope of innovation in the organization (Janssen 2006), moving from the development and implementation of new ideas that have an impact on the theory, practice, product, or lower scale, namely the improvement of daily work processes and design work. Therefore, the study of innovation in the organization can be done in three levels, namely the innovation level of the individual, group, and organization (De Jong & Den Hartog 2007). When viewed from the speed of change in the innovation process, there are two kinds of innovation is radical innovation and incremental innovation. Radical innovations made with large scale, carried out by experts in their field and are usually managed by the department of research and development.

Hence, a radical innovation is often performed in manufacturing and financial services institutions. While incremental innovation is a process of adjustment and implementation of small-scale improvements. This innovation is that all parties concerned so that the empowerment approach in accordance with this incremental innovation model (Bryd & Brown 2005). For another example, Wahono and Abdullah (2010) argue that innovation is a strategy to achieve a competitive advantage for the main purpose of innovation is to meet the market demand so that product innovation is one that can be used as a competitive advantage for the company.

Innovative behavior is human behavior or individual to promote or realize new ideas with in a work group or organization, the direct benefit to the performance of the group or organization (Van der Veght & Janssen 2006). Thus, the definition of innovative behavior according to De Jong & Kemp (2006) include all individual behavior that is di-

rected to produce, introduce, and apply the things 'new', which is helpful in various levels of the organization. Some researchers refer to it as shop-floor innovation (De Jong & Den Hartog 2007). And, so does De Jong (2007), he defines innovative behavior as an individual activity that aims to introduce new ideas associated with processes, products or procedures.

The above evidence indicates that the work environment affecting innovation behavior must comply with certain conditions, namely: (a) provide encouragement to take risks, (b) fair and give support to the ideas, (c) appreciate and acknowledge the innovation, (d) collaboration idea continues to flow, and (e) participate in making decisions. It is supported by Tidd and Bessant (2009) arguing that there are four types of innovation, namely: (1) product innovation that changes associated with objects (products/services) offered by a company, (2) the innovation process changes related to the way used, (3) innovation is a change in the position of the context in which products/services are introduced, and (4) the innovation paradigms that change in perspective made the model an organization.

In summary, it can be asserted that innovative behavior is human behavior or individual that is directed to produce, introduce and apply new things or new ideas, useful for the group or organization.

Other proponents are Bryd & Bryman (2005). They say that there are two dimensions that underlie the behavior of the innovative creativity and risk-taking. Yet, Amabile et al. (De Jong & Kemp 2006) argue that all innovation starts from a creative idea. Creativity is the ability to develop new ideas which consists of three aspects, namely skills, ability to think flexibly and imaginatively, and internal motivation (Bryd & Bryman 2005). In the process of innovation, the individual has the new ideas that are based on imaginative thinking process and supported by high internal motivation. However, oftentimes the innovation processes top sat the level of generating creative ideas and it just can not be categorized innovative behavior.

Again, innovative behavior is human behavior or individual that is directed to produce, introduce and apply new things or new ideas, which is helpful for solving the problem of a group or organization. Innovative behavioral indicators used are taken from the opinion of De Jong & Kemp (2006) are all individual behavior that is directed to produce, introduce, and apply the things 'new', which

is helpful in various levels of the organization.

Job Satisfaction

Job satisfaction for the employees is an important issue. Every individual in the organization has a different character, and thus will have a certain psychological conditions associated with work satisfaction. In modern life, job satisfaction is the basis in view of the maturity level of the organization. It is a measure of sustainable human development process in an organization. Although none of the managers can expect to be able to make all employees happy at work, job satisfaction still needs attention.

Job satisfaction is also important for employees to actualize their potentials. Without job satisfaction, they will never reach psychological maturity that will lead to frustration. Behavioral traits that satisfied workers are those who have high motivation to work, they are happy in their work, while the characteristics of workers who are not happy are those who are lazy to go to work, and lazy in doing their jobs (Sumantri 2008). Job satisfaction has the following functions: (a) to improve the discipline of employees in carrying out their duties, (b) To improve employee morale and employee loyalty to the company, and (c) Create a positive state in the working environment (Handoko 2006).

Work is the physical and mental activity that is performed for someone to do a job (Hasibuan 2006). An individual who works at an organization, agency or company, he completed work will affect the level of productivity of the organization. Therefore, each individual must have and maintain their job satisfaction that productivity can be improved. Their understanding about job satisfaction according to Hasibuan (2006) is an emotional attitude. For example, someone who enjoys and loves his job will increase his performance. The satisfaction should be created as possible so that the work ethic, dedication, love, and discipline of employees increased. Job satisfaction enjoyed the job, off the job, and a combination of both.

Robbins (2006) suggested that job satisfaction is an individual's behavior towards his job. People who are most satisfied are those who have the desire most, but get the least. However, the most satisfied are those who want a lot and get it. So that job satisfaction can be defined as an attitude or emotional response to various aspects of the job (Kinicki and Kreitner 2005). It has been linked to positive emotional states a person who, as a result of an assessment of the work. Job satisfaction will be directly proportional to the degree of fulfill-

ment of the needs of workers. More and more aspects of the needs of individuals who met the level of job satisfaction will be higher, and vice versa.

Job satisfaction is also dealt with an emotional state that is pleasant or unpleasant with which employees view their work (Handoko 2006). Job satisfaction is a reflection of the feelings of the workers on the job. This is evident in the positive attitude towards work facing workers and the environment. Conversely, employees are not satisfied with the job and negative attitudes toward different forms of one another. Davis and Newstrom (2005) suggested that the job satisfaction is the favorableness or unfavorableness with which employees view reviews their work."

Wexley and Yukl (2007), reiterated that the way an employee feel about his or her job can be generalized as his attitude toward the job based on the evaluation of different aspect of the job. A person's attitude toward his job reflects pleasant and unpleasant experiences in the job and his expectation about future experiences. Job satisfaction is also a person's feelings towards his job. It is an attitude toward work that is based on the evaluation of different aspects for workers. Person's attitude toward his work depicts the experiences pleasant or unpleasant the job and expectations regarding future experience.

Furthermore Gibson, Ivanchevich and Donnelly (2006) states job satisfaction is an attitude that belongs to the individual about his work. It is produced from their perceptions of the work; the work is based on environmental factors, such as style of supervisors, policies and procedures, work group affiliation, working conditions, salaries and allowances. Unpleasant circumstances can be achieved if the nature and type of work to be done in accordance with the needs and values possessed.

Robbins (2006) defines job satisfaction as a general attitude toward one's job, the difference between the amount of rewards received by a worker and the amount they believe they should receive.

On the contrary, Berry (2008) proposes that job satisfaction is working attitude including cognitive, affective, and behavioral elements which is expected to have an influence on the amount of work behavior. Locke (in Berry 2008) said that job satisfaction as an individual reaction to the work experience and is defined as the cognitive component of work experience.

Based on diagnostic survey of the five traits related to job satisfaction for various kinds of work, it can be seen as outlined by Munandar (2008) as the

following:

- a) The diversity of skills. These characteristics emphasize that the more skills needed to do a job, it will be able to minimize the degree of saturation of a person. In addition, a growing number of skills required in the job, then somebody will feel challenged and motivated to be able to master these skills so that he can work in accordance with the demands of the job. According to Herzbergin Gouzali Saydam (2008), a work that endeared and challenging excitement can cause a person to be able to perform the job well.
- b) The identity of the duties. This characteristic suggests the task is something that means the whole activity. Tasks in a company shall be deemed to mean and have the same value if the task is considered as a task force that can not be separated with the job in general.
- c) An important task. If the task is given to a person is considered meaningful and important to him, then there will be job satisfaction.
- d) Autonomy: it provides job opportunities, opportunity, and free do in the work will more quickly lead to job satisfaction.
- e) Provision of feedback or balanced feedback on the work carried out can help improve a person's job satisfaction.

Transformational Leadership

Leadership is a process but it can also be a problem for understanding people. There are two major trends developed in the study of leadership theory. The trend includes as the following:

First it is inclination of the attributes or characteristics of a great leader (success). This tendency distinguishes between the nature of the leader and follower. Personality problems, physical and mental become a major problem in defining a leader. According to Gibson, Ivancevich and Donnelly (2006) there are many theories that can be used as a reference. One approach that emphasizes the nature of leadership, among others: (a) intelligence, (b) personality, (c) physical characteristics, and (d) the ability of supervision.

Second, it is the tendency of the behavior of leaders examines leadership to see success, not on how it should look for someone else. The second trend is emphasized in the context of leadership in the organization, how the leader and structure, as a team, and what is being done so that leadership can succeed in existing contexts. With these two trends in the theory of leadership can be grouped and mapped. In this group, the leader is a person who

because of his personal skills with or without a formal appointment can affect the group they lead to direct joint efforts towards the achievement of certain goals.

For example, leadership styles indicate the nature and behavior of leaders in an organization. Leadership style is one way of harnessing the power available to lead others (Boone and Kurtzin Anoraga 2005). Leadership style can be defined as a pattern of behavior that is designed to integrate the interests of organizations and personnel in order to pursue multiple objectives.

Davis and Newstrom (2005) define leadership style as a pattern of overall leader acts, such as employees perceived. Leadership style represents the philosophy, skills and attitudes to lead in politics. The styles vary on the basis of motivation, power, or orientation towards tasks and people. In essence, the study of the two leadership styles used by leaders classified into two styles of leadership is task-oriented and people-oriented leadership style relationship.

Yukl (2008) says the styles of task-oriented leadership or initiating structure is the degree to which a leader defines and structures their own role and the role of the subordinates towards achieving the goals of the formal group. Davis and Newstrom (2005) argued that leaders are structured task-oriented, believing that they obtain the results keep people busy and urging them to produce. Robbins (2006) refer to the production-oriented task-oriented, in which a leader emphasizes technical or task aspects of the job. Their main concern was the completion of their group assignment, and their members are a means to the end goal.

Leadership style of relationship-oriented or consideration is the degree to which a leader acts with a friendly and supportive manner, shows concern for subordinates, and taking care of the m. Consideration is the degree to which a leader acts in away that is warm and supportive and shows concern for subordinates. Davis and Newstrom (2005) argue that highly oriented leader consideration (relationship orientation) will reach the level of job satisfaction and productivity is somewhat higher, because the leader is very attentive to the needs of the employees humanely.

The leaders usually seek to foster teamwork and helping employees to cope with their problems. Leader behaviors that include trust, mutual respect, friendship, support, and attention to the welfare of the employees is the definition of leadership style oriented tasks also referred to as a consideration. While Robbins (2006) refer to this rela-

tionship-oriented in terms of which an employee oriented leaders emphasize interpersonal relationships.

Robbins (2006) suggested a trend of the development of leadership theory to date. He noted there are three theories of leadership development trend. The third tendency leadership theory approach are : (a) theory of leadership attributes, such as leadership style theory, (b) the theory of charismatic leadership; for example, the path-goal theory, the theory of competence, and (c) the theory of transformational versus transactional leadership, which focuses on ways to run leadership, relationship with subordinates, so not on the issue of the nature or character of a leader.

The concept of transactional leadership is developed by James Mc Gregor who applies it in the political context. Burns said: transformational leadership as a process where leaders and followers engage in a mutual process of raising another one to higher levels of morality and motivation (Wijaya 2005). Transformational leadership as a process in which leaders and followers together and develop mutually enhance morality and motivation. Transformational leadership essentially emphasizes the role of leader motivates subordinates to perform their responsibilities more than they expect (Junaidi 2010).

Transformational leadership allows a leader to define and articulate the organization's vision and communicates and subordinates accept and acknowledge leaders credibility. A transformational leader has the ability to act as change agents for the organization, so as to create new strategies to develop organizational practices are more relevant. O'Leary (2011) defines transformational leadership as leadership that is used by a manager if he wants a limit and widened the group has performed beyond the status quo or achieves a set of completely new organizational goals.

Avolio et al. (Stone et al. 2007) have a view on this case such as:

1) Idealized influence (*or* charismatic influence). Idealized influence has meaning that a transformational leader must have charisma capable of following leaders subordinate to react. In the form of concrete, charisma is demonstrated through understanding the behavior of the organization's vision and mission, have a firm stance, commitment and consistent against any decision that has been taken, and respect subordinates. In other words, transformational leaders become role models to be admired, respected, and followed by his subordinates.

- 2) Inspirational motivation. Inspirational motivation means that the character of a leader who is able to apply the high standard but at the same time is able to encourage subordinates to achieve these standards. Characters like this are able to generate optimism and enthusiasm of subordinates. In other words, transformational leaders continue to inspire and motivate subordinates.
- 3) Intellectual stimulation. Intellectual stimulation character of a transformational leader who is able to motivate their subordinates to finish their jobs and problems rationally. Moreover, this character encourages subordinates to find new, more effective ways to solve problems. In other words, transformational leaders are able to drive (stimulate) subordinate to always be creative and innovative.
- 4) Individualized consideration. It means that the character of a leader can understand individual differences in subordinates. In this case, transformational leaders are willing and able to listen to the aspirations, educate, and train subordinates. Beside, The must also be able to see the potential for achievement and development needs of subordinates and facilitate it. In other words, transformational leaders are able to understand and meet the needs of subordinates based on their desire to achieve develop their potentials.

Bass in Luthan (2008) distinguishes the characteristics of transactional and transformational leadership as follows.

First, a transactional leadership has the following characteristics: (a) Contingent reward, the reward exchange contracts to work, to reward good performance, (b) Management by exception (active) means to supervise and look for deviations from rules and standards for action correction, (c) Management by exception (passive) means of intervention in cases of violation and d) Laisses-faire means avoiding decisions, delegate responsibility

Second, transformational leadership has the following characteristics: (a) Charisma sensitive means to provide vision and mission, instilling pride, build trust and respect, (b) Inspiration: excellent communication, uses symbols to focus efforts, expresses the purpose of the easy way, (c) stimulation Intellectual: push intelligence, rationality, and careful solve the problem, and (d) individual consideration: personal attention, treats subordinates individually, training, directing, and guiding.

Some research evidence concludes that transformational leadership affects employees' perform-

ance in many ways both quantitatively and qualitatively from other types of leadership. Bass and Seltzer (2010) argue that transformational leadership has a greater impact than transactional leadership on subordinate performance. With clear work objectives and rewards related to the subordinates, transactional leaders step up efforts to achieve the goals and performance.

Yet, due to the inspiration and confidence building associated with transformational leadership, it can be suspected of effort and performance that exceeds the designated supervisor has done. This can reflect higher performance evaluations given to subordinates who consider their transformational leaders. Transformational leaders can use the three components (charisma, individualized consideration, and intellectual stimulation) to change the motivation of employees and improve the performance of units more than had been expected.

More than 35 studies on the importance of leadership concluded that there is a positive relationship between transformational leadership and employee performance (Kirkpatrick & Locke 2006).

Furthermore, Shamir, House, and Arthur (2007) found more than 20 studies found a positive relationship charismatic or transformational leadership on performance, attitudes, and perceptions of employees. It was found that both transactional leadership and transformational leadership were positively related to employees' performance, although the transformational leader has a stronger positive relationship than transactional leader on the employees' performance.

Again, research by Sosik, Avolio, and Kahai (2007) evaluated the effect of leadership style (transactional and transformational) and Anonymity level of the potential and effectiveness of the group. It was found that the effect of leadership style (transactional and transformational) the potential and effectiveness of the group was positive. Similar results were also found in the research Howell and Avolio (2008), that there is a positive relationship between transformational leadership and performance of the company are expressed in the form of a consolidated business unit performance. Likewise, research Keller (2009) stated that an effective leader in group R & D projects tend to provide inspiration and emphasized the importance of implementation of tasks, stimulating new ways of thinking and problem solving and to encourage members of the group work more than those who are determined so as to increase quality of the project.

Still several other studies, although not directly relate transformational leadership with employee performance, they try to link it with such as business unit performance (Howell & Avolio 2008); leadership effectiveness, subordinate extra effort, and job satisfaction (Bass & Seltzer 2010); and organizational commitment (Bycio, Hackett, & Allen 2005; Koh, Steers, & Terborg 2005).

In summary, it can be concluded that managers who behave like transformational leader is more obviously seen by co-workers and employees as satisfactory and effective leaders than those who behave like transactional leaders, as according to the response of the co-workers, supervisors, and employees on multifactor Leadership Questionnaire (MLQ). Similar results were found in various forms of organization. The leaders studied from different parts of the organization: chief executive officers, senior managers, and mid-level managers in business firms and industries in the United States, Canada, Japan, and India; leaders of research and development projects; army military officials in the United States, Canada, and the UK; senior naval officer in the United States; naval cadets at Annapolis; education providers; and religious leaders.

Hypothesis

In reference to theoretical and empirical bases as in the previous studies, the research hypotheses are proposed as follows:

Hypothesis 1: transformational leadership affects job satisfaction.

Hypothesis 2: job satisfaction affects the innovative behavior.

Hypothesis 3: Transformational leadership affects innovative behavior.

Hypothesis 4: Transformational leadership and job satisfaction affect the innovative behavior.

Based on such hypotheses, the research model can be drawn as in Figure 1.

3. RESEARCH METHOD

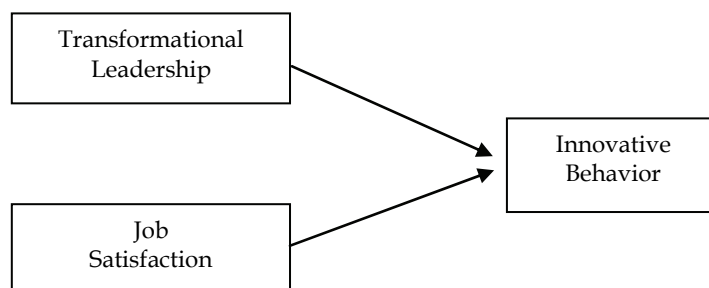
Type of the Research

This research is an explanatory research which is also called quantitative research model. It is intended to explain the phenomenon of the relationship between the variables of transformational leadership, job satisfaction, and innovative behavior.

Sample

The population consists of all the employees of PT PLN (State-owned Electricity Company) in North

Figure 1
Research Model



Surabaya area with their duties for Customer Service and Administration totaling 80 employees. Referring to the table of Krejcie and Morgan, a sample size is of 57 employees. The sampling technique is simple random sampling by way of lottery.

Research Variables

The measurement of transformational leadership variables, namely: (a) charisma and sensitive toward their vision, mission, in instilling pride, building trust and respect; (b) inspiration excellent means of communication, uses symbols to focus efforts, expresses the purpose of the easy way easy; (c) stimulation intellectual means pushing intelligence, rationality, and careful solve the problem; and (d) individualized consideration means giving personal attention, treats subordinates individually, training, directing, and guiding.

Measurement of job satisfaction variables refer Munandar (2008) that five traits related to job satisfaction for various jobs, such as: (a) the diversity of skills. These characteristics emphasize that the more skills needed to do a job, it will be able to minimize the degree of saturation of a person; (b) the identity of the task. This characteristic suggests the extent to which the task is something that means the overall activity; (c) an important task. If the task is given to a person is considered meaningful and important to him, then there will be job satisfaction; (d) autonomy, which gives job opportunities, opportunity, and freedom in the work will more quickly lead to job satisfaction; and (e) the provision of a balanced feedback on the work carried out can help improve a person's job satisfaction.

The measurement of innovative behavior as referred to Amabile (2008), the work environment influences the innovative behavior and this must meet certain conditions, namely: (a) provide encouragement to take risks; (b) being fair and giving support to ideas; (c) appreciate and recognize innovation; (d) the collaboration of ideas that con-

tinue to flow, and (e) participate in making decisions.

Data Collection Techniques

Data were collected by questionnaire (enclosed questionnaire with Likert scale), documentation and interviews.

Data Analysis Techniques

It was done using descriptive analysis and inferential analysis. Test reliability and validity of test data were done using reliability test with the help of SPSS program version 15.1. The descriptive statistical analyzes were by using an average by category based on the Three-box method. Inferential analysis was done using Partial Least Square (PLS) with the help of SMART software.

4. DATA ANALYSIS AND DISCUSSION

Descriptive Analysis

Leadership

Leadership in PLN (State-owned Electricity Company) in North Surabaya Area office is categorized as a transformational leadership style. With regard to the value of cross loading (Table 1), it can be said that the indicator (X3) Intellectual stimulation has a high value compared to other indicators. Leaders in North Surabaya PLN office encourages subordinates to use intelligence when working and given the authority to make decisions rationally and carefully while in the field where there is no leadership.

By giving opportunity to their subordinates, they use intelligence in completing the work and making decisions which are quite effective immediately raises the innovative behavior of subordinates. This suggests that transformational leadership is manifested in suppression purposes of any employee activity. Things are performed by employees within the framework of innovation, must have clear objectives for service to the community. This was also followed by the upbeat attitude of the leader as well as ethical and moral considerations

Table 1
Summary of Outer Model Test

Indicators	Loading Factor and Cross Loading		
	Transformational Leadership	Job Satisfaction	Innovative Behavior
X1	0.795	0.517	0.579
X2	0.442	0.003	0.251
X3	0.847	0.655	0.679
X4	0.845	0.595	0.595
X5	0.841	0.586	0.550
X6	0.805	0.660	0.516
X7	0.841	0.628	0.643
X8	0.624	0.312	0.238
X9	0.546	0.198	0.124
X10	0.818	0.577	0.575
Y1	0.604	0.599	0.891
Y2	0.662	0.642	0.925
Y3	0.606	0.701	0.906
Z1_ Avg	0.481	0.741	0.539
Z2_ Avg	0.411	0.538	0.291
Z3_ Avg	0.540	0.765	0.589
Z4_ Avg	0.342	0.703	0.448
Z5_ Avg	0.692	0.849	0.645
AVE, Cronbachs Alpha, and Composite Reliability			
AVE ^{a)}	0.568	0.824	0.528
Cronbachs Alpha ^{a)}	0.914	0.773	0.893
Composite Reliability ^{a)}	0.927	0.846	0.933

Source: Data processed.

in its discretion.

Nevertheless, the indicator X2 has the lowest value. This reflects less personally leader inspires employees in order emergence of creative behavior, because employees face different problems in the field that requires them to use the completion method in accordance with established procedures. It also illustrates that innovative behavior is not overly influenced by the attractiveness of the leader, but rather on the policies taken by the leader.

Job Satisfaction

The employees' job satisfaction in PLN office in North Surabaya as in the prominent area on the feedback from the leader (Z5) has a value of 0.691. It shows that these factors influence the innovative behavior. In other words, innovative behavior is heavily influenced by policy leaders who do feedback in the form of an evaluation of the innovation or the work of the employees. Nevertheless, job satisfaction scores obtained by the lowest employee are on the issue of autonomy (Z4) with a value of 0.342. These data can be interpreted that the autonomy granted by the leadership is still lacking by

employees, thus not giving effect to the innovative behavior of employees.

Innovative Behavior

With regard to Table 1, it shows an overview of the innovative behavior of office workers PLN North Surabaya area. Behavior that stands out is to introduce innovative ideas or innovative ideas (Y2). While applications in realizing innovations is lower (Y3), as well as in terms of finding or generating innovative ideas. This can be caused by a lack of leadership that gives autonomy to employees, so that the innovation relies on referrals or idea leader. However, the employee is able to disseminate these ideas to fellow co-workers or others well.

Outer Analysis Model

Outer model or measurement model is an assessment of the reliability and validity of instruments measuring the study variables. There are three criteria for assessing the outer models: the convergent validity, discriminant validity and composite reliability. Convergent validity was tested by mass loading factor and average variance extracted

Table 2
Results of Hypothesis Testing

Paths	Regression Coefficient Path	Standard Error	t- Statistics	R Square
Transformational leadership->Job Satisfaction	0.701	0.127	5.521	0.491
Job satisfaction ->Innovative Behavior	0.456	0.141	3.242	0.579
Transformational Leadership->Innovative Behavior	0.368	0.127	2.891	

Source: Processed data.

(AVE), while discriminant validity was tested through cross loading. Composite reliability is used to test the reliability of the measurement tool in this study coupled with the reliability of Cronbach's Alpha. Table 1 summarizes the outer test models.

As shown in Table 1, there is one indicator that has a factor loading of less than 0.5, i.e. X2 (0.442). However, because X2 has a high construct validity discriminant than others (0.442 compared to 0.002 and 0.2), the X2 will be retained in the model. Other indicators have a factor loading > 0.5 which indicates the ability to measure both latent variables. Powered by AVE values > 0.5 on each latent variable, indicating latent variable measurement has acceptable convergent validities. Observing the value of factor loading and cross loading, it indicates good discriminant validity because the indicators have loading factor greater than the cross loading. Furthermore, the reliability of the measurement variable is good, because each latent variable has a value of composite reliability > 0.70.

The Results of Hypothesis Testing

When the model is estimated to meet criteria Outer Model, the next is testing the hypothesis. It was found that when the hypothesis test was presented in Table 2, the relationship between transformational leadership and job satisfaction is significant with a t-statistic of 5,521 (> 2 t table value) in which it is the regression coefficient which is positive in the value of 0,701. It indicates that the direction of the relationship between transformational leadership and job satisfaction is positive. Therefore, Spake Hypothesis 1 stating that there is an effect of transformational leadership on job satisfaction is acceptable. Based on the R-square values, leadership transformation is considered able to describe that 49.1% of the variation is in job satisfaction.

The relationship between job satisfaction and innovative behavior is significant with a t-statistic of 3.242 (> 2 t table value). The value is in a positive regression coefficient that is equal to 0.456476. This indicates that the direction of the relationship be-

tween job satisfaction and innovative behavior is positive. By the same reasoning, Spake Hypothesis 2, stating that job satisfaction affects the innovative behavior is acceptable.

Considering results presented in Table 2, the relationship between transformational leadership and innovative behavior is statistically significant at the t-2891 (> 2 t table value). The value of the regression coefficient is positive at 0368. This indicates that the direction of the relationship between transformational leadership and innovative behavior is positive. Thus, Hypothesis 3 stating that there is an effect of transformational leadership on innovative behavior is acceptable. as shown in Table 2, again, the value of r-square value of r is known for innovative behavior is 0,579. It implies that there is a significant effect of transformational leadership and job satisfaction on the innovative behavior at 57.9%.

Thus, a better job satisfaction has directly induces a greater influence than transformational leadership in explaining innovative behavior. It also indicates that transformational leadership has potential role in shaping up innovative behavior, either directly or indirectly through job satisfaction.

Discussion

Transformational Leadership on Innovative Behavior

Transformational leadership is measured using indicators of charisma, inspiration, intellectual stimulation, and individualized attention. Based on the test, it is known that transformational leadership can lead to innovative behavior of the employees. The fourth dimension is the effect of transformational leadership on innovative behavior of the employees who work in PLN North Surabaya area. Yet, the dimension was used to measure innovative behavior is as follows: Giving a boost to take risks, Fair and lends support to the ideas, Appreciate and acknowledge innovation, collaboration ideas kept flowing, and participate in making decisions.

Leaders in PLN in North Surabaya offices en-

courage their employees to use intelligence when working. The leaders also provide their employees with authority to make decisions rationally and carefully while in the field. The expectation of employees can be a continuation of the leadership to solve the problems that occur in the field. Transformational leadership has an important role in determining the goals and direction of development for employees. In addition, the leadership try hard to develop good business skills which are called moral values of followers. This is done as an attempt to increase their awareness of ethical issues and to mobilize energy and resources PLN Area North Surabaya to reform.

The study Reuvers, et al. (2005) reinforces the findings of this study that employees who have high innovation behaviors associated with transformational leadership. Innovation work pushing the medical care at the hospital, which should be highlighted, is the importance of transformational leadership, as it is hypothesized that transformational leadership is more in accordance with the innovative work behavior. The findings of this study are also in line with the study of Khan, et al. (2012) who concluded that the first transformational leadership style will positively correlated with innovative work behavior.

Innovation in organizations is influenced by various factors; the most influential factor is the style of leadership in which transformational leadership has been found to be significantly correlated with the innovative work behavior in organizations. Transformational leadership style is considered as the ideal style of leadership in leadership Theory, where followers are encouraged to initiate new ideas and problem-solving approach.

Transformational Leadership on Job Satisfaction

Transformational leadership is measured using indicators of charisma, inspiration, intellectual stimulation and individual attention. It was found that transformational leadership can induce innovative behavior of the employees. The fourth dimension is the effect of transformational leadership on innovative behavior of employees PLN North Surabaya area. Some indicators of measurement are such as various skills they have, the essence of the duties, important duties task, autonomous, and giving feed back to the jobs done.

The leaders in PLN at North Surabaya offices provide the employees with autonomy to get the job done and therefore, they can make decisions quickly when needed. In addition, they feel that they are working on a job that is important. They

think that that job should be implemented seriously. When they finish the job properly, their employer will be satisfied.

Again, a successful leadership has a positive effect on job satisfaction. The results of the study are relevant to those by Larochelle and Medley (2005). Transformational leadership and job satisfaction of nurses in a hospital environment also appears the same. This finding can also be asserted that nurse leaders are the same as the leaders in PLN in North Surabaya are who have a high value transactional leadership. They have good long-term relationship between the leadership and the transformational staff. Leadership has prevented nursing turn over and have implications for the socio-economic condition of the hospital.

There is no strong signal that the effect of transactional leadership on job satisfaction of nurses is similar to this finding. The study Bushra, et al. (2011) about the relationship of traditional leadership, job satisfaction, and organizational commitment in the banking sector also indicate the same thing, namely transformational leadership has a positive influence on job satisfaction. Transformational affects positively the job satisfaction. Transformational leadership can change 42% the overall job satisfaction. Therefore, the research findings support the hypothesis and prove that the transformational leadership style boots a more satisfied staff.

Job Satisfaction on Innovative Behavior

Job satisfaction indicators are such as diversity of skills, task identity, task importance, autonomy, and balancing feedback on the work done by the employees. However, to measure innovative behavior is done by such as giving a boost to take risks, and provide support for the fair ideas, Appreciate and acknowledge innovation, collaboration ideas kept flowing, and participate in making decisions.

The employees of PLN in North Surabaya feel that their job is highly satisfactory. It can be seen from the absence of serious problems in their offices. It also indicates that the employees feel having autonomy to do the job and feel the work performed and completed as an important task given to them. This condition is not separated by the role of the employer to continue to encourage employees to have new ideas to facilitate this work due to finish work in the service sector where the result of the work of the employees can be directly perceived by the citizens or consumers.

These findings are also related to that by Tien

and Chao (2012) who propose the job satisfaction has positive influence on innovation. Unlike the Tien and Chao (2012), this study emphasizes the aspects of individual innovation behavior, while their emphasis on the overall innovation (in an organization). The results of their analysis showed a significant impact of employee satisfaction on organizational innovation. In other words, when workers feel more satisfied with their jobs, they will be willing to do more for the organization. This can lead to the creation of innovation in the industry.

The employees with a high level of satisfaction are more willing to make efforts to create organizational innovation. There are several ways to increase job satisfaction, for example, improve the operating conditions, improve learning ability, increase the utilization rate of resources, information that is more up-to-date, improving decision-making processes, improve customer satisfaction, increase control of resources, improve planning capabilities organization and flexibility, obey the law, and establish a good image of the company. Application of these methods to the long-term will be able to increase the willingness of employees to work and can effectively improve job satisfaction.

Transformational leadership and Job Satisfaction on Innovative Behavior

It was found that transformational leadership and job satisfaction influence the innovative behavior. The value of r-square value of for innovative behavior is 0.579. This means that there is a significant effect of transformational leadership and job satisfaction on innovative behavior at the value of 57.9%. However, the effect is not strong, because only a little over 50%. The results of this study show that both individually and collectively, leadership and job satisfaction affect the innovation behavior.

The above evidence is consistent with the results of other empirical studies that show that no matter what kind of leadership styles that exist in the organization, employee job satisfaction and organizational innovation is influenced by leadership style. Some researchers, such as Zhu & Shr (2007) showed that employees would produce anything more to meet the psychological sense associated with achievement when they feel very competent under the organizational structure and leadership style with high initiation.

Five managers interviewed agreed that a competent leader should not only take care of the emotions of staff, but also give proper attention on

incentives and penalties to be applied simultaneously. This needs to be done in reference to the interdependence between employee job satisfaction and organizational innovation employees can increase their satisfaction by utilizing organizational innovation and can thus contribute to the larger organization. Leaders must convey its purpose to the employees. A good leader will initially set goals and provide full support to its staff to achieve these goals. A competent leader when supervising employees for the achievement of organizational goals by focusing on performance and leadership, he also can inspire employees with job satisfaction.

5. CONCLUSION, IMPLICATION, SUGGESTION AND LIMITATIONS

It can be generalized that PLN offices in North Surabaya Area has implemented a transformational leadership style. Due to this fact, they can lead to innovative behavior of employees due to the delegation of authority in completing the work. In order to finish the job, the employees are required to use the intelligence so that they have creativity in completing the job. In addition, the employees in feel satisfied with their jobs because they feel their job are important. Therefore, they are responsible for the work, which in turn creates creative ideas that gave birth to the innovative behavior of employees in North Surabaya Area PLN office.

Another conclusion is that transformational leadership can make employees feel satisfied with the work they do. With the policy of delegating the decision making, the employees feel responsible for their jobs. When leaders provide feedback on their results, the employee will feel their work is valued and they feel satisfied. The next generalization is that transformational leadership and job satisfaction influence the innovative behavior of employees. It implies that innovative behavior should be encouraged in order they can create innovation all the time. This can lead to the company's performance.

In regard to fostering innovative behavior, it needs leaders who have the transformational leadership style. They should foster innovative behavior of employees by making a good condition in such away that they get satisfied with their jobs. Therefore, struggling to create job satisfaction is very important to be done by the head of the company.

The researchers suggest that the leaders should provide opportunities or greater autonomy to em-

employees in exploring innovative ideas. This can be done together with the leaders through a specific forum. For example, it can involve a considerable number of employees that will give greater autonomy to employees and ultimately provide greater job satisfaction. Beside that, leaders should also pay attention to the style of leadership that can appeal to the employees. By doing so, they can provide greater job satisfaction and ultimately to encourage innovative behavior for employees.

Last but not least, this study proves that transformational leadership and job satisfaction are very important to induce innovative behavior of employees. However, further research is to be done in relation to the innovative behavior of employees for example by using another independent variable. In addition, the research on employee innovative behavior needs to be done on different research objects such as in private companies. Further studies can also strengthen or make this as a benchmark.

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