



INNOVATION IN LEADERSHIP AND TEAM PERFORMANCE: EVIDENCE FROM INDONESIA PROPERTY AGENT INDUSTRY

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ABSTRACT

This research aims to examine the role of innovation in the effects of transactional and transformational leadership on team performance at PropNext Reality Indonesia. The sample consist of 90 team members of PropNext Reality Indonesia. To examine the hypotheses and mediation variable, this research used Partial Least Square (PLS) and sobel test online. This research found that all hypotheses tested were positive and significant except the first hypothesis, transactional leadership has no significant effects on team performance. In addition, it also found that innovation can mediate the relationship between transactional or transformational leadership on team performance. These results confirmed and contradicted to the previous studies conducted.

KEYWORDS: Transformational leadership, Transactional Leadership, Innovation, Team Performance.

| Received April 2018 | Accepted July 2018 | Available online August 2018 |

| DOI: <http://dx.doi.org>

INTRODUCTION

The development of property and real estate business in Indonesia, in the last decade, experienced a significant increase. It is characterized by the number of housing, and apartments with relatively affordable prices. In addition, the ease of supporting property ownership, both houses and apartments, with many banks willing to help provide home ownership loans by various financing variances, has made public interest higher in property.

Based on data released by Bank Indonesia, in 2016, the market share of Indonesia's bank loans was contributed by Housing Loans (KPR) and Apartment Ownership Credit (KPA) of 60, 26%, construction loans of 24, 86% and real estate credit of 14, 52% (www.bi.go.id). This indicates that property and real estate growth in Indonesia is positive and predicted to increase in the coming year.

PropNex Realty, in the context of business competition, can be assumed as a newcomer in Indonesia property Agent Company. However, in terms of organizational governance and business managerial system, the company is well established, since the company is from Singapore and operates in Indonesia for five years. In other words, PropNex Realty

Indonesia proves to be able to compete with other property agent companies, which have been operating longer in Indonesia such as Rey White, Ventura Era, Galaxy Era, InMax etc.

Many factors, theoretically, that can lead to high corporate performance is leadership. Transactional leadership becomes an alternative leadership pattern that is implemented within the organization. In transactional leadership, the pattern of relationships between leaders and followers is characterized by a mutually beneficial exchange process in the form of rewards, contracts, salaries, rewards, etc. (Bass, et al., 2003). In this case, employees will get rewards, if they have successfully achieved the targets set by the company or organization (Bass, 1985). In addition, transactional leaders can motivate employees to maximize their ability to improve organizational performance (Chang, et al., 2015).

On the other hand, transformational leadership exists as a pattern of leadership that offers not only in terms of rewards and material, but more than that (Bass, 1985). A transformational leader must have a visionary character, integrity, exemplary, and able to motivate subordinates (Bass and Avolio, 1993), both team leaders and top management leaders. The characters are inherent traits within the transformational leadership style, which in the last decade became a leadership style widely used by corporate leaders, public and private organizations (Yukl, 2005).

Another factor that can improve company performance is innovation. To prepare and get ready to challenges and increased business competition, the company is required to always be creative and innovative in meeting customer expectations. Innovation is a successful implementation of creative ideas within organizations. With the high innovation, the company will be able to compete and can develop and increase its market share (Amabile, 2009).

This study aims to determine the effect of transactional and transformational leadership on team performance mediated by innovation. This study is theoretically or practically expected to justify leadership, innovation and performance relationships (Chen, et al., 2014; Eisenbei and Boener, 2010; Gumusluoglu and Ilsev, 2009; Kraft and Bausch, 2016; Morales, et al , 2008, 2008, 2012; Chou, et al., 2013; Cole, et al., 2011; Zhang, et al., 2011), and confirmed one of the findings that has been studied by other researchers, and can deepen the study empirically (Rao and Abdul, 2015; Liu, et al., 2014; Vaccaro, et al., 2012).

LITERATURE REVIEW AND HYPOTESHIS

Transactional Leadership

Transactional leadership is always associated with an exchange of relationships between leaders and followers (Luthans, 2006). According to Robbins (2006) transactional leadership is leadership that helps the organization in achieving its current goals more efficiently, such as by linking job performance to reward assessments and ensuring that workers have the resources needed to complete a job.

Transactional leadership also relates to how leaders focus their attention on subordinate discipline in improving individual and group performance. This can be done, because the leader has the power and strong control over subordinates in terms of reward and punishment in accordance with predefined standards and agreements (Bass, et al., 2003). According to Bass, et al. (2003), transactional leadership has characteristics such as contingent reward, management by exception, and Laissez-Faire.

Contingent rewards refer to the award of a leader for a well-resolved task, whether in the form of bonuses or additional income or facilities. This is to reward subordinates for the

efforts they have made in meeting the job targets. Whereas, management by-exception refers to the running of management functions as control or control. Leaders, in this case, only look, observe, and evaluate subordinate performance whether there is an error or not in their work. Then, the leader takes corrective action and provides intervention for subordinates if the established standard is not met by subordinates. In the practice of management by-exception, the leadership gives authority and responsibility to subordinates. Then follow up by evaluating their work by preparing a reward for a report made by a subordinate who has met the standards, as well as giving them new motivation or enthusiasm for further work, or punishment for work that is not on target. Laissez-faire, meanwhile, refers to the degree to which a leader avoids influencing subordinates, does not do coaching tasks as a leader, focuses on routine work and avoids confrontation.

Regarding to the effects of transactional leadership on team performance, Vargas, et al., (2015) found that transactional leadership can be a determinant factor in improving high performance. Whereas, Iscan, et al. (2015) states that the influence of transactional leadership on performance is not as big as the influence of transformational leadership. In addition, Ebrahimi, et al. (2016) affirms a strong relationship between transactional leadership and organizational performance. Transactional leadership is also indicated by Vaccaro, et al. (2012) as a predictor factor for the emergence of team performance, and by Liu, et al. (2014) as a trigger for the emergence of teamwork and competition that can improve team performance. In contrast, Rao and Abdul, (2015) found that transactional leadership had no significant and positive influence on team performance.

H1: There is a positive and significant effect between Transactional Leadership and Team Performance

Transformational Leadership

Transformational leadership, in general, is identified as a leadership that pays attention to the problem of attaining change in values, beliefs, attitudes, behaviors, emotions, and subordinate needs in order to lead to better change in the future. Leaders who use transformational leadership are agents of change that transform organizations and stakeholders thoroughly in order to achieve optimal and maximum performance (Bass, 1994).

Bass, et al. (2003) and Humphreys (2002) indicate that transformational leadership changes the value system in followers by developing part or all of the factors that become dimensions in transformational leadership, such as charisma or idealized influence, inspirational motivation, intellectual development or intellectual stimulation, and personal attention or individualized consideration. These elements are often referred to as "Four I's".

Leaders with idealized influence can not only change the follower's view of what to expect in the present or future (vision), but also share the risks with followers, stick to their values, principles, and stance. Thus, the followers can trust, loyal, and respect the leader (Bass, et al., 2003; Humphreys, 2002). Meanwhile, Inspirational motivation, according to Humphreys (2002) has a strong relationship with idealized influence. Transformational leaders inspire followers to focus on organizational goals and set aside personal goals or interests. In this case, Inspiration can be interpreted as an action or power to move and change the emotions and thinking power of others.

Dimensions Intellectual stimulation is the behavior of leaders who seek to give attention and help to followers about the problems faced by helping them develop their ability to solve problems encountered through new approaches or perspectives (Bass, et al., 2003). Individualized consideration, however, is a dimension that focuses on understanding and attention to potential and followers' abilities. In this case, leaders must be able to recognize their different abilities, potentials, and needs. Followers should be considered an important

organizational asset to be developed. Therefore, a leader's understanding of their potentials and abilities can assist them in finding the best way of coaching and directing the potential and best abilities of followers (Bass, et al., 2003).

Transformational leadership, not only can motivate subordinates to creative and innovative thinking, but can also improve team performance (Lee, et al., 2011). Empirical studies have been conducted by Chou, et al. (2013). He managed to find an indirect link between transformational leadership and team performance, through trust and team effectiveness. Cole, et al. (2011) also found the same thing, namely the existence of transformational influence with team performance. However, in this study, he included the empowerment team as mediation.

Meanwhile, Lee, et al. (2011) found that of the dimensions of transformational leadership, only the dimensions of Intellectual stimulation have a positive and significant relationship to team performance. In another study, Liu, et al. (2014) also proved a significant relationship between team performance and transformational leadership. In this context, Rao and Abdul, (2015) and Zhang, et al. (2011) also found the same thing. Thus, the hypothesis is formulated as follows.

H2: There is a positive and significant influence between Transformational Leadership and Team Performance

Innovation

Based on Schumpeter's (1934) opinion in (Zhang, et al., 2011), Innovation is defined as a new finding in product, quality, production methods, markets, resources, and organizational structure. Meanwhile, Crossan and Apaydin (2010) in Zhang, et al. (2011) defines innovation as production, adoption, assimilation and exploitation of new economic and social value-added.

In another opinion, innovation is also defined as a successful application of creative ideas within a company (Amabile, et al., 2009). Meanwhile, Hurley and Hultz (2013) describe innovation as a corporate mechanism to adapt in a dynamic environment. Damanpour (1991) describes innovation as a new product or process used by organizations to meet market and external user needs.

Gumusluoglu and Ilsev (2009) state that there are two factors that can create an innovative environment within the organization, internal and external factors. Internal factors refer to how organizations promote, introduce, and give the highest rewards of bonuses or anything else for creative ideas that arise from members of the organization. External factors refer to how firms provide and provide necessary knowledge that comes from external firms. In this case, the company can establish strategic cooperation with other companies or related institutions such as research institutions and universities in order to provide learning either in the form of trainings or talk shows, or in the form of technical guidance or consultation.

There are many factors and characteristics related to the dimensions in organizational innovation. These dimensions can be categorized into technological and administrative innovations, exploratory and exploitative innovations, product innovation, and process innovation (Gopalakrishnan and Damanpour, 1997; Gopalakrishnan et al., 1999; Rosenkopf and Nerkar, 2001). The three classifications of innovation dimensions are only product innovation and process innovation that is the focus of this research.

Empirically, the relationship between transactional leadership and innovation has also received much attention from researchers. Iscan, et al. (2015) and Ebrahimi, et al. (2016) proves that transactional leadership positively and significantly affects innovation. Meanwhile, Chang, et al. (2015) also found that transactional leadership positively and significantly affects innovation (both product innovation and process innovation, but this

influence is greater in process innovation). Meanwhile, Vaccaro, et al. (2012), Iscan, et al. (2014) and Eisenbeis and Boener (2010) indicate that transactional leadership has a positive contribution to innovation. In addition, the relationship between transformational leadership and innovation has been demonstrated by Morales, et al. (2008), (2008), (2012), Chen, et al. (2014), Chang, et al. (2015), Vargas, (2015), and Gumusluoglu and Ilsev (2009) who found that transformational leadership positively and significantly influenced organizational innovation and it is also said that internal factors of innovation also strengthen their relationship.

H3: There is a positive and significant influence between transactional Leadership and innovation

H4: There is a Positive and Significant Influence between transformational leadership and innovation

Team Performance

In recent years, a team has become a very effective way of organizing and coordinating work. Effectiveness is the reason why many companies try their best in improving team performance. However, on the other hand, this poses a challenge for leaders in motivating individuals and improving team performance on an ongoing basis. In addition, in the way of bringing together a common vision, leaders are also required to be able to bring together what the vision of individuals, teams and organizations be a common goal to achieve.

Team performance can be defined as the team's ability to meet targets set by the organization, whether in the form of quality, quantity, and time targeted (Hoegl and Gemuenden, 2001). The conceptualization of team performance is a multi-dimensional construct in various literature. Jung and Avolio (2000) in Chou, et al. (2013) identifies three dimensions in team performance, quantity, quality, and satisfaction.

Team performance, in this study, is represented by effectiveness and efficiency. Effectiveness refers to the extent to which teams can meet expectations related to the quality of results that have been established by the company. In the context, innovative projects, effective performance can be interpreted by the fulfillment of quality in products, services, and processes developed within the company. Meanwhile, efficiency refers to fulfillment on schedule, such as production schedules and or marketing within the specified time. Thus, effectiveness is a comparison between reality and the desired output, whereas efficiency is a level based on the comparison between reality and the desired input (Hoegl and Gemuenden, 2001).

Regarding to the influence of innovation on team performance, Morales, et al. (2012) says that team performance can increase with the creative and innovative climate that is formed based on the support of leaders who understand carefully the needs of subordinates, both individuals and teams. Vargas, et al. (2015) asserted with high innovation, individual performance is itself increasing and ultimately helps the team to meet the targets set by the company manager. In another research, Iscan, et al. (2015) proves that innovation positively and significantly affects individual and team performance improvements. Product and service innovation (Samad, 2012) has a positive influence on team performance (Ebrahimi, et al., 2016), and the effect is greater in its role with high organizational learning (Morales, et al., 2008).

Meanwhile, the relationship between transactional leadership and innovation has been successfully proven by Iscan, et al., (2015); Chang, et al., (2015); Ebrahimi, et al., (2016); and Vaccaro, et al., (2012). Meanwhile, for transactional leadership relationships and team performance have been studied by Birasnav, (2013); Iscan, et al., (2015); Ebrahimi, et al., (2016); Vaccaro, et al., (2012); Liu, et al., (2014); and Rao and Abdul, (2015), who found a positive and significant relationship between transactional leadership and team

performance. The different finding is indicated by Rao and Abdul, (2015), transactional leadership has no effect on team performance.

From previous studies, it has also been proven empirically that transformational leadership positively influences innovation (Morales, et al., 2012; Chen, et al., 2014; Chang, et al., 2015; Vargas, 2015; Iscan, et al., 2015; Eisenbei and Boener, et al., 2010; Morales, et al., 2008; Gumusluoglu and Ilsev, 2009; Kraft and Bausch, 2016; Ebrahimi, et al., 2016; Samad, 2012; and Vaccaro, et al., 2012).

H5: There is a Significant Influence between Innovation and Team Performance

H6: There is a Significant Influence between Transactional Leadership and the Performance of a Team mediated by Innovation

H7: There is a Significant Influence between Transformational Leadership and the Performance of a Team mediated by Innovation

METHODS

This research is an explanatory research conducted in PropNex Realty Indonesia Company. The samples are the members of the Team of PropNex Realty Indonesia in Surabaya and Malang, consisting of 30 teams and 3 persons each team. Data collection techniques used were questionnaires and personal interviews. In order to test the hypothesis, this study uses PLS analysis.

in addition, the measurements use Likert scale 5 on each indicator variable, for transactional leadership includes Contingent reward, management by exception, and Laissez-Faire and for transformational leadership consisting of Idealized Influence, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration. The measurement of leadership variables uses The Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (1994). Meanwhile, for innovation variables involve product innovation and process innovation that adopted from Chang, (2015). Furthermore, team performance uses instruments developed by Hoegl and Gemueden, (2001) consisting of two indicators, effectiveness and efficiency.

RESULTS

To know the validity, the instrument was tested by using convergent validity and discriminant validity, and to understand the reliability construct, it was examined by reliability test. For instrument validity analysis, the instrument was valid when the value of loading factor is more than 0,6 and the value of Average Variance Extracted (AVE) is more than 0,5 for all variable. Furthermore, the discriminant validity was calculated using cross correlation with a criterion an indicator was valid in measuring the corresponding variable when the value of loading factor in corresponding variable is more than the correlation value of the indicators on other variables. While, for construct reliability, a construct or model is reliable when the value of Cronbach alpha and composite reliability was more than 0,6 and 0,7 respectively (Chin, 1995).

The result of convergent validity is as follow:

Table 1.1 The Result of Convergent Validity Test (Loading Factor)

<i>Convergent Validity (Loading Factor)</i>				
Variables	Indicator	Loading Factor	Cut off	Inf.
Transactional Leadership (X1)	X.1.1	0.732	0.6	Valid
	X.1.2	0.777	0.6	Valid

	X.1.3	0.782	0.6	Valid
	X.2.1	0.669	0.6	Valid
Transformational Leadership (X2)	X.2.2	0.755	0.6	Valid
	X.2.3	0.715	0.6	Valid
	X.2.4	0.674	0.6	Valid
Innovation (Z)	Z.1	0.687	0.6	Valid
	Z.2	0.907	0.6	Valid
Team Performance (Y)	Y.1	0.830	0.6	Valid
	Y.2	0.692	0.6	Valid

Source: Data Processed (2018)

The result of average variance extracted is as follow:

Tabel 1.2 The Result of Average Variance Extracted (AVE)

Variables	AVE	Cut off	Inf.
Transactional Leadership (X1)	0.601	0.5	Valid
Transformational Leadership (X2)	0.508	0.5	Valid
Inovasi (Z)	0.591	0.5	Valid
Kinerja Tim (Y)	0.586	0.5	Valid

Source: Data Processed (2018)

The data above indicated that the instrument or all items were more than standardized values; all items for transactional, transformational, innovation, and Team performance have a loading factor (table 1.1) more than the cut off, 0,6 and AVE (Table 1.2) more than 0,5. Therefore, the instrument was declared as valid to measure each variables and construct in explaining the relationship among indicators and variables.

The result of discriminant validity is as follow:

Table 1.3 The Result of Discriminant Validity Test

Indikator	X1	X2	Y	Z
X1.1.2	0.732	0.205	0.149	0.330
X1.2.1	0.777	0.215	0.383	0.494
X1.2.2	0.799	0.178	0.195	0.377
X1.3.1	0.782	0.320	0.422	0.741
X1.3.2	0.784	0.439	0.577	0.696
X2.1.1	0.268	0.669	0.157	0.349
X2.1.2	0.312	0.648	0.151	0.184
X2.2.1	0.329	0.755	0.463	0.378

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X2.2.2	0.241	0.750	0.246	0.364
X2.3.1	0.324	0.715	0.330	0.282
X2.3.2	0.171	0.791	0.368	0.226
X2.4.1	0.231	0.674	0.182	0.276
X2.4.2	0.312	0.692	0.477	0.397
Y.1.1	0.270	0.299	0.830	0.436
Y.1.2	0.532	0.444	0.849	0.739
Y.2.1	0.198	0.268	0.692	0.312
Y.2.2	0.445	0.337	0.675	0.468
Z.1.1	0.402	0.403	0.410	0.687
Z.1.2	0.470	0.332	0.557	0.701
Z.2.1	0.761	0.315	0.547	0.907
Z.2.2	0.614	0.361	0.587	0.761

Source: Data Processed (2018)

The result of discriminant validity, as showed in table 1.3 indicates that all indicators in one variable have loading factor values more than cross correlation values in other variables. This indicates that all indicators were declared able to measure corresponded latent variable.

Furthermore, for the construct reliability, data analysis, in table 1.4, pointed that the result as minimum required values, the values of Cronbach alpha above 0, 6 and composite reliability above 0,7 for all variables. Thus, the construct was reliable.

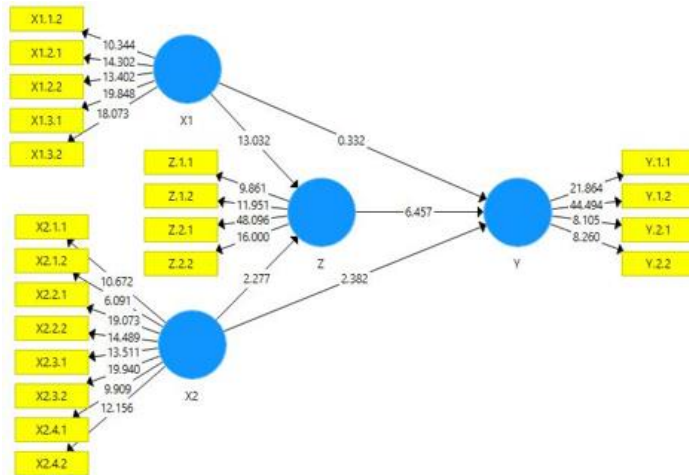
Table 1.4 Reliability Test

Variables	AVE	Cut off	Cronbach Alpha	Cut off	Composite Reliability	Cut off	Inf.
Transactional leadership (X1)	0.601	0.5	0.849	0.7	0.883	0.7	Reliable
Transformational leadership (X2)	0.508	0.5	0.865	0.7	0.892	0.7	Reliable
Innovation (Z)	0.591	0.5	0.765	0.7	0.851	0.7	Reliable
Team Performance (Y)	0.586	0.5	0.770	0.7	0.849	0.7	Reliable

Source: Data Processed (2018)

The next stage was hypothesis test to examine the causality of exogeneous variable to endogenous variable developed in model. T-statistic was used to determine whether the hypothesis was significant or not and accepted or rejected. If the value of t-statistic more than t-table 1, 96, the hypothesis is accepted and vice versa. Based on data analysis the result was described in path diagram and table as follow:

Figure 1. Path Diagram



Source: Data Processed (2018)

Table 1.6 The Result of Hypothesis Test

Hypothesis	Correlation	Coefficient	Std. Error	T-statistic	Inf.
1	X1 → Y	-0.036	0.109	0.332	Insignificance
2	X2 → Y	0.190	0.105	2.382	Significance
3	X1 → Z	0.678	0.052	13.032	Significance
4	X2 → Z	0.187	0.082	2.277	Significance
5	Z → Y	0.630	0.096	6.457	Significance
6	X1 → Z → Y	0.427	0.082	5.229	Significance
7	X2 → Z → Y	0.118	0.049	2.403	Significance

Source: Data Processed (2018)

Figure 1 showed that the value of T statistic and beta coefficient value of the relation between X1 and Y are 0.332, and -0.036. It indicates that the coefficient value is negative and T statistic less than 1.96. Thus, transactional leadership has a negative and insignificant effect on team performance and hypothesis 1 is rejected. In addition, the correlation value for other variables (Hypothesis 2-7) are positive and significance and the hypotheses are accepted.

DISCUSSION

Transactional Leadership and Team Performance

The results show that there is no strong relationship between transactional leadership and team performance with negative and insignificant correlations. This means X1 does not affect Y at all. It also means that changes in transactional leadership variable values through the three indicators of contingent reward, management by exception, and Laissez Fair have no impact on indicators of team performance variables.

The findings of this study contradict some of the earlier studies such as Vargas et al. (2015), Iscan, et al. (2015), Ebrahimi, et al. (2016) who found a strong relationship and influence between transactional leadership and team performance. This result is also inconsistent with Vaccaro, et al. (2012) which mentions transactional leadership as a predictor factor for the emergence of team performance, and Liu, et al. (2014) who stated that transactional leadership as a trigger for the emergence of teamwork and competition that can improve team performance. However, these findings support Rao and Abdul (2015) who found that transactional leadership had no significant and positive influence on team performance.

Transformational Leadership and Team Performance

Studies show that there is a strong relationship between the two variables with positive and linear correlations. This means that changes in the value of transformational leadership variables through the four indicators of idealized influence, inspirational motivation, intellectual stimulation and individualized consideration will also affect the team's performance, namely, Effectiveness and Efficiency.

Based on the data interpretation, it was found that the value of intellectual stimulation indicator has the highest average value compared to other indicators, whereas, individual consideration has the lowest value. This indicates that the majority of PropNex team leaders in both Surabaya and Malang units are concerned with self-development of subordinates, which involves direct subordinates to training programs and others.

Regarding to leadership roles in improving team performance, theoretically and empirically, it is stated that the nature and behavior of leaders can be illustrated in leadership patterns developed by leaders (Bass and Avolio, 1995). With transformational leadership patterns, subordinates can sense trust, pride, loyalty and respect for superiors, and they are motivated to do beyond what is expected. Bass, et al. (2003). Thus, team performance can perform optimally and overall company performance will be able to increase significantly.

These findings support Liu, et al. (2014), Cole, et al. (2011), Rao and Abdul (2015) and Zhang, et al. (2011) who found a strong influence between transformational leadership and team performance. Furthermore, this study also corresponds to the findings of Chou, et al. (2013) which emphasizes an indirect relationship between transformational leadership and team performance, through trust and team effectiveness. Nevertheless, these findings contradict to Lee's findings, et al. (2011), which only mention intellectual stimulation that affect the team performance, while this study found that all elements or indicators of transformational leadership have a direct influence on team performance.

Transactional Leadership and Innovation

Based on the data, the value of management by exception has the highest value compared to the others, Laissez Fair has the lowest value. This shows that the pattern of team leadership in the Propnex environment both Surabaya and Malang units using transactional leadership pattern that prioritizes the pattern of observation and more passive and take action if there are deviations found in direction by team members.

In relation to the transactional leadership role towards the enhancement of innovative creativity, Chang, et al. (2015) stated that transactional leadership not only makes subordinates build their character, but also can provide high motivation for subordinates to improve their work creativity. Another thing is that with this transactional leadership pattern, subordinates can also develop and explore their potential and capabilities so that they have a high awareness to keep looking for creative ideas in their work (Chen, et al., 2014; Ebrahimi, et al., 2016).

This finding supports Chang, et al. (2015) who have successfully performed empirical tests of transactional leadership relationships on innovation; Chen, et al. (2014) and Ebrahimi, et

al. (2016) which also proves that there is a relationship between transactional leadership and innovation; Iscan, et al. (2014) who also found the influence of transformational leadership on innovation.

Transformational Leadership and Innovation

Bass and Avolio (1995) indicate the problem of transformational leadership role by stating that leadership effectiveness can be determined by the nature and behavior of leaders illustrated through leadership styles. Applying appropriate leadership styles can motivate members of the organization to work optimally and optimally. Robbin (2013) also states that a transformational leader can inspire members to be more innovative and creative. Ultimately, members of the organization have confidence, motivation, competitiveness capacity, and strong commitment. Thus, in terms of an organization's success, leadership is an important and vital part of organizing.

In relation to the relationship between transformational leadership and innovation, respondents, all members of the Propnex team in both Surabaya and Malang units, justify that innovation can be a vital supporting factor in running the organization. Regarding to the importance of leadership style in managing an organization, innovation also has a supportive role to the organization's success by the team leaders on the targets given by the company.

These findings confirm Gumusluoglu and Ilsev (2009) who found that transformational leadership positively and significantly influences organizational innovation; Iscan, et al. (2014) and Eisenbei and Boener (2010), which also equally justify a positive and significant relationship between transformational leadership and innovation. In addition, research from Morales, et al. (2008), (2008), (2012), Chen, et al. (2014), Chang, et al. (2015) and Vargas (2015), also affirms the strong relationship and influence of transformational leadership on innovation, both product and process innovation, and both individual and organizational innovation.

Leadership, Innovation, and Team Performance

Related to the importance of innovation in the company, Damanpour and Gopalakrishnan (2001) state that the competitive advantage depends on the extent to which a company can innovate its processes and product. Hurley and Hultz (2013) add that if a company wants to be always relevant to the market and can compete with other companies, then one of the most effective ways is to always innovate, both in product innovation or technology used in the company. Thus, the company will always be able to adapt to a dynamic environment.

Innovation, whether product or process, is an important element that can help companies in the effectiveness and efficiency of achieving and improving team performance, which ultimately can improve overall company performance. In other words, team performance requires the creativity and innovation of its members to continue to evolve within the dynamic business agent real estate environment.

This finding supports some previous research that has been conducted; Morales, et al. (2012) who found that team performance can be enhanced by the creative and innovative climate that is formed based on the support of leaders who understand carefully the needs of subordinates, both individually and team. Similarly, these findings support Vargas et al. (2015) who find that with high innovation, individual performance is automatically improved and ultimately helps the team to meet the targets set by the company manager. Furthermore, Iscan, et al. (2015), Ebrahimi, et al. (2016), and Samad (2012) also found that innovation positively and significantly influenced individual and team performance improvement.

Meanwhile, with regard to transactional leadership, innovation and team performance, the findings of this study are supports Iscan, et al. (2015), Chang, et al. (2015), Ebrahimi, et al. (2016), and Vaccaro, et al. (2012), which has proven empirically that transactional leadership has a direct effect on innovation. This also confirm to the findings of Birasnav (2013), and Liu, et al. (2014) who found a positive and significant relationship between transactional leadership and team performance. Another study conducted by Morales, et al. (2008) and (2012), Vargas (2015), and Samad (2012), have proven the effect of innovation on performance. However, these findings are in contrast to the results of Rao and Abdul's (2015) research which stated that transactional leadership has no effect on team performance.

In contrast, other findings suggest that innovation variables have been shown to serve as a mediating variable between transformational leadership towards team performance. This shows that either directly or indirectly, transformational leadership affects team performance. Through the role of innovation leaders can perform leadership effectively to facilitate the work of leaders in influencing subordinates to work optimally in teams. In other words, the more leaders have high innovation, the higher the potential of a team leader in succession the team he leads.

These results support previous studies such as Morales, et al. (2012), Chen, et al. (2014), Chang, et al. (2015), Vargas (2015), Iscan, et al. (2015), Eisenbei and Boener, et al. (2010) that found empirically transformational leadership positively influences on innovation. While other studies that have the similar results are Morales, et al. (2008), Gumusluoglu and Ilsev (2009), Kraft and Bausch (2016), Ebrahimi, et al. (2016), Samad (2012), and Vaccaro, et al. (2012), who found that innovation can be an important variable in transformational leadership. Furthermore, these results are also demonstrated by Boies, et al. (2015), Chou, et al. (2013), Cole, et al. (2011), Lee, et al. (2011), Liu, et al. (2014), Zhang, et al. (2011) that stated there were a strong influence of transformational leadership on team performance.

To sum up the results of the mediation relationship indicated that independent variable, transactional leadership directly affect innovation, but directly does not affect the team performance. Meanwhile, innovation positively and significantly affect team performance. Thus, such mediation is called perfect mediation. On the other hand, because the mediation in hypothesis 7 shows that all positive relationships are called partial mediation (Baron and Kenny, 1986).

CONCLUSION

The leaders who have high charisma, modeling, prioritizing the interests of the organization rather than individual interests or theoretically called individualized influence, and able to motivate subordinates or usually called inspirational motivation, are proven to improve team performance. In addition, leaders who are able to encourage subordinates to develop themselves and be more creative and innovative (intellectual stimulation), and attention to his individual (individual consideration) is able to create an innovative atmosphere into the team. In other words, the higher the transformational leadership characteristics implemented in the team leader, the higher the creativity and innovation. Furthermore, although Transactional leadership has proven unable to improve team performance, it can also create an innovative atmosphere within the team. Meanwhile, the transformative team leader can also lead to the effectiveness and efficiency of team performance to be high. However, the leader that lead by transactional way in developing and performing programs and activities, are unable to shape effective and efficient team performance. On the other hand, creative and innovative team leaders can build massive emotional and cultural relationships with team members. Thus, the leader can create and build a team that has a high performance as expected. In other words, a transformative and innovative team leader can form a team that has an effective and efficient performance within the company.

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