

CHAPTER I

INTRODUCTION

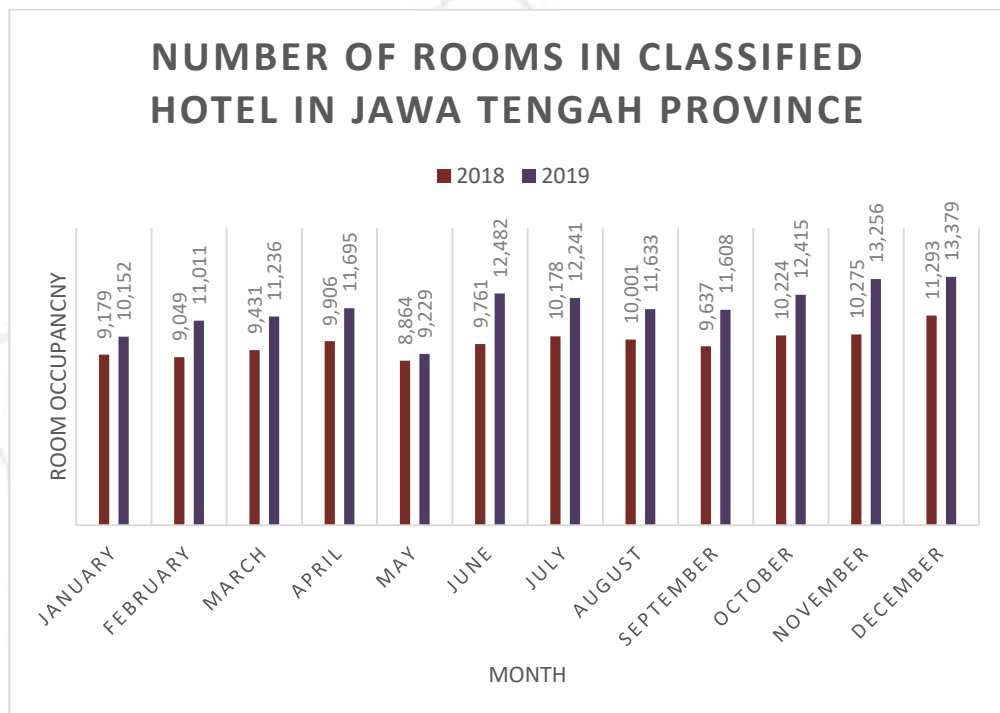
1.1. Background of Study

In the earlier 2020, President Joko Widodo announced officially the first time of two cases of COVID-19 infection which confirmed on 2 March 2020 in Indonesia (Riyanti et al., 2020). The COVID -19 pandemic has hit to lots of sectors. The serious deployment has impacted on imports, transportation, and tourism industries. In imports activities, the year on year decrease was 26.91 percent in September 2020, as reported by Statistics of Jawa Tengah Province. In transportation, domestic arrivals plunged 76.61 percent and international arrivals jumped down 98.92 percent, while total of debarkation passenger was down 71.87 percent year on year in September. Tourism is among the sectors that are worst injured by the actions against the deployment of corona-virus. Number of international visitors from month to month in 2020 has declined. In September 2020, the number of visitors was down 10 people. It means that the decline was 99.52 percent year on year. Moreover, from January to September 2020, the number of visits tourists was 5.383 visitors, a decrease of 69.69 percentages year-on-year, lower than the number of visitors from January to September 2019. Consequently, the decline of visits tourists had affected to hotel occupancy. It means that the decline of room occupancy rates is affected by the COVID-19 pandemic instead of

applied leadership. However, before the pandemic, room occupancy came from business tourism.

Table 1.1

Room Occupancy Rate (ROR) 1 to 5-star Hotels
in Jawa Tengah in 2018 and 2019



Source: *Statistics of Jawa Tengah Province* (BPS Jawa Tengah) (2019; 2020)

In 2018, number of hotel accommodation establishment in Classified Hotel in Jawa Tengah was 291 hotel accommodation establishment with 24.233 rooms and 37.680 beds. Then, Room Occupancy Rate (ROR) of star hotels in 2018 came to 40.51 percent. Then, number of hotels accommodation establishment in Classified Hotel in Jawa Tengah in 2019 was 311 hotel accommodation establishment with 25.630 rooms and 40.846 beds. The fact shows that the room occupancy rate of star hotels in 2019 amounted to 45.63

percent. There was a phenomenon gap by leading to increase a year-on-year Room Occupancy Rate in 2019 when compared with Room Occupancy Rate in 2018.

This lack establishes approaches to increase employee's job performance by sharing the knowledge. It is also need to apply leadership style to deal with job performances. In turn, the employees collect and share know-where or know-whom by mediating the knowledge which deploys the leadership approach into the effective job performance.

Not many studies pay a great attention to the relationship between the leadership style and job performance. Although some empirical studies have shown that the leadership style boosts job performance, others have found that it has no effect on job performance, or even a negative effect. Some essential evidences have shown that transformational leadership and outcomes result a positive linear relationship. For instance, the research of Transformational leadership (Masa'deh, R., B. Y. Obeidat, and A. Tarhini, 2016; Buil, I.; E. Martínez, and J. Matute, 2018; Ugwu, C., I., 2018) and Transactional leadership (Masa'deh et al., 2016) improve job performance.

Transformational leadership has a significant impact on employee performance in field of Jewellery industry (Lor, W., and Z. Hasan, 2017), banking (Qabool, S., and T. Jalees, 2017), textile manufacturing company (Schwarz, G., 2017 and Baig, S.A.; S. Iqbal, M. Abrar, I.A. Baig, F. Amjad, M.Zia, and M.U. Awan, 2019); employee's job performance in educational institutions (Ullah, R.; K.F. Latif, and W. Alam, 2018 and Alzoraiki, M.; O.A.

Rahman, and M.A. Mutalib, 2018), Small and Medium Enterprises (SMEs) (Amin, M., D., 2017 and Manzoor, F. Longbao, W., M. Nurunnabi, Q.A. Subhan, S.I.A.Shah, and S. Fallatah, 2019), government sectors (Nam, K., and Sunyoung P., 2019 and Rita, M.; O.R. Payangan, Y. Rante, R. Tuhumena, and A. Erari, 2018), law firms (Qian H.; S. Bibi, A. Khan, L. Ardito, and M. Nurunnabi, 2019); and job performance in the higher council of youth (Masa'deh et al., 2016; frontline hotel employees (Buil et al., 2018), and librarians in university (Ugwu, 2018). Also, transactional leadership positively influences job performance of employees in the higher council of youth (Masa'deh et al., 2016).

Unfortunately, it is still unclear the initiated process or applied leadership styles to increase divergent terms of job performance. In some ways, transformational leadership is not significant result related to some terms of job performance such as employee performance (Thoni Setyo Prabowo, Noermijati, and Dodi Wirawan Irawanto, 2017), job performance (Sunu Widiyanto and C.P.M. Wilderom, 2017), employees' individual performance (Ribeiro, N., İ. Yücel, and D. Gomes, 2018). Moreover, transformational leadership is negative influence on job performance (Babalola, S.S., 2016), work performance (Anis Eliyana, Syamsul Ma'arif, and Muzakki, 2019). Also, in some cases, transactional leadership do not significantly influence on employee job performance (Lor and Hasan, 2017) and employee performance (Siregar, E.I., 2018; and Baig et al., 2019).

The inconsistent empirical evidence leads to confusion about how an organization can attain a better job performance by embracing the leadership style. One reason for the current contradictory understanding is that leaders still do not know the suitable conditions they need to apply the leadership style effectively. Existing research focuses on evidence about the impact of the leadership style and there is a lack of understanding about the specific conditions required to increase job performance, so this study is an attempt to address such the unknown blank in the literature.

This study aims at unpacking a conceptual model of structural relationships, which is anchored by knowledge sharing, as a mediation to fill the research gap between leadership style and job performance. Fitri Wulandari, Augusty Tae Ferdinand, and Christantius Dwiatmadja (2018) states that knowledge sharing serves as a bridge. Therefore, we examine the mediating variable which plays a key role in ensuring the success of the leadership style. Adopting Fiedler leadership contingency, effective employee's performance relies on the leaders' ability, capabilities, behavior, and desired styles which are adopted in the best situation. Also, borrowing the Path-Goal theory, employee will be pleasant when the leaders will lead them. Interestingly, it is important to clarify that the extent to which transformational and transactional leadership influence on job performance through mediating of knowledge sharing: anchored by COR theory.

1.2. Statement of Problem

- 1) Does the transformational leadership influence significantly job performance?
- 2) Does the transactional leadership affect significantly job performance?
- 3) Does the transformational leadership influence significantly knowledge sharing?
- 4) Does the transactional leadership affect significantly knowledge sharing?
- 5) Does knowledge sharing influence significantly job performance?
- 6) Does knowledge sharing mediate the transformational leadership on job performance?
- 7) Does knowledge sharing mediate the transactional leadership on job performance?

1.3. Purpose of Study

The objectives of this research are to examine more effective leadership style that influence on job performance and also find out the role of energy resource such as knowledge for increasing the effective job performance:

1. To investigate the direct influence of transformational leadership on job performance;
2. To explore the direct affect of transactional leadership to job performance;
3. To examine the direct influence of transformational leadership on knowledge sharing;
4. To assess the direct affect of transactional leadership to knowledge sharing;

5. To measure the direct influence of knowledge sharing on job performance;
6. To evaluate the indirect influence of transformational leadership on job performance through mediating knowledge sharing;
7. To examine the indirect affect of transactional leadership to job performance through mediating knowledge sharing.

1.4. Benefits of The Research

The basic reason why this research can be helpful and particular affects as following:

1. Theoretical and practical benefits

The research plays a role of resource of employees (i.e. applying knowledge sharing as a mediator when examining the effects of transformational and transactional leadership styles on job performance.

2. Managerial Benefits

The research sets some beneficial insight to increase the overall grades of job performance.