



Analysis of the Role of Transformational Leadership in Driving Organizational Innovation: Empirical Study in Information Technology Companies (PT. Mahaka Media Tbk Transforms into MahakaX)

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ABSTRACT

With the current increasingly high development of information technology, the level of competition faced by organizations, especially for business activities with the aim of seeking maximum profits (profit oriented companies), is felt to be increasingly high and the competition is also getting tighter. The research objective is to analyze the role of transformational leadership in encouraging organizational innovation. The method used is descriptive analysis supported by data from internet searching or online-based literature in the form of journals, websites and others. The result is that there are 10 (ten) roles of transformational leadership in encouraging organizational innovation which are based on transformational leadership as the "Four I's" (idealized influence, intellectual stimulation, individualized consideration, and inspirational motivation). It is hoped that the MahakaX company can encourage a culture of continuous learning in order to find new solutions to increase innovation.

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INTRODUCTION

With the current increasingly high development of information technology, the level of competition faced by organizations, especially for business activities with the aim of seeking maximum profits (profit oriented companies), is felt to be higher and the competition is also getting tighter (Wibisono and Setiawan, 2014). To prevent being left behind by competitors, organizations in an effort to achieve predetermined goals or targets always innovate to be able to compete. Innovation is the main key for organizations to survive and develop in a rapidly changing environment. To increase the values and competitiveness of an organization, innovations that can be carried out include product innovation, innovation in the workforce, and innovation in leadership in the organization (Afdhal, 2021).

Leadership is the ability of a leader to influence and direct his subordinates in an effort to achieve organizational goals. Leadership does not just refer to a person's position or title in an organization, but a series of qualities and actions that inspire and guide others to achieve desired results. Likewise, in the context of modern organizations, leadership is not only the responsibility of top-level executives or managers, but has also developed into attitudes and behavior required by every team member or individual at various hierarchical levels. In addition, it also involves the ability to adapt to rapid change and the ever-growing complexity of the environment. In other words, leaders must be able to face new challenges and lead with a clear vision while remaining flexible in making decisions and managing risks. One type of leadership needed by organizations in the current development of information technology is transformational leadership. Transformational leadership tends to motivate and encourage other people/subordinates to grow and develop individually and professionally so that it can improve overall organizational performance, create a collaborative work environment, increase satisfaction or the tendency to stay and help the organization remain relevant and competitive in the market. keeps changing.

One of the information technology companies used as an example for empirical studies is PT. Mahaka Media Tbk. PT. Mahaka Media Tbk is a company founded in Jakarta under the name PT. Abadi Massa on November 28 1992. Then, the company name was changed to PT. Abadi Bangsa on December 17 1992. On April 3 2002, important history occurred, namely PT. Abadi Bangsa Tbk first listed its shares on the Jakarta Stock Exchange (BEJ) and made it the first newspaper publishing company to be a public company. On May 4 2010, the company name changed to PT. Mahaka Media Tbk. In line with developments in information technology, PT. Mahaka Media Tbk has become a multi-media holding company with business units such as television, radio,

outdoor media, newspapers, magazines, book publishing and digital media. Each business unit of this company has succeeded in building the strength of each product character, such as Harian Republika as the largest Muslim newspaper in Indonesia, Jak TV as a local TV station in Jakarta, Gen FM as radio no. 1 in Jakarta with the highest number of listeners. All achievements of PT. Mahaka Media Tbk as an integrated, strong and continuously growing multi-media holding company definitely has a strong transformational leadership role. Therefore, an analysis was carried out regarding the role of transformational leadership in supporting innovation by studying leadership in PT. Mahaka Media Tbk.

THEORETICAL REVIEW

According to Nana (2016), analysis is an effort to sort an integrity into elements or parts so that its hierarchy and structure are clear. According to Keraf (2004), analysis is a process for solving problems into parts that are related to each other. Furthermore, Majid (2013) stated that analysis is the ability to decompose units into separate units, divide them into sub-parts or parts, differentiate between two things that are the same and regarding differences.

According to Horton and Hunt (1999), a role is the behavior expected from someone who has a status. According to Richards (2010), role refers to the relationship with the actor in a drama where this is a specific way of behaving that is considered socially appropriate for someone in a particular situation. Furthermore, Ahmadi (1982) explains that a role is a complex of human expectations regarding the way individuals should behave and act in certain situations based on their social status and function. Then, Soekanto (2002) emphasized that a role is a dynamic aspect of position (status). If someone carries out their rights and obligations in accordance with their position, it is said to be carrying out a role.

According to Robbins (2017), transformational leadership is leaders who can motivate followers to implement and manage their own interests for the benefit of the organization with individual friendliness, intellectual stimulation, and ideal influence resulting in extra effort from workers for better organizational effectiveness. Then, Suwatno (2019) gave the opinion that transformational leadership is leadership that influences employees to make employees feel a sense of self-confidence, pride, loyalty and respect for their leaders and have the motivation to do more than expected. Meanwhile, Yukl (2005) said that transformational leadership is the "Four I's" which includes:

1. *Idealized Influence*

Idealized influence can be interpreted as "charismatic" where a leader influences followers by generating strong emotions. This leader has the following characteristics:

- a. Able to influence his followers through his energy, ambition and aura.
- b. Have a vision and trust intuition.
- c. Act on the basis of a value system (not on personal interests).
- d. Continuously improve his abilities.

2. *Intellectual Stimulation*

Intellectual stimulation can be interpreted as intellectual stimulation in which there is a process by leaders to increase followers' awareness of problems and influence followers to look at a problem from a new perspective in the right way. Subordinates are conditioned in situations to always ask themselves and develop problem-solving abilities freely. Intellectual stimulation has the following characteristics:

- a. Striving to grow and improve the intelligence of his subordinates.
- b. Requires subordinates to think more rationally and well.
- c. Practice careful problem solving skills.

3. *Individualized Consideration*

Individualized consideration can be interpreted as individual consideration where there is the ability to be sensitive to diversity, unique interests, talents, self-development and the leader's responsibility to provide satisfaction and encourage the productivity of his followers. Individual consideration has the characteristics of being close to subordinates and being able to interact informally and respecting and appreciating each other.

4. *Inspirational motivation*

Inspirational motivation can be interpreted as inspirational motivation where leaders provide understanding and challenges to their subordinates with the aim of increasing enthusiasm and hope to spread vision, commitment, future goals and team support. Inspirational motivation has the following characteristics:

- a. Can say things that increase subordinates' confidence in their ability to complete tasks and achieve group goals.
- b. Have communication skills that make the vision easily understood, precise, strong and attractive so that subordinates are willing to make better efforts and are encouraged to be optimistic for the future.

According to Drucker (2014), innovation is a specific tool for companies where innovation can explore or utilize changes that occur as an opportunity to run a different business. This can be presented as a discipline, learning, and practice. Furthermore, Sutirna (2018), innovation is an idea, practical things,

methods, methods and man-made goods that are observed and felt as something new for a person or group of people (society).

METHODOLOGY

The method used to analyze the role of transformational leadership in encouraging organizational innovation is an empirical study of PT. Mahaka Media Tbk is a descriptive analysis supported by data from internet searching or online-based literature in the form of journals, websites and others. According to Winartha (2006), descriptive analysis is a method for analyzing, describing and summarizing various conditions, situations from various data collected in the form of interview results, searching for primary and secondary data or observations regarding the problems studied that occur in the field. In descriptive analysis, the researcher only describes or depicts the data collected as it is and does not draw conclusions for generalization.

RESULT AND DISCUSSION

At first, PT. Mahaka Media Tbk is a company founded in Jakarta under the name PT. Abadi Massa on November 28 1992. Then, the company name was changed to PT. Abadi Bangsa on December 17 1992. On April 3 2002, important history occurred, namely PT. Abadi Bangsa Tbk first listed its shares on the Jakarta Stock Exchange (BEJ) and made it the first newspaper publishing company to be a public company. On May 4 2010, the company name changed to PT. Mahaka Media Tbk. As time goes by and the development of information technology increases, PT. Mahaka Media Tbk began its development as a multi-media holding company in 2003 by overseeing 2 (two) business units, namely PT. Pustaka Abdi Bangsa and PT. Republika Media Mandiri.

Furthermore, PT. Mahaka Media Tbk began to acquire ownership (shares) of several companies such as PT. Meida Golfindo (licensed magazine publisher), PT. Kalyanamitra Adhara Mahardhika (Alive Indonesia), PT. Wahana Kayanamitra Mahardhika (CardPlus), PT. Danapati Abinaya Investama (Jak TV), PT. Emas Indonesia Duaribu (Indonesian Daily), PT. Suara Irama Indah (Jak FM), and PT. Radio Attahiriyyah (Gen FM) and other companies with different share percentages have business units such as television, radio, outdoor media, newspapers, magazines, book publishers and digital media. PT. Mahaka Media Tbk is increasingly successful with Jak TV becoming Jakarta's local TV station (receiving an award as Local Television Station Mass Media Industry at the 2012 Adikarya Tourism Award) and Gen FM becoming No. 1 radio. 1 in Jakarta with the highest number of listeners, namely 4,148,000 listeners (once named Indonesian Most Favorite Brand 2013 by Marketeers Magazine). Then, one of its business units, namely Republika

Publisher, successfully published a best-selling book entitled "Verses of Love". At this time, PT. Mahaka Media Tbk has become the leading and most complete creative ecosystem in Indonesia that empowers surrounding industries and communities so that PT. Mahaka Media Tbk is transforming into MahakaX in 2022.

With the rapid progress of PT. Mahaka Media Tbk, which transformed into MahakaX, can be seen that the role of transformational leadership in encouraging innovation to increase MahakaX's competitiveness is very influential. Based on this, the role of transformational leadership in encouraging innovation based on Yukl's (2005) transformational leadership theory is:

1. *Idealized influence where the leader will be able to:*

- a. Influencing followers through energy, ambition and aura so that followers or subordinates will be motivated to do better work

This can be seen from Mahakax which continues to prioritize the 4s strategy (strategic, service, supportive, simple) as the basis for all innovation development carried out. This strategy has been proven to be able to improve the performance of business units such as radio and print media which Mahakax continues to develop in a digital direction. The board of commissioners as part of Mahakax's leadership strengthens synergy between business units, such as the publishing business unit which has implemented a marketing synergy program with other company units in launching superior books. Mahakax's leadership also applies the principles of good cooperative governance to become a work culture in its daily business activities where it is committed to upholding integrity in carrying out its business operations in order to create a work climate that is conducive, clean, trustworthy, responsible and free from conflicts of interest. With this, the behavior shown by the leader in complying with the rules implemented will be imitated by his followers or subordinates, thus leading to the role of the leader who can influence his subordinates regarding increasing work motivation to carry out better work.

- b. Have a vision and trust intuition to stick to the organization's common goals.

Mahakax has a vision, namely "we aspire to empower creativity and intelligence to improve our society" by changing communities through an ecosystem of creativity, business and advanced technology. Based on this, the leader at Mahakax towards his internal followers or subordinates will make them think like an analyst, solve problems like

an engineer, design like an architect, create like an artist and act like an entrepreneur.

Then, transformational leaders tend to have extensive experience and knowledge in their field so they will follow their intuition in knowing the market, trends and industry dynamics and can see opportunities and risks that other people cannot possibly see. Therefore, the role of the leader is to emphasize that subordinates do not deviate from the company's vision so that the company's common goals can be realized and have good intuition based on sufficient experience and knowledge so that they can see opportunities from innovations carried out in the market.

c. Act on the basis of a value system (not personal interests).

Mahakax, especially the business unit, namely Republika, continuously embraces society to enter a new world resulting from revolution and technology and the mass media industry, thereby causing readers to switch from printed newspapers or books to newspapers, books and magazines that can be viewed digitally so that anyone who accesses them can read them faster and easier. In other words, the role of a leader emphasizes that changing the thinking patterns and use of technology of a person, group or society, including followers or subordinates, leads to the use of modern equipment and digital media.

d. Continuously improve his abilities

The leader of Mahakax, Eric Tohir, really applies the moral principles that are the basis for success in forming a world-class company. Furthermore, he also has an egalitarian nature so he does not discriminate between ethnicities, cultures and religions. Eric Tohir is also open-minded and understands the rapid development of information technology today so it is considered fast and does not take long to produce significant company change results. He also did not hesitate to study and obtained the degrees of bachelor of arts and master of business administration and changed his leadership style according to the times. Likewise, leaders in each work or business unit also do not stop improving their abilities and capabilities in their fields. In other words, the role of a leader refers to improving a leader's personal abilities to give him additional experience that can be utilized for the future progress of his company.

2. Intellectual stimulation where leaders will be able to:

- a. Develop and increase the intelligence of his subordinates.

To support the rapid changes post digitalization of industry and technology, Mahakax implements a human capital strategy which prepares talent with an assessment and succession system in order to increase precision in planning the company's human resources in the future and ensure that human assets have the opportunity to develop their competencies as high as possible. This training and competency development activity for subordinates has been carried out starting from 2016. In addition, changes have been made to the organizational structure and standardization of recruitment in line with Mahakax's strategy to reach new market shares. In other words, the leader's role is to ensure participation and improvement in training activities and development of subordinate competencies with an assessment and succession system so that subordinates become more precise and planned in carrying out their tasks.

- b. Demands that his subordinates think rationally.

Mahakax as the parent company has leaders who teach their subordinates to make decisions based on data, facts and strong analysis, not just intuition. Subordinates are encouraged to feel comfortable voicing their opinions and challenging the status quo and open discussions create innovative solutions. In other words, the leader's role is to ensure that subordinates make decisions rationally based on real data, facts and analysis so that the output results match the company's reality

- c. Practice careful problem solving skills.

Mahakax HR management organizes education and training programs specifically designed to improve problem solving abilities among team members such as analysis techniques, problem modeling, and a systematic approach to dealing with problems. Access to this training is staggered among subordinates so that each subordinate gets increased abilities and capabilities in working together. Failure in problem-solving training can be viewed as a learning opportunity and not as something to be ashamed of. In other words, the leader's role is to ensure that each subordinate can solve problems in their respective work units carefully so that no mistakes will occur that are detrimental to the company and have a large negative impact.

3. *Individualized consideration where the leader will be able to:*

- a. Close to subordinates and able to interact informally.

Mahakax tends to build close and personal relationships such as needs, interests and aspirations with his subordinates through gathering events or events held by the company to strengthen ties between leaders and subordinates. Apart from that, Mahakax also creates an open and transparent work environment between all levels of the company so that subordinates are comfortable sharing new ideas and contributing creatively. Open communication allows new ideas to emerge, inspire each other and be discussed without barriers and enriches the mahakax innovation process. In other words, the leader's role is to create a work environment that embraces open and transparent communication so that each subordinate can contribute to the company's progress.

- b. Mutual respect and appreciation.

Mahakax has good teamwork where the company has a culture of respecting each other and maintaining solid cooperation within or with fellow work units. Mahakax facilitates open dialogue between team members, allowing each subordinate to voice ideas without fear of being belittled or ignored. Additionally, it enables strong collaboration that accelerates innovation. In other words, the role of leaders is to ensure the creation of a culture of mutual respect so that no one is belittled or ignored and has equal rights.

4. *Inspirational motivation where the leader will be able to say things that increase subordinates' confidence in their ability to complete tasks and achieve group goals.*

At MahakaX, subordinates' self-confidence in their own abilities will greatly influence the process of completing their or their group's tasks. By having subordinates able to work well, company performance can increase. MahakaX always says that his subordinates have equal or undifferentiated status and communication in the work environment is open so that this will increase subordinates' self-confidence to express ideas and thoughts which of course have an impact on the company's progress. In other words, the leader's role is to adopt an attitude that is open to criticism, suggestions and ideas from subordinates so that their self-confidence increases and their engagement with the company becomes higher.

CONCLUSION AND SUGGESTION

Based on the discussion of transformational leadership as the "Four I's" consisting of idealized influence, intellectual stimulation, individualized consideration, and inspirational motivation by Yukl (2005), the role of transformational leadership in encouraging innovation was obtained using an empirical study of PT. Mahaka Media Tbk are as follows:

1. Influence subordinates regarding increasing work motivation to carry out better work.
2. Ensuring subordinates not to deviate from the company's vision so that the company's common goals can be realized and to have good intuition based on sufficient experience and knowledge of the leadership so that they can see opportunities from innovations carried out in the market.
3. Changing the thinking patterns and use of technology of a person, group or society, including their followers or subordinates, leads to the use of modern equipment and digital media.
4. Improving a leader's personal abilities will give him additional experience that can be utilized for the company's future progress.
5. Ensure participation and increase in training activities and development of subordinate competencies with an assessment and succession system so that subordinates become more precise and planned in carrying out their duties.
6. Ensure that subordinates make decisions rationally based on data, facts and real analysis so that the output results match the company's reality.
7. Ensure that each subordinate can solve problems in their respective work units carefully so that no mistakes will occur that are detrimental to the company and have a large negative impact.
8. Create a work environment that embraces open and transparent communication so that every subordinate can contribute to the company's progress.
9. Ensure the creation of a culture of mutual respect so that no one is belittled or ignored and has equal rights.
10. Adopt an attitude that is open to criticism, suggestions and ideas from subordinates so that their self-confidence increases and their engagement with the company becomes higher.

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