

CHAPTER 1

INTRODUCTION

1.1 Background

Industrial development affects on businesses people to be able maximizing the potential of their businesses. The development of business environment will be realized if it will be supported by quality and competitive human resources, then it can obtaining the expected work. Behavior that becomes the demand of today's organizations is not only limited on company rules and in-role behavior according with the job description, but also work extra-role action or called Organizational Citizenship Behavior (OCB) (Organ, 1988).

OCB represents individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system and that in the aggregate promotes the affective functioning of the organization. By discretionary, we mean that the behavior is not an enforceable requirement of the role or the job description that is the clearly specifiable terms of the person's employment contract with the organization; the behavior is rather a matter of personal choice, such that its omission is not generally understood as punishable.

A transformational leader within the organization, gaining support, uplift and inspire, so that the followers feel inspired to follow and behave extra role as a good citizen for the organization. The effectiveness of transformational leadership role would encourage increased Organizational Citizenship Behavior (OCB). The quality of a leader is often regarded as the most important factor in the success or failure of an organization. The emergence of Organizational Citizenship Behavior (OCB) is not affected directly by transformational

leadership style, but because of the good faith that the organization has a leader who can be trusted. Organizational commitment is one of the important factors that contribute to encourage OCB.

Transformational leaders eliminate communication barriers existing in an organization and enable effective functioning of the organization. Change is unavoidable in any enterprise and the biggest challenge encountered by any organization is to manage the change effectively. Change when managed poorly can deteriorate an organization's performance and lead to its decline. People who are driven by inspiration perform well when compared with people driven by control. That is exactly what the transformational leaders do. They make their followers understand the purpose of the change that is being introduced and make them adopt the same (Dvir, Eden, Avolio, and Shamir, 2002). They are high risk takers and do not hesitate to fight against injustice and unethical conduct present in an organization, if any. They are highly talented, however, very down-to-earth and open in nature (Tichy and Devanna, 1986). They have an in-built power to attract people towards them. They inspire their followers to a great extent in such a way that the followers support all of their endeavors whole heartedly without any regret or hesitation. Another great advantage of having a transformational leader in an organization is improvement of its overall productivity.

Highly committed employees wish to remain associated with the organization and advance organizational goals, and are therefore less likely to leave (employee retention is seen to be highest with all forms of commitment). Employees need to be reassured that their jobs are secure; otherwise they won't exert as much effort in achieving organizational objectives. In role job performance has been reported to

be higher for employees with strong affective commitment. The underlying assumption is that they will work harder at their jobs and perform them better than those with weaker commitment. On the personal level, there are benefits for strong affective commitment, for example working in an environment in which one is positive about has implications for reduced stress levels. Alternatively, affective commitment could lead to negative consequences for life beyond the organization.

PT. Djarum itself has been known for making *kretek* cigarettes especially for Indonesian people. The unique taste of Indonesian cigarettes comes from cloves. The researcher would like to examine if there is any correlation and significance between transformational leadership style and organizational commitment through Organizational Citizenship Behavior at PT. Anindita Multiniaga (PT. Djarum). PT. Djarum owned by Budi Hartono which has known in the first ranked of the richest people in Indonesia by Forbes Magazine. How one of the big cigarettes company from Indonesia could conquer the market supported with the best human resources locally from Indonesia to compete with the tough competitors like PT. HM Sampoerna owned by Phillip Morris, USA.

Currently, this topic is attracting the researcher's attention and has the potential to be explored at a substantial level for developing the Organizational Citizenship Behavior through organizational commitment and transformational leadership style of the stakeholders. The reason behind this research is to find that the new generation of people which is young generation enters the workforce nowadays and their habit of hopping from one company to another. Young generation want a robust work experience and working at a variety of

organizations. These young workers won't hesitate to start looking elsewhere for growth and new experiences. PT. Anindita Multiniaga has been hiring so many young generations to fulfill the marketing and sales position to be able to push the market and give their brilliant ideas competes with another cigarette companies. The OCB at PT. Anindita Multiniaga would be determined by how good the company could manage to keep the young generation employees have the loyalty to the company. In order to research this matter, the researcher also indicates to bring up the leadership style (transformational) and organizational commitment that are the antecedent of OCB from the young generation employees in PT. Anindita Multiniaga.

One of the core values in this company is "One Family". It means group of people who have the same typical affinity connection and they want to live together with procedures agreed to achieve one goal. Meanwhile, the company has the raising point to be identified whether the core values still exist or not. Comparing with other *kretek* manufacturer, the company has been kept growing up their asset and expands their business not only in the cigarettes but also in many major business types in Indonesia, namely Bank Central Asia, Martabe Gold Mine, etc.

Regarding the problems stated above, the researcher would like to identify the relationship between transformational leadership style and Organizational Citizenship Behavior through organization commitment. The researcher pointed out that PT. Anindita Multiniaga employs many of the young generation that would be hopping from one company to the others. In response to this particular matter, the researcher interested to identify what is the cause and trying to give some valuable input.

1.2 Research Questions:

The researcher formulates the research questions based on the background:

1. Is transformational leadership has effect to OCB?
2. Is organizational commitment has effect to OCB?
3. Is transformational leadership has effect to OCB through organizational commitment?

1.3 Objectives:

Base on the research question in this study, researcher aims at:

1. To identify the effect of transformational leadership to OCB.
2. To identify the effect of organizational commitment to OCB.
3. To identify the effect of transformational leadership style to OCB through organizational commitment.

1.4 Significance

The advantage of the study result:

a. Academic Advantage

This result of this study can be used as the references to the one who do the similar study research or continual study, especially about the effect of transformational leadership to OCB through organizational commitment.

b. Practice Advantage

The information gathered from this study will provide employers with vital information that might be used to establish or improve upon an employer's transformational leadership style and

strengthen employee's organizational commitment with good output in OCB.

1.5 Writing System

CHAPTER 1: Introduction

In this chapter, there are Background, Research Questions, Objectives, and Significances.

CHAPTER 2: Literature Review

In this chapter there are past research, theories about transformational leadership, organizational commitment, OCB, the effect of transformational leadership to OCB, the effect of organizational commitment to OCB, the effect of transformational leadership to OCB through organizational commitment, and also research model.

CHAPTER 3: Research Methods

In this chapter contains of research design, study population/sample, sampling and size, sources of data, methods of data analysis, and data analysis technique.

CHAPTER 4: Research Results and Discussions

In this chapter stated about the analysis of the variables from transformational leadership, organizational commitment, and OCB.

CHAPTER 5: Conclusions, Research Limitation, and Suggestion

In this chapter contains of conclusions from the result of analysis findings, research limitations, and also suggestions that could be given for the future research.