CHAPTER I

INTRODUCTION

1.1 Background of the Study

Leadership has a decisive position within the organization. It occurs not only between individual leaders and their followers, but also between leaders and teams, and even between multiple teams in an organization. In organization, leaders may seek to drive the productivity and effectiveness of their work teams (Lyubovnikova, Legood, Turner & Mamakouka, 2015). The use of teams has become an essential feature in many organizations (Tasa, Taggar & Seijts, 2007). Organization require leaders to lead and motivate not only individual but also teams as a whole. Leading teams yields several challenges, like aligning individual goals with a shared mission, managing resources, establishing a positive climate of trust and support, and coordinating information transfer and task completion (Zaccaro, Rittman, & Marks, 2001). There is various challenges faced by leaders in for profit and non -profit contexts. Challenges facing leadership in non-profit organizations relate to managing the delicate balance between efficiency, effectiveness, mission and passion that drive non-profit organizations (Bear and Fitzgibbon, 2005). Challenges to effective leadership that exist in non-profit organizational contexts are the employee discipline issues, unacceptable employee behavior, and unacceptable employee performance, and are more complex in organizations whose missions are based on religious faith.

In leadership, transformational leadership (TFL) has become one of the most popular topics (Bass & Avolio, 2000). Transformational Leadership (TFL) influences team performance which able to inspire team members by creating positive attitudes and reactions toward the team. Transformational leadership refer to an innovative style of leadership in which leaders promote individual attention, give empowerment to followers, have intellectual stimulation, exert idealized influence stimulate growth and use inspirational motivation (Jung *et al*., 2003). Transformational leadership affect an objective measure of team performance. Transformational leadership behaviors expressed toward the team ensure that the team meets high performance standards. Transformational leadership as a participative leadership style will promote shared mental model convergence in teams because it "emphasize[s] each team member as equally important" (Dionne et al., 2010). Sharing and integrating team members' mental models then gives rise to the effects of team perceptions of supervisors' transformational leadership on subsequent outcomes in teams (Dionne & Dionne,2008). According to Bass (1994), improving team decision making skills through the use of transformational leadership that presented how transformational leadership interact with and influence team performance such as cohesion and conflict management.

Trust belongs to the most important factors influencing interactions in organizations as well as organizational success (Caldwell & Dixon, 2010). Lack of trust in organization brings negative outcomes such as low commitment, low motivation, and cynicism (Carnevale & Wechsler, 1992). Cognitive trust refers to

individual belief regarding others ability and reliability to accomplish a task. Trust in a team may include different dimension, such as trust in team leader and trust among members. Dirks and Skarlicki (2004) found that a team leader with effective transformational leadership style was beneficial to gain subordinates' trust. In teamwork settings, team members collaborate and rely on other members' competency and professionalism to complete the assigned task. Members of a team without building cognitive trust among team members are not willing to put more efforts to coordinate their actions for performing the given task. Akgun, Keskin, Byrne, and Imamoglu (2007) demonstrated a strong beneficial effect of interpersonal trust on software project teams' collective efficacy.

AIESEC was established in 1948 after World War II, where seven youth across seven countries had a dream of building cross-cultural understanding across nations. They hoped to change the world, one person and one internship at a time. AIESEC is global youth organization that develops leadership capabilities through their internal leadership programs and engaged students and graduates in international student exchange and internship program for profit and non-profit organizations. The AIESEC acronym stands for "*International Economic and Commercial Sciences Students Association*". Nowadays, the France acronym AIESEC is no longer used by the organization, since in the history AIESEC expanded to other backgrounds different to Economic and Commercial Sciences. AIESEC become simply as it is.

As of July 2018, the AIESEC network includes over 40,000 members in over 120 countries & territories, it is one of the largest student run organization in

the world. AIESEC is supported by more than 7,900 partner organizations around the globe that look to AIESEC to support the development of youth and to access talented individuals keen on personal growth.

AIESEC has a vision *"peace and fulfillment of humankind's potential"*. AIESEC believes that the best way to achieve this is by first developing talent in individuals and thus inside companies, organizations and the communities. Every individual who will positively impact society and create the change will bring AIESEC as organization closer to their vision for the world. AIESEC provide its members with an integrated development experience comprised of leadership opportunities, international internship and participation in a global learning environment.

AIESEC has values that consist of:

1. *Striving for Excellence*

   AIESEC member aim to deliver the highest quality performance in everything they do. Through creativity and innovation they seek to continuously improve

2. *Enjoying Participation*

   AIESEC member create a dynamic environment created by active and enthusiastic participation of individuals. They enjoy being involved in AIESEC.

3. *Living Diversity*

   AIESEC member seek to learn from different ways of life and opinions represented in multicultural environments. They respect and actively encourage the contribution of every individual.

4. *Activating Leadership*

   AIESEC member lead by example and inspire leadership through their activities. They take full responsibility for developing the youth leadership potential of its members.

5. *Demonstrating Integrity*

   AIESEC member are consistent and transparent in their decisions and actions. They fulfill commitments and conduct themselves in a way that is true to their ideals.

6. *Acting Sustainably*

   AIESEC member act in a way that is sustainable for the organization and society. The decisions they take into account the needs of future generations.
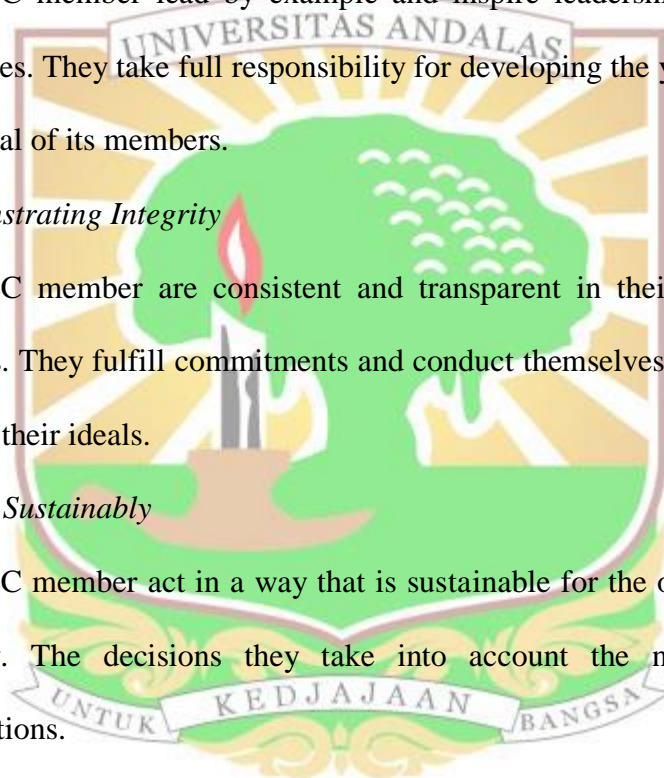
AIESEC Universitas Andalas was officially established on Friday,27th of July, 1993 at national meeting of AIESEC Indonesia in Gelanggang Remaja Kuningan, Jakarta at 10.30 WIB. The Story begin in 1991, and after 2 years of fighting, AIESEC Indonesia ultimately gave birth to a new Local Committee. Founder team was chaired by M.Arief Jamien. Since then, AIESEC Universitas

Andalas has been a platform for young people in Padang and places nearby this city to explore and develop their leadership potential through a unique experience.

Transformational and develop share perceptions and trust in the organization will achieve higher level of performance. Every company wants to tap the full potential of each employee. Often the best way to do this is not to focus on them as individuals, but as members of teams that tackle critical projects as effectively as possible. Team leader plays a central role to determine team performance. Good teamwork is essential for high performance in any business or non-profit organization. Certain features of voluntary organizations and charities make developing teamwork even more important. As well as enabling better performance teams can bring other benefits.

The previous research about transformational leadership, trust and team performance already done a lot, like Braun, S., Peus, C., Weisweiler., Frey, D. (2013) who is researching employees about transformational leadership, job satisfaction, and team performance: A multilevel mediation model of trust. However, researchers on transformational leadership among non-profit organizations have not been done. Because of explanation above, the researcher interested to do the research about The mediating role of trust on the effect of transformational leadership on team performance. Case in AIESEC Universitas Andalas.

1.2 Research Questions

Author thought that its important to identify what are the factors that effect transformational leadership towards team performance, mediated by trust. The research questions addressed in this study are:

1. How does the effect of transformational leadership toward trust in AIESEC Universitas Andalas?

2. How does the effect of trust toward team performance in AIESEC Universitas Andalas?

3. How does the effect of trust mediate transformational leadership toward team performance in AIESEC Universitas Andalas?

1.3 Objectives of the Research

This research intended to analyze and investigate the effect of transformational leadership toward team performance, mediated by trust.

1. To determine the effect of transformational leadership toward trust in AIESEC in Universitas Andalas.

2. To determine the effect of trust toward team performance in AIESEC Universitas Andalas?

3. To determine the effect of trust mediate transformational leadership toward team performance in AIESEC Universitas Andalas?

1.4 Contribution of the Research

Hopefully this research will give a significance contribution to:

1. Researcher / student

    This research hoped that can be useful as reference for subsequent researcher, who is interested in conduct researcher related to similar problem. This research can be used by researchers as a reference for the next research so that they can conduct a further research about this topic but with a different problem, approach, methodology, and analysis.

2. Organization

    The result of this research would give a vivid idea of how transformational leadership impacted team performance with trust as a mediator. The research will be a foot-print for the organization to establish a good performance for the members.

1.5 Scope of the Research

This research is explaining about the effect of transformational leadership toward team performance with trust as a mediator.

1.6 Research Organization

In order to make it easier and make moderate the forwarding of content, This research is divided into five chapters:
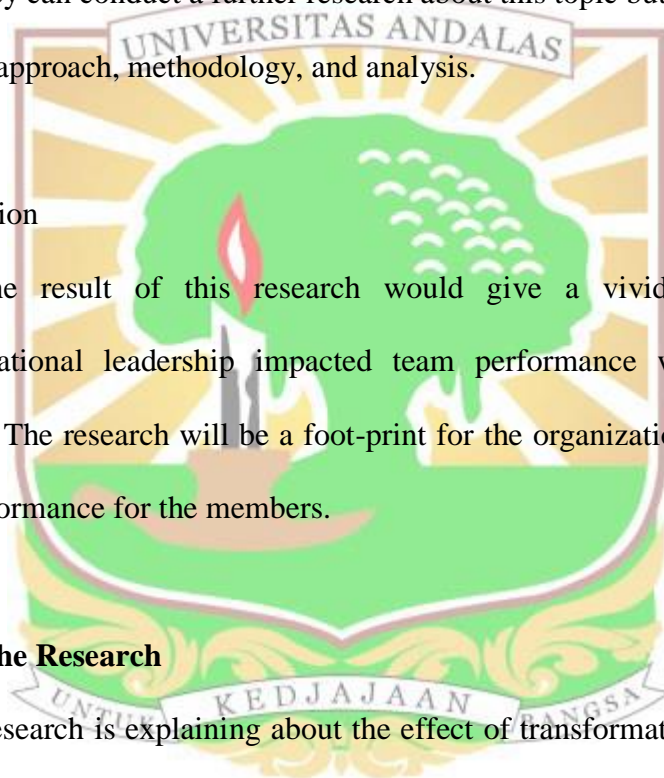
CHAPTER I   Contains about background to the research, problem statement, objectives of research, contribution of research, and outline of research.

CHAPTER II   This chapter contains the literature, theory, last research related with this research. This chapter also contains the literature that evaluate the variables of this research, which are trusting beliefs, trusting intentions, purchase intentions, and electronic retailing itself. This chapter also contains the theoritical framework of this research.

CHAPTER III   This chapter contains the explanation about research method which are research design, population, and source of sample, type of data and variable measurement, research variables, operational definition, data analysis, test of instrumental, structural model test, and hypothesis testing.

CHAPTER IV   This chapter contains the explanation about result and consist of characteristic of respondent, descriptive analysis, structural measurement of the influence of consumer trust towards purchase intentions of electronic retailing.
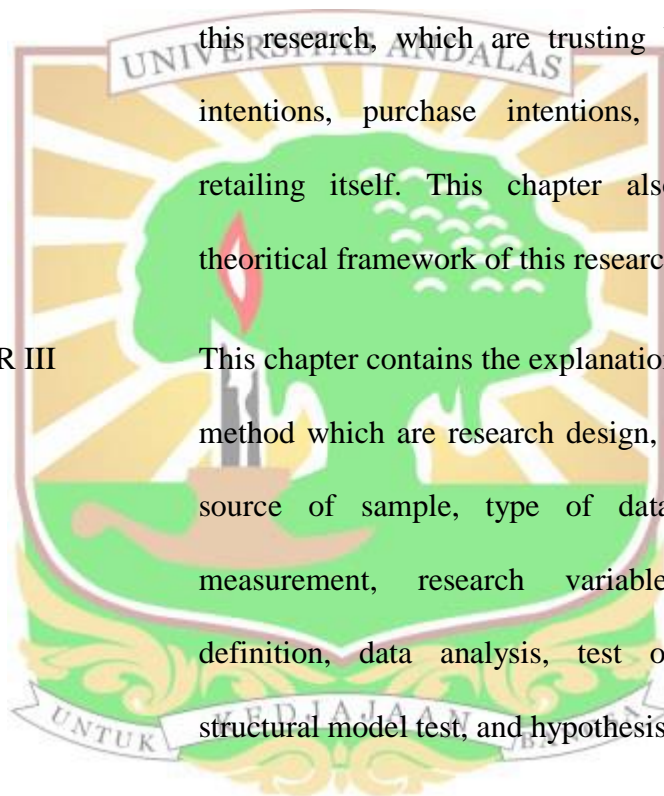
CHAPTER V   This chapter explains about conclusion of research,

implication, limitation and recommendation further

research.