LEADERSHIP STYLE THAT EFFECTIVE AND CAPABLE TO INCREASE PERFORMANCE BASED ON INFORMAL WORKERS PERCEPTION (CASE STUDY ON INDONESIA CONSTRUCTION PROJECT)

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ABSTRACT
Developing country workers in some sectors were still dominated by informal workers. They usually belong together in one group with one leader. Leaders controlled all group activities. The dependence and responsibilities of workers towards the leader was greater than the company. Companies would find it difficult to improve performance without relying on their leaders. This study purpose was to explore effective leadership and performance improvement in according to perception of informal workers. Characteristics of effective leadership could be used as a reference to determine the workers planning for national and global construction companies in Indonesia. Foreign companies that would enter to Indonesia could also study the employment situation in Indonesia to become more effective in completing their work. The phenomenological approach with qualitative method was used to reveal an assessment based on perceptions and perspectives of informal workers. The findings showed that characteristics of effective leaders in according to informal workers were: preferred by workers, care, understand the subordinates and keep promises. For such leaders they were willing to work hard so their leaders’ achievements would be good.

Key words: informal workers, leadership style, informal leaders, performance.

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1. INTRODUCTION
Workers were important component as a determinant of success and control in an industry. Good planning without right workforce could create failure. Yeong and Mustaffa (2012) showed that strong consistency in importance of human factors to industrial success and
workers costs were also one of largest parts of a project (Khoramshahi, Dehghan, & Mortahab, 2006). Therefore a human resource management system should be the main concern of company in order to obtain effective and efficient performance. Various efforts should be made to encourage the improvement of performance of workers owned. One that proves successful in managing the workforce was the adaptation to local culture because the success of a business could not be separated from culture in which it was run, culture still dominates in every business activity (Kreiser, Marino, & Weaver, 2005).

Each country has different business characteristics. Successful undertakings in advanced countries were not necessarily successful if applied in developing countries. The state of advanced workers system was very concerned about the status of workers; career paths, salary and pension, and it could improve employee performance. In contrast, such things could not improve performance in developing countries. Some research, especially in field of construction, showed low performance that refers to the concept (Kaming & Rahardjo, 2010).

Many studies revealed that in developing countries, management of workforce, especially the lower level, was still done with traditional management pattern, because most of workers were informal workers (Yoon & Kang, 2000; Jha, 2002; Leonard, 2000; Kurniawan & Ardianti, 2014). They agree that human resources management could not always refer to west theory, traditional management patterns of local community should be considered.

Such facts occur almost in all areas of industry in Indonesia. Workers were still dominated by informal workers. Data from Central Bureau of Statistics 2016 shows that from of 127.8 million workers in Indonesia, 65% of them were informal workers. This means that available workers market was still dominated by informal workers. The dominance of informal workers in lower job was difficult to be replaced by formal workers. The interesting phenomenon was many workers refuse to be recruited as formal workers by companies (Sari, 2016). Informal workers were more attached to community culture than the occupation, many cultural rituals could not be done if they were tied as formal workers (Lukiyanto, et al 2015).

Several studies showed different results on performance of informal workers. Sutopo & Retno (2014) stated that performance of informal workers in East Java was no different from formal workers, although this has not been studied in relation to high or low performance. Other research on performance of informal workers in several sectors, both in Indonesia and elsewhere, shows that the performance tends to be low (Kaming & Rahardjo, 2010; Yoon & Kang, 2000; Jha, 2002; Leonard, 2000; Kurniawan & Ardianti, 2014; Musmawarny & Soekiman, 2015). The cause of low performance of informal workers was the lack of responsibility to company. The employee's attachment was to group leader (Lukiyanto, at al 2015) because the leader plays a role in fulfilling the responsibility to company. Leaders appreciate performance in form of wages received, those with good performance earn higher wages and vice versa, although this was still highly dependent on leader subjectivity.

Based on conditions above, performance of informal workers could be established through leaders. The leader role determines whether the worker would perform well or not, leader and worker relationship would be a driver of performance improvement. Researchers have many articles to identify the skills and qualities required to become successful leaders (Gordon, 2009). The leader success was seen from the successful in running his leadership mission. Many leadership theories were generated to identify the characteristics of effective leaders from workers point of view, but so far the focus was still on formal workers. It has not been specifically studied the characteristics of effective or favored leaders from informal workers point of view. This research wants to fill the research gap, with aim to know the leaders...
Leadership Style that Effective and Capable to Increase Performance Based on Informal Workers Perception (Case Study on Indonesia Construction Project)

characteristics that effective and capable to improve the performance from informal workers perspective.

Characteristics and culture of informal workers were different from formal workers. Cultural background would also be different for each region, so the characteristics of effective leaders would be different. The research findings were formulated from leader’s behavior that was effective or desired by worker. Formulations were summarized in form of leader characteristics that effective and capable to improve the informal workers performance, based on their perceptions. Knowing the characteristics of desired leaders by informal workers could help companies more easily to determine who would be assigned as leaders or how to choose informal workers based on characteristics of their group leaders (Bhat & Yadav, 2016). This view departs from understanding that motivation process would become more easily done by leader if the character of leader suitable with workers desire.

2. INFORMAL WORKERS IN CONSTRUCTION INDUSTRY

Workers were important factor in construction works (Raiden, Dainty & Neale, 2004; Khoramshahi, Dehghan, & Mortalheb, 2006). A robust human resource management system was one most valuable asset in 21st century construction industry sector (Tabassi & Bakar, 2009). Construction workers in developing world generally have the same pattern, they were informal workers and work in construction projects for a certain period of time. This has already been revealed in several studies in many countries, including Indonesia (Shahrir, 1991, Soemardi, et al. 2010; Anwar, 2001), India (Saxena, 2009), Nepal (Jha, 2002), Brazil (Leonard, 2000), Kenya (Mittulah & Wachira, 2003) and Tanzania (Jason, 2008). Informal workers in developing countries were transformed from traditional professions such as agriculture (Yang, 2011; Sahir, 1991).

Low education and skills make them only have the opportunity to work as casual workers or freelancers, working from one project to other (Soemardi, et al., 2010). Different phenomena were often found in urban areas, construction workers relying solely on this job, other jobs only as complementary to fill vacancy because there was no construction work (Lukiyanto et al, 2015 b). For some reasons, many urban formal workers were transformed into informal workers (Sari, 2016)

Construction workers economically were at lower levels and poor, the wages received were usually very low because they do not have special skills. Their residences were usually made only from semi-permanent beds at project site, without adequate public facilities. They do not get insurance, health insurance and old age benefits because they were just temporary workers (Saxena, 2009). Project owners or contractors were not responsible for these workers, they were entirely the responsibility of group leaders. Workers do not have a written contract, they only make oral agreements with their leaders and this group leader sometimes makes contracts with company.

This was used not only to simple traditional projects, but also for large multinational projects. The difficulties come to implement modern construction management in developing countries. Without compromise the project would not go well, but multinational construction companies must create rules that could minimize the harm caused by application of traditional patterns. The dilemma for multinational construction companies was implementation of a system that has been formed would not work well because existing human resources could not follow (Soemardi et al., 2010).

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3. INFORMAL LEADER IN CONSTRUCTION INDUSTRY

The informal leader was not officially appointed as a leader, but it was a common honor to have a superior designation as a leader to influence the psychological and behavioral conditions of a group (Pendleton, 2011; Koentjaraningrat, 1984; Northouse, 2013; Endraswara, 2013). An informal leader characteristic are: a) the community / group recognizes him as leader, b) no official appointment as leader, c) immutable, d) no superior, e) if the penalty was not punishable only lack of confidence in himself; f) no repayment (Koentjaraningrat, 1984).

The leaders history in lower-level construction workers was also said as an informal leader, since they were not officially appointed, only on oral agreements in many developing countries such as Indonesia (Shahrir 1991, Soemardi, et al. 2010, Anwar, 2001), Kenya (Mittalah & Wachira, 2003) and Tanzania (Jason, 2008). These leaders were called foreman. They play a role to manage everything related to work, from finding a job to managing his workforce. The social proximity that belongs to group members facilitates the role of leader in their group. Awareness of individual responsibilities makes them work with mutual responsibility.

Different conditions was occurred today, circumstances demands make them no longer depend on only one group (Lukiyanto, et al., 2015). These changes bring new patterns to informal working group. The group leader was no longer selected among group members but was a workers subcontractor for a project. Several studies have discussed leadership in construction industry as research subjects. These studies difference was emphasis of object under study, for example construction leadership in developed countries and construction leadership in developing countries. Based on leadership level discussed in project manager, top management leadership and so on, leadership researchers in construction industry characterize research on leadership research based on variables used.

Northouse (2013) describes effective leadership with multiple leadership styles. Some of leadership styles used in informal workers were follows:

- Transformational leadership: leadership that stimulates and inspires followers to achieve something unusual and has attention to followers needs, and helps followers to achieve their best potential. Transformational leadership helps people to change, and treats people in honor (Bass, 2000).

- Servant leadership: this theory emphasis to service to others and recognition that role of organization was to create people who could build a better tomorrow (Parris & Peachey, 2012). The characteristics of servant leadership are: vision, honesty, integrity, trust, service, example, paved the way, appreciation to others, and empowerment. This leadership brings a close relationship between leaders and members and ultimately could increase loyalty and performance.

- Authentic leadership was the process resulting from combination of individual psychological capacity with well-established organizational context to produce high levels of alertness and self-control, while encouraging positive self-development (Avolio & Luthans, 2006). This type of leadership was appropriate to apply in construction industry in developing world (Ofori & Toor study, 2007: 2012)

- Transactional Leadership: this approach appears in addition to model of psychodynamics, cited by Berne (1961) in Northouse 2013, by creating Transactional Analysis (TA). The interesting base idea was it could explain interaction between superiors and followers. Transactional leadership arises when reward or punishment was done by leader due to follower’s performance (Bass, 2000).
4. CONSTRUCTION WORKERS PERFORMANCE

Construction worker performance could be interpreted as the level of worker achievement to company (Moheriono, 2012). Performance was a result of work function/activity of a person or group in an organizational activity that was influenced by various factors to achieve organizational goals within a certain period. Implementation of work/performance results were directed to achieve organizational goals within a certain time (Pabundu, 2006).

Performance also has many other insights relating to aspects of economy, welfare, technology, and resources. More performance discussions focused on output aspect of a certain amount. Performance was higher if the increase in output was higher than the addition of resources as input factors. Measures of performance could be seen in terms of cost, time, and quality aspects, which were all three, according to Alinaitve, et al (2007) were said to be the dimensions of productivity. Performance was influenced by motivation, which could be recommended to improve performance was to meet the basic needs of workers such as payment of wages/wages and provide overtime pay (Musmawarny & Soekiman, 2015).

Another factor to determine performance was the planning and supervision of field workforce. This was what many found in construction projects, limited education and knowledge of group leaders make planning and supervision not working. Often the use of workers was ineffective, many unemployed because there was no command, chatting, eating, drinking and smoking and so on (Ervianto, 2009). The role of group leader was crucial in these circumstances, they have direct access to workers.

5. METHODOLOGY

This study used qualitative research methods because it could help develop a new understanding based on existing phenomenon. According to Creswell and Clark (2007), qualitative research was to explore the views of informants about special phenomena. This research was expected to reveal the experiences of informants with aim to understanding the views of leadership from perception of informal workers, why it happened, how it happened and how to achieve the success. The point of view used was from informal worker's perspective in order to get new discoveries and information that would contribute to science (Corbin & Strauss, 2008). Qualitative research provides an understanding of problems that could be overlooked by quantitative studies (Karami, Rowley, & Analoui, 2006).

This study used phenomenological approach based on understanding that studied object was the individual who engages social interaction each other so the phenomenological approach was appropriate to reveal it. Schutz’s phenomenology approach was the most suitable approach. Schutz saw that one's social action was a reflection of reduced past experience, understanding that one's actions were not only based on individual's inner influence, but also the influence of others and socio-culture around him (Corbin & Strauss, 2008; Creswell, 2007).

6. INFORMANT

Informants were selected from three construction companies who still dominated by informal workers. The companies employ more than 100 informal workers with locations in East Java Province. Informants were selected by purposive sampling method based on experience criteria to work as informal workers more than five years. There were 5 people from each company selected with total key informants were 15 people. The age (year) of informants was
Kukuh Lukiyanto

18 to 49 years, all were men and their education level was between elementary school to senior high school. The leader samples were 4 foremen of informal working groups.

The research instrument was in prepared questions as a guide for researcher to reveal the expected information. The questions were general in order to get a broad answer from informant. Instrument was not used to get direct answers from informants but only as a reason for researchers to focus on observation and not widened the unnecessary things. The answer of informant was given orally, information recorded to be data to be processed.

Interviewed results were transcribed, interpreted, encoded, and analyzed to get the theme. The validity process was carried out to get the valid data. The data compared to available literature, researcher notes, and observation results during research and other data (Neuman, 2003). Triangulation data was done by comparing with notes, photos and video made during the process of data retrieval. Triangulation was also conducted by re-interviewing randomly to five different informants to ascertain whether their answers were the same as before. The results showed no significant difference.

7. DISCUSSION AND RESULTS
The collected data was grouped based on equality of informant answer, classified into sub theme and then grouped again into themes related to effective leadership. It created three main themes as follows:

7.1. Preferred by Workers
All informants had the same opinion that becoming informal workers were to maintain local culture of nation. Local culture itself was a unity that includes knowledge, belief, law, morals, arts, customs, technology and religious from their environment (Koentjaraningrat, 2002). Work was not believed as main thing, a culture that was the guidance of life that must be maintained. Work and fortune could be sought but the culture of ancestors should not be abandoned. They must work effectively but do not abandon local culture in their environment. The possible choice for it was informal workers.

Robbin (2003) said that the leader’s ability to integrate tradition and demands of modern construction management was the key to its success. The results of field observations and interviews show that success of foreman’s leadership was strongly influenced by behavior of foreman itself. Behavior was based on cultures hereditary within each individual. All informants want to be led by a leader who has the characteristics of their culture. Leaders who understand culture would be cooperative towards workers, not rigid and cruel. The figure in their minds leaders were effective leaders for them. They do not distinguish between the definition of effective leader and preferred leader, it was same. Their understanding should be seen from their educational background, they were people with low education. Data on informants show the highest education was senior high school. Therefore, their theoretical knowledge was low.

Working with leaders like this would make them work comfortably and focus on tasks assigned. This could be seen from statement of one of informants below:

"If the leader was preferred or fit, work was good. We do not think all kinds, just stay working alone. Other affairs we already believe in leaders, we concentrate to work well"

Creating a sense of calm and comfort in workplace becomes one of leaders’ duties. It would make the workforce would be more focused to the work. Feelings of calm and comfort in work would improve the performance (Cheng, Ryan, & Kelly, 2012; Musmawarny &
Leadership Style that Effective and Capable to Increase Performance Based on Informal Workers Perception (Case Study on Indonesia Construction Project)

Sockiman, 2015; Ervianto, 2009). As a reciprocal to leaders, they would also work hard to achieve target and their leaders were not at a loss. The following statement describes it.

"We have to work well, we were pity to leader if we work at will. They have been kind to us, helping us. We should reply that... If our works bad, he get a claim, what a pity, if company loss we also got the consequences, fired, and difficult to get new work."

7.2. Caring
About 75% informants said that effective leaders willing to understand about them. It could be interpreted as care, willing to help the difficulties of workers, and give time freedom. All were leader’s efforts or activities for workers benefit (Koentjaraningrat, 1984).

Most workers have the same concept about care. It was attitude of leader who cares about to worker. The examples were: guiding in work, giving advice, knowing closely and know the difficulties of workers. The attention demanded by workers was not only limited to work affairs but also includes personal matters outside the work.

Caring was a form of workers demands to leader, even it could be said also as a worker attempt to impose his wish to leader. This was reflected in some informant statements that effective leaders were those who care about their workers, not limited to work but also personal affairs. For example: giving a ride when meeting the street, giving money when needed and helping to solve difficulties faced by workers. In their perception there was no difference between paying attention and helping (Lukiyanto, at al, 2015).

Giving free time was interpreted by workers as an effective form of leader character, even when understood from other statements it was contrary to leader's responsibility in work. For example: giving free time may be interpreted as late, not come to work, and work casually. When asked what about the worker responsibility for work, many informants answers were finishing the work on time. This attitude was compared by observation and leader confirmation of working group. It showed that free time was a form to avoid responsibility.

A good understanding of effective leaders was explained by 25% informants. It was categorized into: attention, willingness to help and free time, defined not for personal interests of workers. Their understanding was good enough, they understand that leaders were responsible not only to them but also accountable to company. Effective leaders for them were to direct workers to fulfill responsibilities to finish work rightly (Wijaya, Purnomolasti, and Tjahjoanggoro, 2009).

A striking opinion difference between the two groups was the understanding of free time. This second group understands the free time that leader gives as a form of respect for creativity of worker. Free time does not mean the free time for personal gain but the free time to complete the work in their own way. The limit given by leader was the completion of work on time with quality according to standard set.

Outside the work, they think the leaders as friends. It shows the leader does have a good personal attitude toward others. They believe this leader would do the same to anyone because it was his own basic character.

7.3. Fulfilling the Promise
Work ties between leaders and workers were only made by verbal agreement. There was no written agreement dealing with cooperation between them. Usually the agreement was only


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limited to wages, working hours and what to do. The deal was often made after they joined for some time. The both parties try to see the condition before they make a deal.

The main guidance for the two parties in work relationship was oral promises. This was understood and unwritten rule in relation to informal workers in Indonesia, even in other developing countries.

"Our deal was just verbal. Foreman asking about what can we do and he decide the daily wage and working time... if we agree, we just say yes....Sometimes it was advised to know what to do... so, it is not written contract. We don’t know about written contract and complicated. It was applied everywhere”

The promises become contracts between them. It could be understood that their perspective on effective and capable leaders to improve performance was measured from ability to keep the promise. This could be seen from one statement below:

"We hold the leader words ... he promises the amount of payment and be paid according to his promise ... if he do not keep his promise, it means a bad leader. That promise must be fully fulfilled. If the leader keeps the promise, we want to work hard as demanded, but if not ... it was not necessary. Such leaders do not need to be supported.... "

About 67% of informants said that the key promise they hold was the wages agreement. They do not demand another promise. For example, when they were originally promised to work as a mason, they may also work on another job. The problem will be happened if they were promised a certain wage but the payment was deducted from what was agreed for any reason. Actually reducing wages could be done because the workers themselves do not meet the agreed promises such as: often late, work was not serious or absence in.

Above things were interesting, fulfilling the promise by leader was an obligation, but the workers do the opposite. Workers tend to become selfish, some workers’ statements justify this. The same statement was given by three informants from foreman. They stated that current situation was very different from those before the year 2000 where the demand for fulfillment of promise was held by both parties. Currently group leaders were actually losers, workers were more transactional but unilateral. They demand their rights but lack the responsibility. For example, workers demand understanding of leaders for them to be late, working in a relaxed manner and so on, it was actually very detrimental to leaders themselves. It could be said what workers demand was a denial of their promise to the deal.

8. LEADERSHIP STYLE OF INFORMAL LEADERS
Defining leadership style in informal worker relationship was not easy. Foreman was a leader who leads his work in handling a project. This leadership could not be said as a transformational leadership style. Inspiration to followers and changing people was not a direct goal. The interest of two parties would underlie their relationship, it is not strong inner bonds. Giving inspiration requires a long-term relationship and responsibility, as well as people change. It does not mean a leader does not inspire or alter people, it was not an obligation but merely an embodiment of culture embodied in him.

If examined deeply, foreman does not have pure concern, there was another intention to be achieved behind it. Foremen pay attention to worker and keep the promise with hopes for peace in work to increase performance. Improved performance would increase the expectation of foreman. Therefore, it could be concluded that he makes authentic leadership to achieve the goal, it is consistent with Toor & Ofori (2008) on his research in Singapore. Tolerance to
worker was done with same purpose, avoiding conflict to avoid the failure of responsibility, though it was in fact contrary to his own conscience.

It was not entirely of authentic leadership style, where the leader was also stronger in transactional element. What was given to workers was a valuation of their own work. Generosity was no longer widely considered. The leader was faced with a condition of gain or loss, so he makes calculation. Transactional style was most appropriate for this situation. The calculation of what was given to employee must be balanced with returns given. From workers point of view with their cultural shifts, transactional force was more suitable to be applied informal workers leadership. The findings support the results of Bempah research, (2013) that informal workers in Indonesia prefer the transactional leadership style. But from leader’s point of view this could not be done entirely. The workers will avoid leader with absolute transactional attitude.

The combination of authentic and transactional leadership styles was the perfect conclusion for leadership style of this informal leader. Transactional leadership style was used to avoid, but in conditions of selfish workers, he must create acceptable conditions. Authentic styles that adjust to situation should be made for continuity of relationship with employee. The leadership style applied for each project was different. It depend on situation, budgets and workers demands.

9. CONCLUSIONS

Combining authentic and transactional leadership styles can create preferred and capable leaders to improve the construction workers performance. Informal workers prefer the leader who respect and fulfill the commitments. Therefore, leader of informal worker should combine authentic and transactional leadership styles to maximize the workers performance.

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Kukuh Lukiyanto


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