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# The Effect of Transformational Leadership on Service Orientation, Perceived Value, Member Satisfaction, and Member Loyalty of Indonesia Electrical Professional Association (IEPA)

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## ABSTRACT

Indonesia Electrical Professional Association (IEPA) was a certification body personnel who have passed the accreditation by LPJKN, thus entitled to become Certicator. IEPA becomes the institution for personnel who work in electricity field. It had the duties and functions to certify the expertise and skills in field of electric power. This study aim was to examine and analyze the effect of transformational leadership on service orientation, perceived value, satisfaction and loyalty of IEPA member. This research use method of structural equation modeling. The samples were selected by proportional random sampling. It means the sampling was done randomly without regard to strata within population as members of population was considered homogeneous. This study results found that effect of Transformational Leadership on Service Orientation and Perceived Value were significant, while Transformational Leadership was not significantly affect on satisfaction and loyalty of IEPA member.

**Keywords:** Transformational Leadership, Service Orientation, Perceived Value, Member Satisfaction, Member Loyalty.

## 1. INTRODUCTION

The high level of demand of power supply becomes a target for many people to facilitate these needs. One party that focus in providing service and utilization of electrical energy was professionals in field of electrical construction service business. The presence and his profession was based and governed by

several regulations (laws and codes of conduct/rules) applicable and based on provisions of principle of professionalism. However, conditions that exist in achieving professionalism in accordance with demands of evolving needs must be balanced with right mindset, namely how a private competition could offset the challenges and responsibilities of occupation/profession that would be done. This was because, on condition that stagnant and competitive way that would prosecute profesionalis in various fields of work to have a quality performance.

Based on Act. No. 15/1985 on Electricity together with related government regulations, Decree of Minister of Energy and Mineral Resources and provisions of Directors of PT PLN (Persero), Institutions/Agencies/Institutions were entitled to certification of personnel in field of ASMET (Architectural, Civil, Mechanical, Electrical and Environmental Planning) was the Organization/Professional Association who have passed the accreditation by National Construction Services Development Board (LPJKN). Indonesia Electrical Professional Association (IEPA) was a certification body personnel who have passed the accreditation by LPJKN, thus entitled to be Sertificator. IEPA becomes the container/bridge/auxiliary for personnel who work in field of electricity, which had the duties and functions (Auth) to certified expertise and skills in field of electrical power engineering. IEPA in widest opportunity providing professional service to the electricity sector to follow Certification Expertise and Skills, which was devoted to the Skills Certification for Installation Utilization of Electricity Sector and Installation of Electric Power Distribution Nets.

As emphasized in Act. No. 18/1999, IEPA in organizing training for assessment or certification participants must refer to the assessor in charge to evaluate and assess those participant. Given the importance of assessor, professionalism that proclaimed the normative and regulatory provisions require the assessor must fulfill its responsibilities under the criteria of capable, competent, professional and credible. In other words, IEPA consistently seeks full/comply with provisions of regulation referred to in implementation of certification of expertise/skills along with its complementarity (Act. No. 30/2009 about competence certifications).

With reference to the facts of IEPA, organizational performance evaluation could be done using a model Malcolm Baldrige National Quality Awards (MBNQA), assuming that MBNQA was an appropriate model for assessing the performance of an organization, strategically and continuously. This model emphasizes on leadership as a driver or motor of a good implementation of system so as to produce the goal line with customer expectations. IEPA was an organization with a focus on services, where the service was very influential in development of organization to continue to meet and respond to customer needs continuously. In other words, organization must learn or develop the company's vision that were oriented to customer which would correlate and form the customer satisfaction (Erena et al., 2013; Sadhegi & Rajaei, 2011). It showed that service orientation (Sutharjana et al., 2013), Perceived value (Yang & Peterson, 2004; Yeung & Leung, 2012) and customer satisfaction (HOQ et al., 2010; Yang & Peterson, 2004; Lee et al., 2011) in improving customer loyalty could be implemented to achieve the company's goals or vision, along with policy and strategy of organization by focusing on customer expectations, where customer expectations would materialize as member satisfaction.

## **2. ORGANISATIONAL BEHAVIOR**

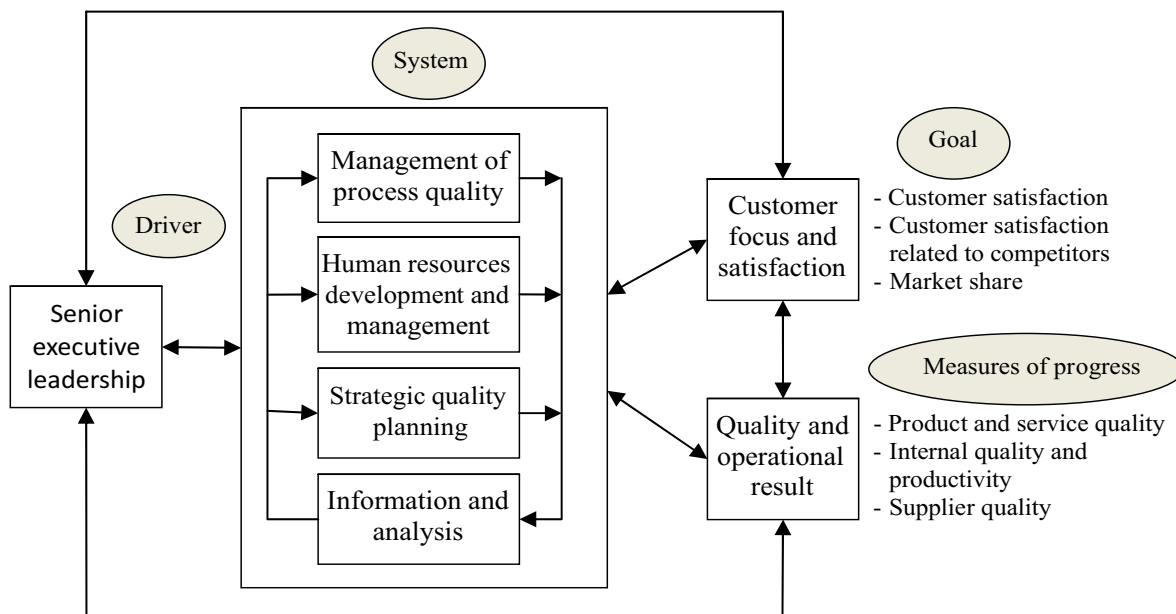
Organizational behavior refers to the behavior of people who were in organization, because organizations do not behave, but the people in it were behaving. The organization itself was a system consisting of two or more people, who were bound in act of cooperation to achieve the goal (Champoux, 2011: 6).

Robbins & Judge (2013: 10) defines the behavior of organization as a field of study that observed on impact of individual, group, and organizational structures in behavior of organization, with aim to apply this knowledge to improve organizational effectiveness. Further Champoux (2011: 6) distinguished between organizational behavior with organizational theory. Organizational behavior emphasis on behavior, attitude, and performance of people in organization. The emphasis was on design of organizational theory and organizational structure.

### 2.1. Approach Model of Organisational Performance and Malcolm Bridge National Quality Award Criterion

Collier & Evans (2010: 50) stated that there were four approaches the performance of organizations to provide a framework regarding the design, monitoring and evaluation of performance, namely Malcolm Baldrige National Quality Award (MBNQA), Balanced Scorecard, Model Value Chain, and Service-Profit Chain. Compared with balanced scorecard, MBNQA have more detailed aspects in measuring the performance of organization. If the balanced scorecard consists of four aspects, namely financial, customer, internal business, and innovation and learning, then MBNQA had seven aspects of measurement, namely leadership; strategic planning; customer focus; measurement, analysis, and knowledge management; workforce focus; process management; and business results (Collier & Evans, 2010: 51). Those seven criteria of MBNQA were the performance measurement principle which was often called the Malcolm Baldrige Criteria for Performance Excellent (MBCPE).

Figure 1 below shows that seven criteria of Malcolm Baldrige excellent performance had been linked one to another. The main driver was leadership. It leadership had an impact on system and its implementation within organization, which in turn relates to the quality and results of operations (value and benefits) that were correlated with customer and customer satisfaction.



**Figure 1: Malcolm Baldrige National Quality Awards (MBNQA) Model**

Source: Adapted from Tummala & Tang (1996)

## **2.2. Transformational Leadership**

Leadership was the ability to influence a group toward the achievement of goals (Robbins, 2008: 39). Drucker (in Moeljono, 2009: 30) explained that leaders were someone that make something into something itself, make the organization into a real organization. In a broad definition, leadership covering the affecting process in determining organizational goals, motivating followers to achieve the objective behavior, influence to improve the group and its culture. It also affects the interpretation of events to his followers, organization activities to achieve goals, maintain relations of cooperation and teamwork, gain support and cooperation from people outside the group (Nurkolis, 2003: 153).

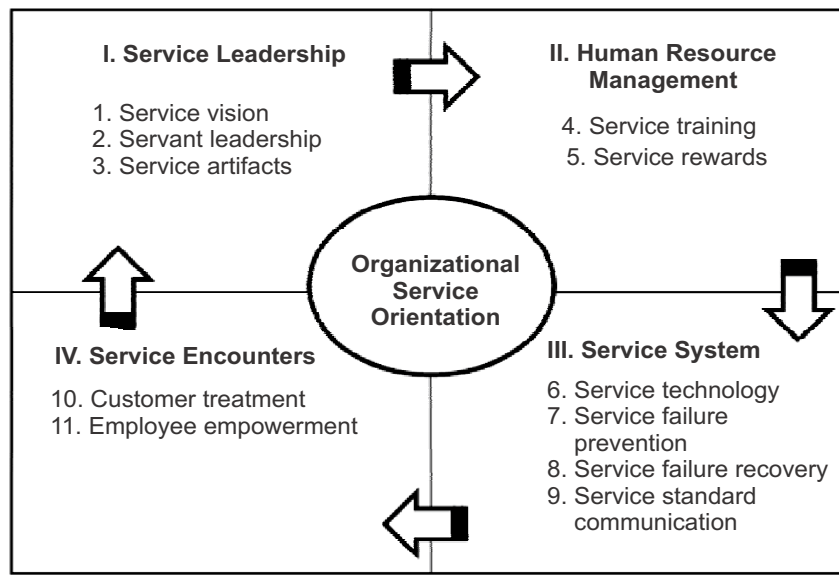
Concept of Burns & Bass (in Yukl, 2005: 304) distinguished leadership style in two forms, namely transformational and transactional. Both types of leadership was defined in terms of behavior of components used to influence the followers and influence of leader on followers. Transformational and transactional leadership was different but the processes were equally exclusive. Transformational leadership further improve motivation and performance of followers compared to transactional leadership. Briefly, transformational leadership could be defined as: “a way to influence others so that they want and were willing to bring his best virtues and capabilities in process of value creation” (Hartanto, 2009: 512). Transformational leadership called moral values of followers in an attempt to increase their awareness of ethical issues and to mobilize their energies and resources to reform institutions (Yukl, 2005: 290).

## **2.3. Service Orientation**

Service was a form of activity that was delivered by service providers to meet the needs and wishes of service users. Several definitions of service quoted by Kumar (2010: 25-26) include:

1. Service was any action or performance offered by one party where the offer was intangible and does not produce a possession. The service could be generated because it could be tied or not into a physical product.
2. The service was an activity that could be identified but does not appear physically, where the main purpose of transaction was designed to provide the satisfaction of consumer desires.
3. The service was described as the object of deals offered by companies and institutions in general offer services or who consider the organization as a service organization or company services.

Based on description above definition, it could be explained that service orientation was a multidimensional variable, so that measurement must pay attention to the dimensions in it, such as service operations and employees of service providers. Lytle, Hom and Mokwa (1998) in Perryer (2009) argued that service orientation dimensions consisting of service leadership practices, practices related services, practice of service systems, and human resource management practices. Meanwhile, Lyte & Timmerman (2003: 559) stated that in developing the service orientation, there were eleven key dimensions associated with excellent service, service vision, servant leadership, service artifacts, service training, service rewards, service standard communication, service technology, service failure prevention strategies, service failure recovery strategies, customer treatment expectations, and employee empowerment. Figure 2 below shows that service orientation could be developed if there was a correlation between the four main dimensions, namely leadership, human resources, system services, and service delivery process itself (service encounters).



**Figure 2: Dimension of Service Orientation**

Source: Lyte & Timmerman (2003:565)

## 2.4. Perceived Value

Perceived value was the maximum value that consumers were willing to pay for products and services provided by company/organization (Sexton, 2010:39). The formula could be explained that in order to increase the perceived value of consumers, organizations/companies should improve the quality, yield, and services without having to lower the price. Meanwhile, if viewed from side of construction management costs, perceived value depends on three factors: time, cost, and quality (Towey, 2013: 88).

Patrick in 2002 developed empirically the measurement of customer perception of value was called using the scale Serv-PerVal (Petrick & Li, 2006: 65), which in its development, Serv-PerVal include dimensions of perceived value that were identified based on service user expectation with what was provided by service provider to provide a memorable experience. The dimensions include the dimension that was developed based on financial aspects (perceived price) and nonfinancial (non- monetary cost, emotional response, quality, and reputation).

Sexton (2010: 50) explained that perceived value was a contributing factor that influence the behavior of consumers, because consumers behave according to their perceptions of value received, not on actual value received. As empirical studies Petrick & Li (2006: 70) showed that final model research illustrates that the value had an influence on service user satisfaction and repetition of purchase, and user satisfaction have influence on repetition of purchase. Where repetition of such purchases was one of loyal customer behavior.

## 2.5. Customer satisfaction

Oliver (2010: 4) gave the definition of satisfaction as follows: “satisfaction could be likened to an individual pursuit, a goal to be attained from consumption of products and patronization of services”. It means satisfaction could be compared to something that was expected by a person, a goal to be achieved from use of consumer products and services. Meanwhile, general meaning of satisfaction was a happy or upset

feeling arising from consumers that comparing the performance of perceived product (or result) to their expectations. If the performance fails to meet expectations, consumers would not be satisfied. If performance in line with expectations, consumer would be satisfied. If performance exceeds expectations, consumers would be very satisfied or pleased (Kotler & Keller, 2012: 128).

## **2.6. Customer Loyalty**

Loyalty was steadfast in obedience and faith in something, ideals, customs, institutions, or products. Loyalty was an expression of consumer on brand preference and willingness to pay back against the equity that has been invested in relationship (Zichermann & Linder, 2010: 13). Brink & Berndt (2008: 41) stated that loyalty of user indicating that user had a commitment to purchase products and services from a particular company, and would be able to survive on activities undertaken by competitors who try to distract consumers from consumer habits. In this context, service had been tied to the company, in which the attachment was based on positive feelings toward the company.

Consumers would be loyal and have an attachment to the product/brand/company if the product/brand/company could meet the wishes of consumers so that consumers would be likely to use the service provided. Consumers would also be more focused on brand, offers and messages delivered. In this case the consumer no longer make the price as the dominant factor affecting the purchase decision, but simply being part of a greater value proposition. What this means was that loyal customers would be willing to pay the higher price for product/brand because consumers have had very strong feelings towards products/brands/companies.

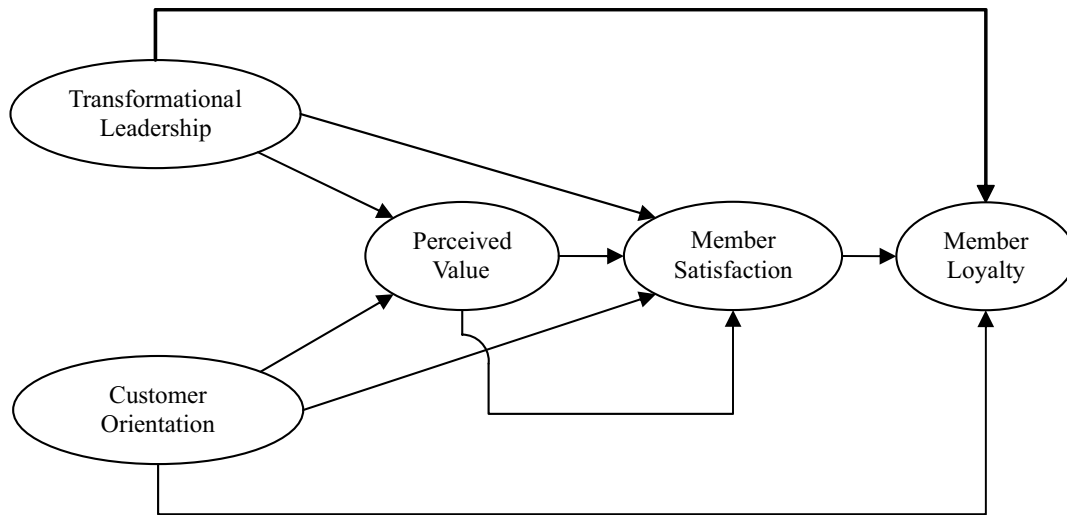
## **2.7. Conceptualization of Study**

Conception of organizational behavior as expressed by Robbins & Judge (2013: 10) asserted that organizational behavior was a behavior to directs the organization's resources in order to maximize organizational performance. The organization's performance could be evaluated using a model Malcolm Baldrige National Quality Awards (MBNQA), assuming that MBNQA was an appropriate model for assessing the performance of an organization that was both strategic and sustained (continuous), where the controller was primarily leadership (leadership).

Leadership was defined as a process of influence in determining organizational goals, motivating followers to achieve the objective behavior, influence to improve the group and its culture (Nurkolis, 2003: 153). One model of leadership that was capable of achieving the vision and mission of organization was transformational leadership, leadership model that fully covers instructional and transformational activities. As the literature review conducted by Odumeru & Ogbonna (2013), there were elements of transformation on model of transformational leadership, that was individualized consideration, intellectual stimulation, inspirational motivation, and idealized influence. Furthermore, Kotler and Keller (2012: 125) stated that in order to acquire customers and assumes the costs incurred by excellent choice of services, then the organization could measure the customer's perceived value. Petrick & Li (2006: 65) gives some perceived dimensions of customer value as its size was based on financial aspects (perceived price) and nonfinancial aspects, such as non-monetary cost, emotional response, quality, and reputation.



Based on description and conceptual assumptions described the conceptual of this study were as follows:



**Figure 3: Conceptualization of Study**

## 2.8. Design of Study

Systematically and objectively, this study design was positivist or scientific paradigms reflected through quantitative methods. Borrowing a term of Popper (in Henn, Weinstein & Foard, 2009: 14), It describes the behavior patterns of causality elements within organization and to test existing theories by formulating research hypothesis. Sugiyono (2012: 31) stated that positivist manifestation was attempting to solve a problem or to test a hypothesis that was shown in form of figures and statistical analysis.

## 2.9. Sample of Study

This study uses probability sampling technique, that was proportional random sampling. It means the sampling was done randomly without regard to strata that exist in population, as the members of population was considered homogeneous. Minimum samples in this study was totaled 386 respondents.

## 2.10. Variables of Study

Research variables used in this study were classified as follows: independent variable (X1), namely transformational leadership, including the influence of ideal (X1.1), inspirational motivation (X1.2), intellectual stimulation (X1.3), individual consideration (X1. 4). Intermediate variables (Z) was Service Orientation (Z1), includes Staff Service Ethos (Z1.1), Personal Staff Atribbutes (Z1.2), Staff Concern for Consumer (Z1.3); perceived value (Z2) covering Emotional Response (Z2.1), Quality (Z2.2), reputation (Z2.3), Status (Z2.4), percieved price (Z2.5), non-monetary cost (Z. 6); customer satisfaction (Z3) includes Attribute Related to the Product (Z3.1), Attribute Related to Service (Z3.2), Attribute Related to Purchase (Z3.3). The dependent variable (Y) was members loyalty which includes Behavioural Loyalty (Y1) and Attitudinal Loyalty (Y2).

### **2.11. Instruments of Study**

This study used a sample survey with main instrument was a questionnaire in which listed a number of questions to be answered by respondents based on what they know. The questionnaire would be distributed to all members/clients of Indonesia Electrical Professional Association (IEPA).

### **2.12. Data Analysis Technique**

Data analysis technique used in this research was descriptive statistics that presented data in form of frequency tables, mean, and standard deviation. In testing the quality of data, following stages of research could be done by several testing phase, which are: (1) validity test (2) reliability test (3) test for normality. Steps being taken in analysis of data in this study were as follows (Santoso, 2011:17):

1. Technique Analysis and Testing Hypotheses
2. Model Assumptions Test (Structural Equation Modeling) using Normality Distribution and Linearity Test. First, normality could be tested by looking at histogram image of data or by using statistical methods. Second, for linearity test used evaluation outlier, with observing a Z-score, provisions between + 3.0 non outlier. Multivariate outlier tested by criteria Mahalanobis distance on level of  $p < 0.001$ .
3. Testing Model
  - a) Hypothesis testing and Causal Relationship
  - b) Evaluation Model. Test of model was developed using a variety of criteria Goodness of Fit, Chi Square, Probability, RMSEA, GFI, TLI, CFI, AGFI, CMIN/DF. If the initial model was not a good fit with data, model would be developed with two step approach to SEM (Ferdinand, 2006:303-22).

## **3. ANALYSIS OF TEST RESULT AND HYPOTHESIS TEST**

### **3.1. Normality Test**

Normality of data was tested with kurtosis value and presented using descriptive statistical methods. The reference value used to determine whether the distribution of data was normal or not was Z value. If Z values with significance of 1% (0.01) in range of  $\pm 2.58$ , then the data distribution was normal, but if the Z value was outside the range, then the data distribution was not normal. Based on result of normality test of this study, it was known that value of Z in range of  $\pm 2.58$ , which amounted to 2,070, therefore, distribution of research data was normal.

### **3.2. Outlier Evaluation**

References used in evaluation was the value of mahalanobis outlier. If the value was greater than the value of mahalanobis  $\chi^2$ , it was stated that there were outliers in data research. However, if the value mahalanobis below  $\chi^2$  value, then there were no outliers in data research. Value of  $\chi^2$  in this study is  $> 42.312 = \text{ChiInv}(0,001.18)$ . Based on result of outlier evaluation test of this study, it was known that mahalanobis value of this study was 42.271, where the value was less than 42.312, so it could be stated that there were no outliers in this study.



### 3.3. Multicollinierity and Singularity

Multikolinieritas detection and singularity refers to the value of matrix determinant covarians. If the matrix determinant covarian was very small and close to the value 0, then there were multikolinieritas and singularity (Tabachnick and Fidell, 1998). Covarians matrix determinant value in this study based on test results using AMOS SEM showed a value of 17.117, where the value was greater than zero, which indicates that there was no multikolinieritas and singularity in this research data.

### 3.4. Validity and Reliability Test

Based on result of validity test of this study, it was known that most of value of factor loading of each statements that form the construct in this study was more than 0.5, so it was stated that any such statements were valid and acceptable. Based on result of reliability test of this study, it was known that almost all variables have Cronbach's alpha value that was more than 0.7, indicating that indicators used in this study was reliable.

### 3.5. Model Structure of Study

The structure of model used to describe models of causality research with tiered relationship, analyzed by structural equation modeling (structural equation modeling) with help of software Smart PLS 3.

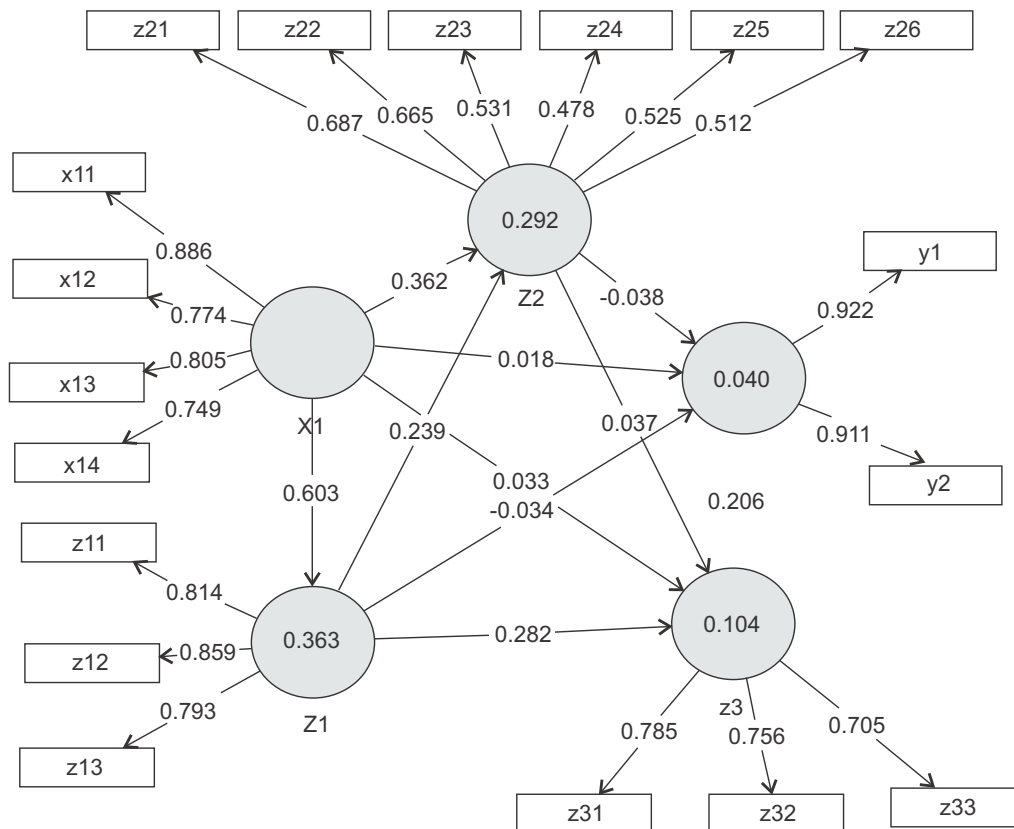


Figure 4: Structural Model of Research

Source: Smart PLS 3 Test Result

### 3.6. Analysis of Determination Coefficient

Based on test result, it was known that coefficient of determination value showed that 35.4% of variance in Member Satisfaction variables could be explained by variable Transformational Leadership, Service Orientation, and perceived value. While the rest was explained by other factors, beyond this research variables. Then by 85.7% variance in variable Loyalty members could be explained by variable factors Transformational Leadership, Service Orientation, perceived, value, and satisfaction of members. While the rest was explained by other factors, beyond this research variables.

### 3.7. Hypothesis Test

Results of hypothesis testing and causality conducted in this study was presented on following table:

**Table 7**  
**Causalities Test Result**

<i>Factors</i>	←	<i>Factors</i>	<i>Estimate</i>	<i>T. Statistik.</i>
Z1	←	X1	0,603	18,129
Z2	←	X1	0,362	4,318
Z3	←	X1	0,033	0,483
Y	←	X1	0018	0,274
Z2	←	Z1	0,239	2,891
Z3	←	Z1	-0,282	4,498
Y	←	Z1	-0,034	0,496
Z3	←	Z2	0,037	0,538
Y	←	Z2	-0,038	0,656
Y	←	Z3	0,206	3,862
Significant if T. Statistic				≥ 1,96

Source: Processed Data

## 4. DISCUSSION

Results from this study found that Transformational Leadership had positive and significant effect on Service Orientation. Means that, objectives to be achieved by an organization could include many things, which was generally done through the improvement and development of organizational aspects that support the achievement of these objectives, one of which was related to the increase in Service Orientation of staff.

Based on empirical tests of this research, it was known that main determining factors of transformational leadership IEPA was intellectual stimulation committed by leader. IEPA leaders were implementing transformational leadership capable of giving effect to the achievement of goals related to Service Orientation of IEPA, especially through the leader's ability to encourage staff to address the differences (interests, opinions, ideas, potential, competence and insight) wisely. IEPA leader had the ability to be able to increase the motivation of staff in putting themselves and their interests accordingly, so that it could wisely overcome all the problems that arise. It thus coupled with attention given by IEPA leader, where all the problems facing by staff always solved through open dialogue, that accommodate the interests of various parties, as well as be able to increase confidence and trust among IEPA's staff.

Better Transformational Leadership implementation would increase in Service Orientation, mainly deals with Staff Service Ethoss. Staff Service Ethoss was a major shaper of Service Orientation IEPA staff. This indicates that transformational leadership that was applied could increase staff IEPA personal responsibility for quality of services provided. By motivations given by leader of IEPA, and various policies related to the problems faced by Staff, able to increase the responsibility and willingness of staff to provide quality service and attention to detail on services provided to members.

The research results shown that main factors of Perceived Value was IEPA Reputation, which explains that IEPA had prestige and status as a service provider based on IEPA good image in eyes of members. Theoretically, Transformational Leadership applied by IEPA leader was supposed to give effect to the Perceived Value among IEPA members, and results of hypothesis testing showed the same direction. Transformational leadership through its main determining factors, namely intellectual stimulation, providing a positive and significant effect on Perceived Value. This indicates that efforts made by leader of IEPA by providing motivation for its staff, solving various problems faced by staff, as well as the growth of confidence and mutual trust among staff IEPA, already good and and has been able to change the IEPA Reputation, and certainly still be improved further.

Further results of this study showed that transformational leadership had no significant effect on satisfaction of IEPA member. Basically, the satisfaction that has been achieved by members of IEPA was not depend on model of leadership in IEPA, but on certain factor that has been able to meet the satisfaction of members of IEPA. IEPA member satisfaction associated with Attribute Related to Purchase, as described above. It means the application of transformational leadership have not been able to motivate members of IEPA to be able to achieve long-term goals and objectives substantially, compared with achieving short-term goals and was more self-interest (Bertocci, 2009: 48). This shows that leadership does not fully contribute to the fulfillment of IEPA members satisfaction.

This study results demonstrated that transformational leadership did not have positive and significant effect on Members Loyalty. This indicates that transformational leadership applied in IEPA has not been able to explore a broader level to Member Loyalty realm. Efforts made IEPA leaders through various elements of transformational leadership, especially the intellectual stimulus, has not been able to give effect to the level of staff and members of IEPA. IEPA's Staff has not been able to use the benefits derived from application of transformational leadership in improving Loyalty of IEPA's Member.

Service Orientation variables had positive and significant effect on Perceived Value. These results indicate that Service Orientation conducted by staff IEPA, which includes personal responsibilities of staff for quality of service that would be submitted to the members, willingness of staff to provide superior service to members, and attention given from staff to detail of services delivered to members of IEPA has been able to provide a positive and significant effect on Perceived Value on IEPA members. Hypothesis test results of this study also indicate the presence of a significant effect of Service Orientation to customer satisfaction. This indicated that better Service Orientation in IEPA with its core forming dimension Staff Service Ethoss, would increase Member Satisfaction, mainly related to Attribute Related to Purchase.

The next hypothesis test results found the insignificant influence of Service Orientation on Member Loyalty. This condition indicated that service orientation conducted by IEPA was still considered not able to provide a service that was able to describe excelent service of IEPA. IEPA staff was still not able to give service to clients with excelent service orientation. In order to achieve excelent service, then IEPA must have a staff that was professional, reliable and had a very good product knowledge.

The hypothesis test result also shown the insignificant effect of Perceived Value on Member Satisfaction. This condition indicated that staff IEPA considered not able to provide the service expected and perceived by members of IEPA. Such condition would make the members of IEPA be disappointed with service they receive. Because, what was expected, imagined, and considered by members of IEPA not correspond to reality by services obtained. Thus, IEPA members became dissatisfied with service provided by IEPA staff. This condition cause the insignificant effect of perceived value on IEPA member satisfaction.

The influence of Perceived Value to Members Loyalty was not significant. It was known that main shaper of Perceived Value of IEPA members was IEPA reputation. IEPA image and status as a provider of services was considered as a member of main values of IEPA. Descriptive test results also showed that Perceived Value of IEPA members were in a good level, as well as Member Loyalty. Perceived Value of IEPA members formed mainly by reputation IEPA, where members considered IEPA as an organization with image or reputation of good service and quality. Nonetheless, based on value of loading factor of Perceived Values dimensions, it was known that lowest value was owned by dimensions of non-monetary cost, which indicates that members of IEPA consider the time and effort must be spent, as well as the comfort that obtained when using the services IEPA still had not met expectations. Although overall Perceived Value IEPA member in good condition, but the facts related to the non-monetary inconsistencies could be one of factors that cause a decrease in teh Loyalty of IEPA Members.

The hypothesis test result found the significant effect of Member Satisfaction on Member Loyalty. Higher the satisfaction felt by members of IEPA would cause higher loyalty of member to always use the services provided by IEPA. Member loyalty in this study formed by dimensions of Behavioural Loyalty and Attitudinal Loyalty. Based on test results of descriptive variables, it was known that Attitudinal Loyalty was a major shaper of Member Loyalty. Thus, referring to the positive and significant effect from satisfaction of Member on Members Loyalty, satisfaction Members IEPA which materialized as a result of service that friendly and respectful towards members, accurate information submitted by IEPA, ease of service, as well as the competence of IEPA staff, was able to increase the loyalty of IEPA members.

## 5. CONCLUSION

Based on test results of research data on the effect of Transformational Leadership on Service Orientation, Perceived Value, Member Satisfaction and Members Loyalty, as well as the analysis of test results, conclusion that could be taken as the answer to the problem formulation of this study were follows:

1. Effect of Transformational Leadership on Service Orientation, Perceived Value, Member Satisfaction and Members Loyalty.
  - a) Transformational Leadership had positive and significant effect on Service Orientation.
  - b) Transformational Leadership had no significant effect on Perceived Value.
  - c) Transformational leadership had no significant effect on Member Satisfaction.
  - d) Transformational leadership had no significant effect on Member Loyalty.
2. Effect of Service Orientation on Perceived Value, Members Satisfaction and Members Loyalty.
  - a) Service Orientation had significant negative effect on Perceived Value.
  - b) Service Orientation had no significant effect on Member Satisfaction.
  - c) Service Orientation had positive and significant effect on Member Loyalty.

3. Effect of Perceived Value on Member Satisfaction and Members Loyalty.
  - a) Perceived Value had positive and significant effect on Member Satisfaction.
  - b) Perceived Value had significant negative effect on Member Loyalty.
4. Effect of Member Satisfaction on Loyalty Effect Members. Member Satisfaction had positive and significant effect on Member Loyalty.

## **6. SUGGESTION**

Based on research results and conclusions mentioned above, suggestions could be put forward in study were:

1. Improvement of transformational leadership implemented in IEPA could be further enhanced by maximizing the intellectual stimulation, namely by increasing the approach by leader to staff, trying to give more attention and tried to provide help by solving the problems faced by staff through an open dialogue. This was because the results of descriptive analysis showed that dimensions of intellectual stimulation as the primary shaper of transformational leadership was still have lower valued than the other dimensions of transformational leadership.
2. The increment on customer satisfaction and loyalty could be achieved by maximizing IEPA's staff role in providing quality service to members. This suggestion was based on results of inferential analysis which indicates that Service Orientation had a significant negative effect on Member Satisfaction, and have no significant effect on Member Loyalty. The insignificant negative influence of Service Orientation was indicated derived from personal staff attributes, because the dimensions of loading factor have lower value than most other dimensions of Service Orientation.
3. Based on loading factor on variable Perceived Value, it was known that non-monetary cost dimension was the dimension with lowest value of loading factor. This indicated the inconsistencies between the members' expectations with fact received by member related with non-financial costs to be incurred in order to obtain IEPA's services. Therefore, suggestions that could be provided was IEPA should carry out a review of related factors of non-financial that had been incurred by members, for example, time required by members to obtain services from IEPA and easiness and comfort in process to obtain use of such services.
4. For researchers who want to examine the same topic, namely the relationship of leadership with customer loyalty, could conduct an overall study on possible link between the two variables.

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