CHAPTER 1
INTRODUCTION

1.1 Background

Many organizations today recognize the importance of education and training that further the skills, perspective and competencies of their leaders. It goes without saying, that the dynamicity of external environment of organization will require an ongoing need for effective leader (Cynthia & Ellen 2004). The concerned about leadership inadequacies of their current employee results in the needs of commitment towards education and training that helps to improve their leader based competencies (Conger & Benjamin, 1999). Based on Cynthia & Ellen statement (2004), exercising developing programs and understanding how managers learn, grow and change throughout their career goes hand in hand. It is not just formal programs, but also from the challenges in their working and nonworking lives, the relationship they seek and hardship they encounter. According to a 2014 survey from Deloitte, 86% of business leaders understand that their organizations future depends on the effectiveness of the leadership culture. However, a survey shown of 2200 Global Human Resource leaders found that only 13% are confident that their leadership development programs succeed, with 54% reporting damage to their business due to talent shortage (hrb.org). Hence, it is now safe to say that even though

leadership development program is generally accepted intervention tool, research indicates that organization is spending little time evaluating the effectiveness of their interventions and more specifically, evaluating whether those programs improve their organization performance.

Business today faces challenges such as getting the top and the bottom of the hierarchy to work together, where leaders effectively manage people and processes up and down the organization. Another challenge would be collaborating and integrating across the organization, in which leaders are forced to think and act across organizational functions and silos to help others do the same. Lastly, mastering greater complexity and tacking bigger priorities on all fonts (ccl.org).

It is emphasize that integration between succession planning with leadership development will help to ensure what skills future leaders need as well as how these leaders are able to learn during their leadership training program (Jay & Robert, 2001). The need in determining which middle to senior management positions, such as regional manager, are essential for the organization long term health or else, the leadership and training program will result in an inadequacy of leaders to start with. Organization needs to regularly identify high potential candidates and evaluates performance to determine their potential for even more challenging assignments and the area in which training is required. According to Jay & Robert

(2001) statement, development is a long-term process that requires patient. It is important to understand whether the right people are moving at the right pace into the right direction and job at the right time. To accomplish this, organization needs to have a specific measurement to help see where these candidates are too shallow and when the number of attractive job is too limited to retain the organization highest potential managers.

This study will be based and revolves around PT. Ikan Dorang Sales and Marketing Department, that has already undergo a leadership training program led by PT. Human Capital Development Indonesia in March 2016. The participants who will be the direct test subject for this research comprise of 7 people in total. To elaborate, participants include 1 Assistant Sales Manager, 1 Area Sales Manager, and 5 Supervisor.

PT. Ikan Dorang is an Indonesian based company that manufactures vegetable-cooking oil made from coconut and palm. Established since 1950, PT. Ikan Dorang was a company capable of producing cooking oil. Through research and innovation, they have improved their capability extending the production line to include palm cooking oil and fat. For more than 60 years, they have committed to give their customer superior edible cooking oil (ptikandorang.com).

1.2 Problem Statement

Based on the aforementioned background, the problem statement for this study follows;

1) Across this research in measuring financial outcomes, how effective is the specified managerial leadership development program?

2) Across this research in measuring expertise outcomes, how effective is the specified managerial leadership development program?

3) Across this research in measuring knowledge outcomes, how effective is the specified managerial leadership development program?

1.3 Objective of the Study

The objective of this study was to understand the following;

1) The effectiveness of the specified leadership program towards financial outcomes

2) The effectiveness of the specified leadership program towards expertise outcomes

3) The effectiveness of the specified leadership program towards knowledge outcomes

4) The types of moderator that affects the following variables: training content, organization type, job classification level, measurement method, research design, and objective-subjective outcomes

1.4 Significance of the study

The finding of this research should be of theoretical interest to researchers as well as of practical use to organizational decision-makers.

a) Theoretical interest

The theoretical importance of this study is to determine the effectiveness of the specified managerial leadership training programs by researching the association between financial, expertise, leadership and knowledge results in relation to the intervention content are and the type of intervention used.

b) Practical interest

The practical interest of this study will hopefully allow organizations to use the result of this type of research to design more effective managerial leadership development programs and justify the return on their training investment.

1.5 Scope of Study

The literature system of this study comprise of 5 chapters. The fundamental understanding of each chapter is as follow:

CHAPTER 1. INTRODUCTION

This chapter comprise of background, problem statement, objective of the study, significance of the study and literature system.

CHAPTER 2. LITERATURE REVIEW

This chapter describes previous findings and theory in regards to the variables that is interrelated to the study: Leadership literature, leadership theories, & leadership development literature.

CHAPTER 3. RESEARCH METHOD

This chapter describes the research design, variable identification of study, operational definition of variables, type and source of data, variable measurement, tools and method of collecting data, population and sampling method, technique to collect data, and also analysis technique used within the study.

CHPATER 4. DISCUSSION AND ANALYSIS

This chapter will provide an interpretation towards the findings in the study and explanation on the analytical data of the research using evidence and generally accepted knowledge where it is appropriate. As a result, this chapter will be the source of prove for the stated hypothesis and affects of all variables.

CHAPTER 5. CONCLUSION AND ADVICE

This chapter wills reaffirms the thesis statement that was aforementioned, discusses the issues and reaches the final judgment of the study. It will be based on the reasoning and on the evidence of the research that has already been accumulated.