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ROLE OF REMOTE TRANSFORMATIONAL LEADERSHIP ON SERVICE PERFORMANCE: EVIDENCE IN INDONESIA

MUAFI MUAFI AHMAD JOHAN

ABSTRACT

This study examined and analysed the role of remote transformational leadership in business strategy consensus by considering the contingency of competitive intensity and organisational learning culture. The population of this study are owners or service managers of start-up business companies in the provinces of DIY and East Java. The sampling technique used was a purposive sampling method with a sample size of 231 managers. The data was collected through the distribution of questionnaires and interviews with several key service managers who represent their companies. Euclidean Distance Simple Regression and Euclidean Distance Simple Regression Moderation were used as the statistical processing tools. The results of this study proved a fit between each business strategy typology with each contingency variable examined in this study. It was also found that transformational leadership could strengthen the relationship pattern. The contingency approach is crucial because situations and conditions between organisations may vary depending on the company's internal (organisational learning culture) and external (competitive intensity) environment, especially in the era of the Covid-19 pandemic. Contingency fit in the organisational strategy needs to be assessed so that the service performance can be improved and sustainable in the long term. This situation and condition will improve when strengthened by the role of remote transformational leadership.

Muafi Muafi

Universitas Islam Indonesia, Indonesia
ORCID 0000-0002-5078-4670

Corresponding author
e-mail: muafi@uii.ac.id

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Ahmad Johan

Sekolah Tinggi Ilmu Administrasi
Bandung, Indonesia
ORCID 0000-0003-1251-6728

INTRODUCTION

Undeniably, the Covid-19 pandemic positively affected several start-up sectors, particularly payment systems, logistics, agriculture, and health. On the other hand, the tourism, e-commerce, and maritime sectors

were severely hit (cohive.space.com, 2021). Most populations in these business start-ups are millennials with a high digital presence, even though some have only entered cyberspace for the first time (Kriswinanto, 2020). The Province of DIY and East Java, Indonesia,

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are two ideal areas to start an Internet-based business or a digital start-up. The provinces provide supporting ecosystems that can make and help digital start-ups thrive, such as creative centres, co-working spaces, and business incubators (Kriswinanto, 2020; cohive.space.com, 2021). The growing demand for private offices and reduced demand for open workspaces indicate the increasing need for remote work. Even so, the need for co-working spaces will still be a good choice for those who want to work remotely and have virtual meetings (cohive.space.com, 2021). The current toughest challenge for start-up businesses is the presence of several big players whose performance continues to move up, balanced with the ownership of technology, human resources, good leadership, and management. Various inventions over the past few decades, such as mainframes, PCs, Internet, mobile technologies, cloud computing, AI, user interface (UI), and communication solutions, have succeeded in increasing productivity and becoming innovation forerunners. This study focused on discussing competitive intensity and organisational learning culture that impacts business strategy and service performance, especially for small and medium start-up businesses.

Each start-up business competes to retain its customers. To attract new customers, they introduce several new product features with all the advantages and benefits of their products and services. Due to the spread of Covid-19, currently, start-up businesses are increasingly directing their activities to be digital. Optimising the digital system is considered a necessity in facing the challenges of the start-up world amid the Covid-19 pandemic.

To compete successfully, digitalisation is the main choice besides changing the mindset to continue to create synergy and innovation, including leadership. In this regard, remote transformational leadership is an important and crucial aspect so that the managed start-up business can run according to the company's vision and mission, especially when it is related to competitive intensity and organisational learning culture. All of this will impact service performance amidst the increasingly rapid and uncontrollable business digitalisation.

Limited studies have been conducted on the moderating role of remote transformational leadership associated with the contingency of competitive intensity and organisational learning culture that require business strategy consensus with a contingency approach in the start-up industry. This served as a motivating factor to undertake the present study and became its originality. More details are given below:

- Based on empirical evidence, it is widely accepted that with the Environment–Strategy–Performance (E-S-P) approach, the internal and external environmental aspects can have a strong relationship pattern with business strategy and organisational performance. However, in general, the findings tend not to use a contingency approach which ultimately cannot recommend the level of fit of business strategies that have an impact on organisational performance.
- The start-up industry is required to be able to adapt contingently to its external (competitive intensity) and internal (organisational learning culture) environment, in which organisational performance is required to exceed the level of an average competing company.
- Business strategy uses a typology of innovation and imitation strategies with a contingency approach. This business strategy must be chosen by the start-up industry to deal with the unpredictable and uncertain situation of the Covid-19 pandemic.
- The Covid-19 pandemic requires a remote transformational leadership role that is visionary and transformative by being able to take advantage of agile information technology.

The above-mentioned gaps motivated this study to explore the best business strategy to be applied in achieving service performance in the context of start-up business in two Indonesian provinces using a contingency approach. This study considers the contingency of competitive intensity and organisational learning culture to provide information and suggestion for the level of fit of a business strategy. Furthermore, this study also employs the variable of remote transformational leadership as the antecedent of business strategy and performance to adjust to the changing condition and digital trends in a business context. It is expected that this study can contribute to the start-up business practice by suggesting the appropriate strategy that is adjusted to the condition of competition (competitive intensity) and their organisational learning culture.

2. LITERATURE REVIEW

1.1. COMPETITIVE INTENSITY AND BUSINESS STRATEGY

The classical industrial organisation literature believes that company behaviour is limited by the

strength of an industry (Bain, 1956). This view continues to evolve and is finally renewed by some of the findings from Porter (1979; 1980; 1985; 1990) by considering studies in the corporate context; hence, some of his findings demonstrated that industrial structure is largely influenced by company activities. Porter's views (1979; 1980; 1985; 1990) regarding the industry's impact on companies faced many challenges considering the intensity of competition and industry structure. Porter emphasised (1979; 1980; 1985; 1990; David, 2011) that competition is the core of success, and even a company's failure is subject to competitors feeling the pressure or seeing an opportunity to maintain their position above the average competitor company. Competitive intensity is a function of several factors, including industry concentration, barriers to exit, barriers to entry, demand conditions, and product characteristics (Porter, 1980; Hill, 1992). Hill (1992; Porter, 1980) divided typologies into two; benign and hostile. A benign competitive environment is characterised by strong demand, substantial entry barriers, high industry concentration, non-commodity products, and focused on non-price factors, such as advertising, design, quality, and service. On the contrary, a hostile competitive environment is characterised by weak demand, high exit barriers, high fixed costs, commodity products, and low industrial concentration. The combination of these factors may lead to price wars and cost reduction. Homburg et al. (2002) added that competitive intensity could be one of the most important factors in corporate strategic decision-making. Companies can pay attention to the external and internal environment that has been managed so far. When a company is faced with a very tight competition situation, it is advisable to adopt a service-based business strategy to increase customer value (Gronroos, 1997) and strengthen customer relationships (Homburg et al., 2002). Dess and Davis (1984) concluded that industrial competitive intensity could, directly and indirectly, affect company performance. Similarly, other studies also confirmed that industrial competitive intensity could significantly improve company performance (Estrada-Cruz et al., 2020; Tiantian et al., 2013; Al-Rfou, 2012; Hoque, 2011; Chen, 2010). However, other findings have concluded that industrial competitive intensity cannot improve company performance (Teller et al., 2016; Assaf & Cvelbar, 2011; Fosu, 2013). This can occur due to the emergence of new competitors and the existence of substitute products and price competition. On the other hand, there are also other factors that need to be

considered in improving organisational performance, namely competitive intensity and type of competition. The research results from Chen et al. (2015) provided empirical evidence that these two dimensions of competition have an impact on the use of incentives for non-financial performance measures. This means that performance measurement does not only consider financial aspects (Chen et al., 2015). Developing a business certainly requires an optimal, consistent, and continuous effort. The high intensity of business competition during the Covid-19 pandemic certainly continues to force and demand business actors to develop business strategies so that the business developed can grow well and succeed.

On the other hand, O'Brien (2003) found that innovations negatively affect organisational performance because of large spending on research and development. However, it is generally expected that a correctly and maximally implemented business strategy will achieve success. Several studies have shown that innovation strategies can improve organisational performance (Calantone et al., 2002; Jin et al., 2004). A passive manager always assumes that competitive intensity is benign, with a safe and easy-to-control business environment. This attitude makes them somewhat passive in scanning the environment and inclined to wait for an outside signal, and vice versa (Day & Schoemaker, 2006). It is suggested by Hitt et al. (2001) that managers should increase their knowledge about competitive intensity because it will be able to provide an understanding of increasing the company's competitive advantage. Estrada-Cruz et al. (2020; Robertson & Chetty, 2000; Covin & Slevin, 1991) concluded that when a company is faced with high/hostile competitive intensity, the company will choose entrepreneurial/innovative strategies so that business performance increases. Explorative innovation will be carried out when companies face tight market turbulence, so they must utilise resources effectively (Estrada-Cruz et al., 2020; Wang & Ke, 2016) and vice versa. In this regard, the imitation strategy is effective when the pioneer conditions are not profitable and not necessarily able to create a sustainable competitive advantage (Wanasika & Conner, 2011). Companies can creatively generate imitations by absorbing existing knowledge to produce something new, which can also be used to create unique products and services (Assavapitkul & Bukkavesa, 2009).

H1. The higher the degree of fit between imitation strategy and benign competitive intensity, the more the service performance will be improved.

H2. The higher the degree of fit between innovation strategy and hostile competitive intensity, the more the service performance will be improved.

1.2. ORGANISATIONAL LEARNING CULTURE AND BUSINESS STRATEGY

An organisation's business continuity is determined by its ability to maintain its operations. Market competition demands that companies have more advantages over their competitors. The rapid development of the market must be balanced with the knowledge that exists in the company. Companies must continue to improve their performance to meet consumer demands by maintaining quality and innovating with their products through knowledge. Therefore, improving and enhancing organisational capabilities must be continuous and based on a learning process. Hence, organisations are required to be learning organisations through continuous learning, employee empowerment, strengthening of embedded systems, and sharing and discussing such important aspects as means and collective values (Islam et al., 2015; 2016).

Organisational learning in a company will become its culture if it has become a habit and is passed down from one generation to another, carried out continuously. New company employees can follow previous staff members in carrying out organisational learning (Škerlavaj et al., 2010; Murray & Donegan, 2003). This is also a reflection to improve the quality of the organisation to win the competition. Organisations that practice learning are adaptive, flexible, and able to improve organisational performance through individual learning (Islam et al., 2015; 2016). Islam et al. (2015; Škerlavaj et al., 2010) studied learning organisations from a cultural perspective and named the phenomenon the organisational learning culture (OLC). Islam et al. (2016; Škerlavaj et al., 2010; Dimovski, 1994) explained that OLC could be characterised as an organisation skilled in creating, acquiring, transferring knowledge, and modifying behaviour to reflect new knowledge and insights. They mentioned that OLC could influence the company's contextual performance. Furthermore, other findings confirmed that organisational learning could improve long-term sustainable performance so that employees are ready to assume additional responsibilities outside of their formal duties (Islam et al., 2015; 2016). In a similar vein, the study conducted by Škerlavaj et al. (2010) concluded that OLC could improve innovation performance in the long run.

This study refers to the typology of the organisational culture model "The Competing Values Framework (CVF)" introduced by Cameron & Quinn (2011; 1999; Quinn & Cameron, 1988), namely, clan, hierarchy, adhocracy, and market culture. Hierarchy and adhocracy strategies are very suitable for the contingency approach because the two typologies fit imitation and innovation strategies. Several studies have proven that organisational culture can improve organisational performance (Chen et al., 2018; Zwaan, 2006; Vestal et al., 1997). When companies implement an adhocracy culture, the organisation must have an orientation towards innovation and creativity (Valencia et al., 2010; 2016; Martins & Terblanche, 2003).

On the contrary, Xu and Qianqian (2015) found that organisations using an imitation strategy tend to implement a hierarchical culture. Also, Priyono (2004) added that an organisation with the Apollo organisational culture (bureaucracy and discipline) would tend to implement a defender strategy. On the other hand, an organisation with the Athena organisational culture (innovative and proactive) would tend to implement a prospector strategy. In Indonesia, organisational culture (Apollo, Athena, and Clan) can become the basic philosophy to provide direction for organisational policies in employee management (Nasution, 2019; Santoso, 2005). This means that when a company has an adhocracy OLC, it should have an innovative strategy orientation. Conversely, when a company has a hierarchy OLC, it should have an imitation strategy orientation. It should be noted that characteristics inherent in the imitation strategy are as same as defender/cost strategy. On the other hand, the characteristics inherent in the innovation strategy are as same as the prospector/innovation strategy.

Khurosani (2013) supported the previous findings on a strong relationship pattern between adhocracy organisational culture with cohesive freedom value, learning commitment, and leader's work creativity. Also, Wei et al. (2014) confirmed that the organic/adhocracy culture could influence market responsiveness so that it can increase superior company performance that varies in various types of industries.

H3. The higher the degree of fit between the imitation strategy and the hierarchy OLC, the more the service performance will be improved.

H4. The higher the degree of fit between the innovation strategy and the adhocracy OLC, the more the service performance will be improved.

1.3. INNOVATION VS IMITATION STRATEGY

Strategic issues that currently concern academics and practitioners are innovation (Carol & Mavis, 2007; Sánchez et al., 2011; Bakan & Yildiz, 2009) and imitation (Wanasika & Conner, 2011; Lee & Zhou, 2012; Assavapitkul & Bukkavesa, 2009). Innovation strategy is believed to be a key factor in increasing company growth (Senge & Carstedt, 2001) and competitive advantage in the future (Kiarie & Lewa, 2019). A company with innovation has to enrich and expand its innovation orientation by optimising its current resources to improve individual and organisational capabilities. It is important to realise the competitiveness of its products and services compared to the competitor (Bloodgood, 2013; Kuhn & Marisck, 2010; Ming-Chao & Ke, 2016). The results of several studies reinforce the statement that the role of innovations is indispensable in creating company performance (Kiarie & Lewa, 2019; Suhag et al., 2017; Mafini, 2015). Daft & Marcic (2005) added that organisations choosing an innovation strategy actually intend to create or produce new forms and are expected to have an impact on employee behaviour.

This study refers to the Theory of Organisational Cognition and Learning, in which organisations adopt new ideas that aim to solve problems and find solutions. The emphasis lies on the learning process and the utilisation of individual cognition in the innovation process. This condition will occur when there is a learning process and good knowledge management in the organisation to analyse the organisational capacity and employee capabilities. Furthermore, in an organisation, knowledge needs to be managed effectively and innovatively (Darroch, 2005). Rehman et al. (2019) also added that there is a positive relationship between organisational learning and organisational performance. When new knowledge is acquired and learned through a continuous learning process, it will lead to the development of innovative ideas. If this condition occurs, it can be used for the purpose of introducing new things in addition to the existing ones so that they can come up with new ideas to innovate (Byukusenge et al., 2016; Al-Suradi et al., 2016).

On the other hand, the imitation strategy is a process that can be carried out as a supporter of the desired innovation (Enkel & Gassmann, 2010). Shenkar (2010; Schnaars, 1994) stated that a person could learn, feel, survive, compete, and develop slowly when they have positive traits and behaviours as a result of interactions with their environment. This

can be done by imitating or copying the behaviour of others. Schnaars (1994) even suggested that this behaviour is common in the business world with the late entrant market. The imitator company can enter the market by following the market of the innovator company. They offer the same products and services. Another strategy is that imitator companies act as pioneers, namely, entering the market first by offering the same products/services but at a lower price.

In general, imitation strategy combines three strategies, namely (Filianty, 2013), (1) lower prices compared to the pioneer products, (2) selling a superior product compared to pioneer products, and (3) using their market power to overwhelm the weaker pioneer by directly attacking those at a weak position. A lower price strategy is feasible since imitators do not require costs for market research and have low promotional costs. Furthermore, Dhewanto et al. (2015; Hasnin, 2016) added that the imitation strategy could be profitable because of its low selling price, market education, risk of product failure, and research and development budget.

1.4. MODERATING ROLE OF REMOTE TRANSFORMATIONAL LEADERSHIP

Several studies have proven that leadership in Asia and Europe has become a strategic issue that can strengthen the influence of contingency variables on organisational performance (Son et al., 2020; Muafi & Kusumawati, 2020; Ximenes et al., 2019; Yeh et al., 2016; Pongpearchan, 2016; Muafi et al., 2020; Sari, 2018; Hutagalung, 2016). Transformational leadership theory has been used as one of the theories to understand leaders' effectiveness in the last two decades (Li & Hung, 2009; Piccolo & Colquitt, 2006). A meta-analytic study from Lowe et al. (1996) reviewed 39 studies from various countries and concluded that transformational leadership is particularly effective in improving organisational performance. Leaders must be able to influence their employees, and employees are expected to be willing to work together to achieve organisational goals (Bass, 1998; 1985) and able to achieve goals that have never been achieved before (Locke & Latham, 2002; Locke et al., 1988; 1981). Bass (1998; 1985) added that transformational leadership must encourage trust, respect, and admiration from its followers and have a high commitment and motivation to achieve. Avolio et al. (1999) also stated that transformational leadership should also improve the relationship between leaders and followers more closely; there-

fore, it is not just a job agreement, but it is more based on trust and commitment. Bass (1998) introduced the term “Four I’s”, namely, individualised influence, inspirational motivation, intellectual stimulation, and individualised consideration. Individualised influence means that followers identify and demonstrate behaviour that exceeds the standards set by the leader in terms of performance, values, ethics, and morals. Inspirational motivation means that leaders provide enthusiasm, commitment, and high expectations to followers. Intellectual stimulation means that leaders find new ways by using past approaches. Individualised consideration means that leaders serve the employee’s needs for organisational performance improvement.

In the current era of the Covid-19 pandemic, a disruption in human resources functions has become apparent, starting from recruitment and selection to compensation and company leadership. Several changes must be inevitably implemented in strategies, policies, and guidelines, especially on the way of work, interaction, communication, and leadership. This is done to reduce the spread of the virus that is getting out of control. All citizens, including those in Indonesia, must comply with health protocols to reduce the spread of Covid-19. In Indonesia, the Covid-19 pandemic significantly negatively impacted the education, business, government, community, and media sectors. Businesses categorised as vulnerable faced the highest threats leading to increased unemployment and poverty and decreased number of economically capable people (Hidayat, 2020; Utomo, 2020; Mungkasa, 2020; Nasution et al., 2020). Ramadhani (2020) revealed that 78 % per cent of employees who work from home (WFH) could still be productive, so this type of work could continue in the long term until Covid-19 can be controlled. WFH has its own advantages and disadvantages with all problems that arise and impact the company’s performance (Mungkasa, 2020).

The strategic aspect that is currently challenging is the leadership role in the era of the Covid-19 pandemic. Leaders are required to be able to plan, organise, mobilise, and evaluate employee performance without having to meet face-to-face because it can be done through remote leadership (Kelley & Kelloway, 2012). According to Kelley & Kelloway (2012), the concept of remote leadership can be used to minimise physical and face-to-face interaction with employees, and instead, it can be done through information technology as measured by regularly scheduled communication and unplanned communication. Kello-

way et al. (2013) also found that remote transformational leadership can improve informational justice, satisfaction, and motivation of student participants as the messages can be received well because of the intellectual and charismatic characteristics of leaders manifested in the way they give orders and write emails. Lilian (2020) added that organisational success relies heavily on the knowledge of leaders about the effect of information and communication technology on teamwork to manage leadership challenges in virtual world management. The results of the study concluded that the combined influence of the interaction between transformational leadership and competitive intensity could improve company performance (Yang & Yang, 2018). Ximenes et al. (2019) also supported the findings that entrepreneurial leadership can strengthen high-performance work systems and employee creativity on organisational performance.

Facing increasingly fierce business competition, the start-up industry in Indonesia must improve its service quality. Low service quality drives customers to higher-quality competitor services. Service quality is measured based on the perceived performance of a service received by customers and is better known as the SERVPERF (service performance) model (Cronin & Taylor, 1994; 1992). Cronin and Taylor (1994) used five service performance or SERVPERF indicators, namely, time, accessibility, completeness, courtesy, and responsiveness, with service performance perceived based on the actual and not on expected performance (Dimitriades & Maroudas, 2007). They also suggested five dimensions of service performance or SERVPERF be used in general by service companies in measuring the service performance level. Cronin & Taylor (1992) examined the SERVPERF model in four industries, namely, banking, pest control, dry cleaning, and fast food. It turns out that the SERVPERF model can explain the actual customer’s perception of service performance.

Brady and Cronin (2001) added that customers form service quality perceptions based on the evaluation of service performance at various levels. Furthermore, they combined the results of their evaluation into their perception of the overall service quality. Alford and Sherrell (1996) stated that service performance could be a good predictor of service quality received by customers aiming for increased customer loyalty. This study focuses on the perceived service performance of start-up business owners and managers using the SERVPERF indicator from Cronin and Taylor (1992), in which the performance of start-up

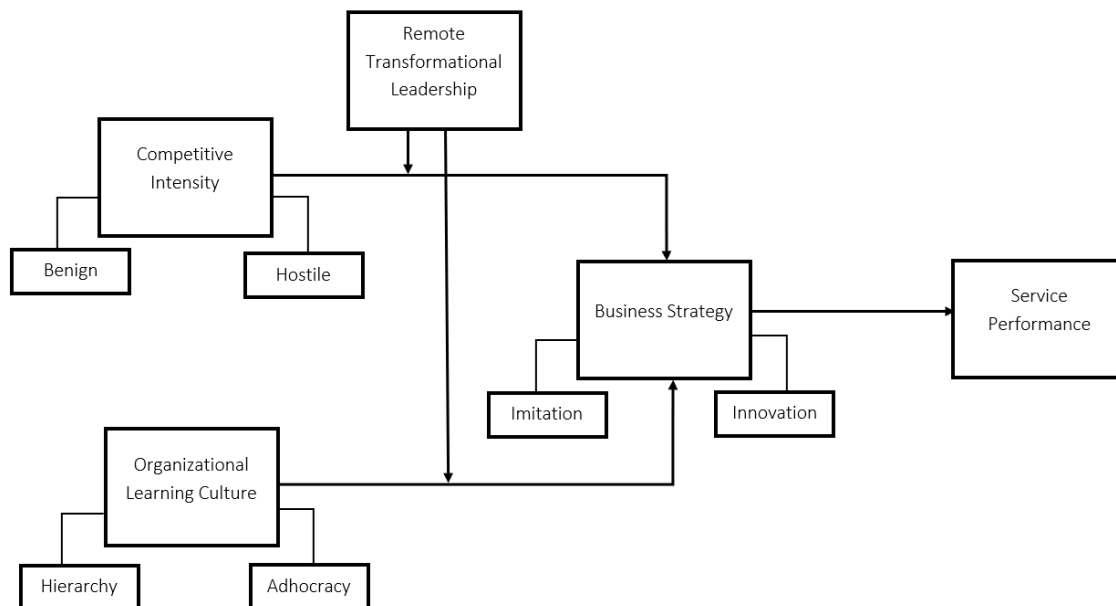


Fig. 1. Research model

businesses is measured from non-financial performance compared to similar companies in the last five years.

H5. Remote transformational leadership can moderate by strengthening the fit relationship of the imitation strategy having the benign competitive intensity with the service performance.

H6. Remote transformational leadership can moderate by strengthening the fit relationship of the innovation strategy having the hostile competitive intensity with the service performance.

H7. Remote transformational leadership can moderate by strengthening the fit relationship of the imitation strategy having the hierarchy OLC with the service performance.

H8. Remote transformational leadership can moderate by strengthening the fit relationship of the innovation strategy having the adhocracy OLC with the service performance.

2. RESEARCH METHODS

This study followed a positivist paradigm based on the belief that empirical reality has value-free testing. This is because reality is single, real, divisible, and focuses on causality. This type of study uses a survey, and the data is collected through questionnaires and interviews with several key respondents (Lutz, 1989).

The population of this study comprised owners or managers of start-up businesses in two provinces,

namely, Special Region of Yogyakarta (DIY) and East Java. This study used the sampling technique of purposive sampling with the following criteria: (a) service managers or leaders of start-up businesses with at least three years in operation, (b) employees of start-ups with assets of at least IDR 300 million, and (c) start-ups with a net worth of at least IDR 50 million per year and sales proceeds of at most IDR 300 million. The study's target sample comprised 300 owners or managers of start-up businesses in the two named provinces. This study used a semantic differential bipolar scale approach ranging from 7 (very strongly suitable) to 1 (very strongly unsuitable). The contingency approach was carried out by considering two typologies of each opposite variable, namely, competitive intensity/CI (benign vs hostile) and organisational learning culture/OCL (hierarchy vs adhocracy). For business strategy variables (imitation vs innovation) and remote transformational leadership, this study used a scale interval from 7 (very strongly pressured) to 1 (very strongly unpressured). For the service performance variable or SERVPERF, this study used a 7-point Likert scale with a score ranging from 7 (very high) to 1 (very low). Service performance as perceived by managers was compared with the competitor's service performance for the last five years using the self-report approach. This has also been done and is recommended by Muafi and Kusumawati (2020; Govindarajan, 1988). The study used the statistical technique of Euclidean distance (ED) regression. To analyse the moderating influence

Tab. 1. Variables, descriptions, indicators, and the measurement scale

No.	VARIABLE	OPERATIONAL DEFINITION	INDICATOR/SOURCES	MEASUREMENT SCALE	
1.	Competitive Intensity (CI)	The level of competition faced by the company that has an impact on the company's strategic decision-making	Number of competitors Market growth rate Uncertainty of demand Product characteristics (Homburg et al., 2002; Syahbana, 2008; Porter, 1980; Hill, 2015)	Benign Score 1 (very strongly unsuitable) 1. Number of competitors is relatively small 2. The market growth rate can be controlled 3. Market demand is predictable 4. Lack of product/service differentiation offerings	Hostile Score 7 (very strongly suitable) 1. Many competitors 2. The market growth rate can be controlled; 3. Market demand cannot be easily predicted 4. Do not have a product/service differentiation offering
2.	Organisational Learning Culture (OLC)	Company skills in creating, acquiring, transferring knowledge, and modifying it to reflect new knowledge and insights	Organisational learning orientation The leader's orientation to organisational learning Promoting the value of organisational learning The effectiveness of organisational learning (Islam et al., 2015; 2016; Cameron & Quinn (2011; 1999; Quin & Cameron, 1988)	Hierarchy Score 1 (very strongly unsuitable) Have expertise in coordination, monitoring, and organising Behave efficiently in decision-making Have consistency in acting and behaving, and be on time every time there is a change Control and efficiency in new business processes/activities	Adhocracy Score 7 (very strongly suitable) Have expertise in innovation and always visionary Emphasise aspects of entrepreneurship in decision-making Agile transformation/agile in every change Always oriented to effectiveness in new business processes/activities
3.	Business Strategy (BS)	Company strategy in serving products/services to customers	Cost and time The principle of prudence Fundamental changes and updates of ideas and innovations Fundamental changes and updates in the product, process, administration, and service innovation (Sen & Ghandforoush, 2018; Wanasika & Conner, 2011; Lee & Zhou, 2012)	Imitation Unpressured	Innovation Pressured
4.	Remote transformational leadership (RTL)	Leaders' ability to transform organisational resources optimally to achieve meaningful goals by minimising the physical and face-to-face interaction with employees through information technology, either with a schedule or unplanned	Individualised influence Inspirational motivation Intellectual stimulation Individualised consideration (Kelley & Kelloway, 2012; Kelloway et al., 2013)	Scale 1 Unpressured	Scale 7 Pressured

<p>5.</p>	<p>Service Performance</p>	<p>The performance produced by the company compared to the performance of the competitors during the last five years</p> <p>Indicator:</p> <p>Time, namely, the quality and quantity of service time provided and considered by the customer</p> <p>Accessibility, namely, the access or convenience for consumers to access the location of service providers</p> <p>Completeness, namely, the company's ability to provide facilities and infrastructures to customers</p> <p>Courtesy, namely, the contact attitude of employees to pay attention and understand customer needs, knowledge, friendliness, politeness, good communication, and ease of communication</p> <p>Responsiveness, namely, the ability or desire of employees to help and provide services needed by consumers, a sense of employee responsibility and the desire to provide excellent service, and help consumers when they face problems related to the service provided</p>	<p>Time</p> <p>Accessibility</p> <p>Completeness</p> <p>Courtesy</p> <p>Responsiveness</p> <p>(Cronin & Taylor, 1992; 1994)</p>	<p>Scale 1</p> <p>Very low, below average competitors</p>	<p>Scale 7</p> <p>Very high, above average competitors</p>
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of remote transformational leadership, the research used the Euclidean distance simple regression and Euclidean distance simple regression moderation. The results of testing the questionnaire items from each variable are valid and reliable. Variables, operational definitions, indicators, items, and the measurement scale are given in Table 1.

The contingency approach can be achieved by calculating the Euclidean distance (misfit of the business strategy score) by considering the competitive intensity and the organisational learning culture variable. To make the analysis easier, the following equations were used to test hypotheses 1–4:

$$Y = B_0 + B_1 \text{Dist X1X2} + e \quad (1)$$

$$Y = B_0 + B_1 \text{Dist X1X3} + e \quad (2)$$

Y = Service Performance (dependent variable)

B₀ = constant

B₁ = regression coefficient

Dist X1X2 = Euclidean distance business strategy and competitive intensity (X₂)

Dist X1X3 = Euclidean distance business strategy and organisational learning culture (X₃)

Furthermore, the following equation was used to test hypotheses 5–7:

$$Y = B_0 + B_1 \text{Dist X1X2.Z} + e \quad (3)$$

$$Y = B_0 + B_1 \text{Dist X1X3.Z} + e \quad (4)$$

Y = Service Performance

B₀ = constant

B₁ = regression coefficient

Dist X1X2.Z = Euclidean distance business strategy and competitive intensity (X₂) with Z moderation (remote transformational leadership)

Dist X1X3.Z = Euclidean distance service innovation strategy and organisational structure (X₃) with Z moderation (remote transformational leadership)

It needs to be known that The Euclidean distance score is the fit between variables; the smaller the score, the closer the relationship distance between variables. Therefore, this will have a negative influence on service performance and vice versa.

3. RESEARCH RESULTS

3.1. RESPONDENTS' CHARACTERISTICS

The majority of respondents for this study were male (77 %), with at least 5–10 years of experience (65 %) and a bachelor's degree (62 %) and tended to choose the innovation strategy (51 %).

3.2. HYPOTHESIS TESTING

Based on the results of data grouping, two groups of strategies emerged: imitation (code 1 with n=113) and innovation (code 2 with n=118). The results of the hypothesis testing in Table 1 used the Euclidean distance simple regression and concluded that hypotheses 1 to 4 were accepted (sig. ≤ 0.05). This means a fit of the business strategy (imitation) with the benign competitive intensity and hierarchy OLC in improving service performance and vice versa.

Furthermore, in the hypothesis testing using Euclidean distance simple regression moderation, it was concluded that hypotheses 5 to 8 were accepted (sig. ≤ 0.05). This means that partially, remote transformational leadership was able to strengthen the fit of the business strategy with the benign competitive intensity and hierarchy OLC and vice versa.

4. DISCUSSION OF THE RESULTS

Based on the statistical test results, all hypotheses were accepted. The owners and service managers of start-up businesses in DIY and East Java Province tend to implement the innovation strategy rather than the imitation strategy. This indicates that the innovation strategy is considered as more able to improve service performance to customers. The data analysis results concluded that the innovation strategy fits in the case of the hostile competitive intensity and the adhocracy OLC and vice versa so that service performance can be improved. These findings also support the previous research conducted by Estrada-Cruz et al. (2020; Tiantian et al., 2013; Al-Rfou, 2012; Hoque, 2011; Chen, 2010) and reject the findings from Teller et al. (2016; Assaf & Cvelbar, 2011; Fosu, 2013; O'Brien, 2003). Gronroos (1997) suggested that companies faced with hostile competitive situations should adopt a service-based business strategy to increase customer value and strengthen customer

Tab. 2. Summary of the regression test result

REGRESSION EQUATION MODEL	N	R ²	CONSTANT	COEFFICIENT (BETA)	T	SIG.
H1. $Y = a + b_1 \text{ dist lmit.CI}+e$	113	0.035	3.507	-0.188	-2.023	0.040*
H2. $Y = a + b_1 \text{ dist lmit.OLC}+e$	113	0.121	4.383	-0.348	-3.930	0.000*
H3. $Y = a + b_1 \text{ dist lmit.CIZ}+e$	113	0.038	22.875	-0.194	-2.097	0.038*
H4. $Y = a + b_1 \text{ dist lmit.OLCZ}+e$	113	0.114	26.766	-0.338	-3.798	0.000*
H5. $Y = a + b_1 \text{ dist llnov.CI}+e$	118	0.063	4.868	-0.251	-2.810	0,006*
H6. $Y = a + b_1 \text{ dist llnov.OLC}+e$	118	0.075	3.639	-0.274	-3.084	0.003*
H7. $Y = a + b_1 \text{ dist llnov.ICZ}+e$	118	0.076	9.283	-0.276	-3.102	0.002*
H8. $Y = a + b_1 \text{ dist llnov.OLCZ}+e$	118	0.039	19.050	-0.199	-2.192	0.030*

Note= *sign <0.005

relationships. Indonesia is known for its very intense start-up business competition. Two fintech sub-sectors seem to dominate, namely, lending and e-money. In terms of the number of players, fintech lending has far more players than e-money, but e-money is dominated by big players. It is predicted that e-money will become the most potential fintech sub-sector. Like money in a wallet, an e-money balance is designed to help users make transactions to fulfil their daily needs. Start-up business players mostly fear weak demand with very high fixed operating costs and the inability to innovate because of lagging behind their competitors. This results in price wars by reducing costs. The consequence is that the company inevitably implements the imitation strategy. This condition is exacerbated by the Covid-19 pandemic, which has a very high level of uncertainty.

The imitation strategy is still believed to provide benefits, such as low prices, easier market education, fewer product failures, low research and development budgets, low costs for employee training and development, and low costs for organisational learning for employees.

Companies can absorb existing knowledge to produce something new so that they can offer unique products and services. When implementing the adhocracy OLC, start-up businesses should be more oriented towards innovation and creativity. This certainly must also be supported by the use of a consistent strategy in the long term.

Therefore, this study supports the research findings by Khurosani (2013), who recommended that organisations should strengthen freedom value, learning commitment, and leaders' work creativity when they want to implement the adhocracy culture. This condition will also influence market responsiveness so that start-up businesses in DIY and East Java

Province will increasingly have above-average performance compared to their competitors.

As stated by Agrawal (2020), company characteristics can make companies more confused in determining their work patterns. The era of the Covid-19 pandemic requires companies to be flexible in adapting to the situation and conditions of the uncertain business environment. The leadership must ensure the organisation continues to move dynamically and does not lag behind its competitors. In this case, remote transformational leadership is required for carrying out the company's mission and instilling a sense of pride in subordinates, communicating an attractive vision, modelling appropriate behaviour, encouraging to innovate in problem-solving, creatively developing self-efficacy, encouraging to set challenging goals or objectives and paying special attention to the needs of each employee to excel and develop. The concept of remote work has been widely applied by companies due to the Covid-19 pandemic. It has been used by owners and managers of start-up businesses in DIY and East Java Province either through scheduled or unplanned communication for required sudden instructions. This study also supports the findings by Kelloway et al. (2013) that remote transformational leadership can strengthen the emphasis on the importance of having an innovation strategy in situations of volatile competitive intensity and vice versa. It also supports the findings by Yang & Yang (2018) that the influence of the interaction between transformational leadership and competitive intensity can improve company performance; thus, employees would be more creative and able to strengthen high-performance work systems. This is also strengthened by the study carried out by Lilian (2020) that company leaders must have knowledge about the adoption of information technology

and communication in the pandemic era so that it is easier to provide policy and strategic direction to be carried out by the company. The fundamental task of leaders is to motivate their followers to achieve great things and to continue significantly contributing to business growth and organisational success in the future.

Several strategies for start-up businesses need to be considered and can be implemented currently. First, an organisation should focus on its mission to serve the wider community. This is important since the breadth of the market served will attract capital investors. Second, companies are suggested to continuously interact with investors to keep them in the business in the future. The company must have sufficient capital for its operations from six months to one year. Third, the company must study the business model that will be applied, such as choosing a business model for direct services (on-demand), subscription, joining the marketplace, and even freemium. This is surely important since it will have an impact on the company's costs and benefits. Fourth, the company must innovate by creating new products or services utilising the existing resources and abilities to get new sources of income while focusing on customer satisfaction and delight. Fifth, there should be effective and efficient automation of business processes to save costs, quickly respond to situations by avoiding multi-layered online queues, evaluate errors, and reduce service complexity so that more referrals are loyal to the company. Sixth, the company must establish and strengthen networks with communities that have the potential to attract new investors and customers, retain old customers, or even collaborate with other start-up companies. Several other strategies can also be used while improving service performance in terms of time, accessibility, completeness, courtesy, and responsiveness.

The results of this study were also followed up by interviews with four start-up business service managers (R1–R4) in DIY and East Java Provinces.

“Innovation strategy is currently needed by launching our new and different products and services... This is necessary considering that nowadays people are getting used to using it, but indeed, it is for certain customer segments. It has not been aimed at all segments, let alone for people in rural areas who are still very unfamiliar to this.” (R2)

“We are currently improving our service quality, especially in the era of the Covid-19 pandemic. Sometimes, every day we have to design innovatively; about how we create products and services that have

short queues so that consumers don't get confused when making transactions. We do this as an effort so that we can survive amid the intense competition. We certainly do this by sticking to the protocols set by the government. That is why, I, as the leader, usually provide instructions or order via Zoom, WhatsApp, and even emails.” (R3)

“Indeed, in using our strategy, we are very aggressive and expansive to target all segments. We usually also look at our competitors' products and services as we imitate and add some changes. We do this because we are usually constrained from the aspect of research and development costs. We also do not forget to pray so that the Covid-19 pandemic would be over soon.” (R4)

“In order to win the competition, we need to be flexible. We need to be agile to seize opportunities. The era of the Covid-19 pandemic makes us also faced with difficult conditions. On the one hand, we have to serve our customers satisfactorily, yet on the other hand, we also have to calculate the cost and benefit. We must survive and stay ahead in this era and the future.” (R4)

“For us, we have to be agile during the pandemic. We have to be flexible with the rules. This is important so that we do not run into a rigid bureaucracy. But we still adjust it to the strategy we choose.” (R1)

A balanced number of owners and service managers of start-up businesses in DIY and East Java Province are choosing between and implementing innovation and imitation strategies. The dominant consideration is the cost of research and development, especially during the Covid-19 pandemic. The role of remote transformational leadership is especially helpful in strengthening leaders and employees in carrying out business models with agreed strategic agreements.

5. IMPLICATION

5.1. MANAGERIAL IMPLICATION

Companies should have an agreement in implementing their business strategy. It is important to consider competitive intensity and the organisational learning culture faced by start-up businesses. The situations and conditions faced by companies are certainly very different. Pressure from stakeholders, especially if they dominate, could also influence strategic decision-making.

OLC must change or modify mental models of leaders and employees, processes, rules, behaviour, or knowledge as a dynamic process of creation, acquisition, and integration of useful knowledge to build resources and capabilities that contribute to the improvement of the company's service performance. Remote transformational leadership can be used by maintaining the company's environment so that it promotes the exchange of information and knowledge and supports its service performance.

5.2. THEORETICAL IMPLICATION

The study's theoretical implications are related to the important contribution of competitive intensity and the organisational learning culture (OLC) to the contingency approach. Each contingency variable typology must be adjusted to the business strategy typology to increase service performance. The situation and conditions improve when strengthened by the role of remote transformational leadership.

5.3. RESEARCH LIMITATIONS

This study has several limitations and research gaps.

- The study sample was only taken from two provinces, namely DIY and East Java. Therefore, the findings cannot be generalised for all owners and service managers of start-up businesses in Java Island or Indonesia.
- The primary data on the perceptions of the owners and service managers were collected during the Covid-19 pandemic. The answers might have been hasty and lacked focus. Therefore, the research was completed using data from interviews with several key service managers.
- Service performance was measured by comparing the company's own performance and competitors' performance over the last five years. Conditions during the Covid-19 pandemic were extremely difficult to observe.
- This study combined the research data from start-up businesses that have not been grouped into business types. In the future, it should be separated to provide strategic recommendations and policies that are appropriate and in line with the conditions and type of the company.
- There are other contingency variables that need to be considered, such as organisational structure, corporate strategic behaviour, green HR practices, and others. Such future studies

would enrich theoretical and managerial contributions.

CONCLUSIONS

This study aimed to find the appropriate strategy for achieving excellent service performance for start-up businesses in an emerging market, namely, Indonesia. Specifically, the author has fit the company's business strategy with the condition of their competitive intensity and organisational learning culture. Also, the author considered the moderating role of remote transformational leadership in strengthening the relationship between competitive intensity, organisational learning culture, and business strategy in improving service performance.

The hypothesis test results and discussion of the findings revealed that all hypotheses were accepted. In this regard, the study confirmed that the fit between the business strategy, competitive intensity, and organisational learning culture enhances the company's service performance. The benign competitive intensity, hierarchy organisational learning culture and implemented imitation strategy improve service performance. The hostile competitive intensity, adhocracy organisational learning culture and innovation strategy improve the service performance. Finally, the findings also suggest that both relationships become stronger when the leader of the start-up business adopts the remote transformational leadership style.

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