

THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE PERFORMANCE: A CONCEPTUAL PAPER

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Abstract. The aim of this research was to determine the influence of transformational leadership on employee performance. In this study, the sample method is probability sampling, which means that each member of the population has an equal chance of being chosen as a sample. This study was conducted at PT. Cerebrum Edukanesia Indonesia and included 45 respondents. The Structural Equation Model (SEM) was employed in this study, and it is run through the SmartPLS3 application. The hypothesis of this study is that transformational leadership has a positive and significant impact on employee performance. Based on past studies, transformational leadership has a positive and significant impact on employee performance.

Keywords: Transformational Leadership; Employee performance

1. INTRODUCTION

Indonesia is among the countries with the highest number of startups in the world, based on Startup Ranking data as of June 14 2023, startups in Indonesia reached 2,482 startups, this number places Indonesia in sixth place in the world, beating Germany and France.

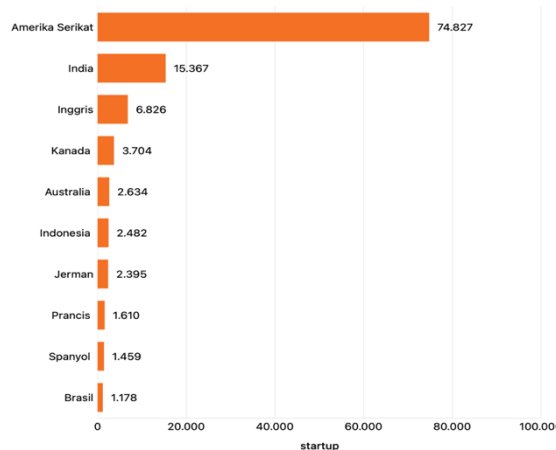


Figure 1.1 Chart of 10 Countries with the Largest Number of Startups in the World in 2023
Source: Katadata.co (Diakses pada 15 Maret 2024)

According to the aforementioned data, Indonesia is placed sixth out of the ten nations with the highest number of startups globally. However, it is quite different from the United States which has 74,827 Startups. Indonesia is still ranked first in the number of startups in ASEAN countries. According to Startup Ranking data, Indonesia is in first place, beating Singapore which is in second place with a total of 1,179 startups. The Startup Ranking defines a startup as a start-up company with a maximum age of 10

years that has competence, innovation and a strong technological base, as well as the ability to accelerate business growth. (Katadata.co, accessed on March 15 2024). Performance, according to Daryanto & Suryanto (2022:99), is the product that employees make while performing their jobs in accordance with the tasks that have been delegated to them. Both the quantity and the quality of this output can be measured. Employee performance is a benchmark for the company in achieving its company targets.

Tabel 1.1 Data Penjualan PT. Cerebrum 2024

No	Bulan	Total Penjualan
1	Januari	1.367.016.255
2	Februari	1.319.188.913
3	Maret	2.379.664.754
4	April	3.423.097.642

Source: Data Internal PT. Cerebrum Edukanesia Indonesia (2024)

As shown in table 1.1, it can be seen that the organization's performance achievements have fluctuated. This can be seen from the low total sales in January and February. The low total sales in January and February indicate a tendency for organizational performance to decline. This also illustrates that employee performance also tends to decline because organizational performance is influenced by employee performance.

An effective leadership style for an organization is very influential and has an important function for an organization to direct and motivate employees as well as control existing problems in an organization and be able to resolve them quickly. A leadership style known as transformational leadership has a significant impact on those who follow it. According to Insan (2019: 12), transformational leadership inspires followers to make positive changes. To ensure that performance is at its best and organizational objectives are met, leaders also modify the work environment, motivation, habits, and values of their teams.

At PT Cerebrum Edukanesia Indonesia, the leadership style applied within the company is a transformational leadership style, this is demonstrated by the motivation of managers or company leaders to have a big influence on their employees. In this company, the leader shows positive changes for his employees so that the employees follow the pattern given by the leader. The work environment in the company is also influenced by its leaders.

2. LITERATURE REVIEW

2.1 Management Human Resource Development

Yuli in Suryanto (2022:16) explains that Human Resource Management is an activity that regulates the process of recruiting workers, developing workers, providing compensation, maintaining and separating workers through management procedures to fulfill the objectives of the company. Meanwhile, human resource management is defined by Dessler (2017:4) as the set of rules and procedures necessary for individuals

who handle "human" management or human-related tasks like hiring, choosing, training, rewarding, and recognizing employees. According to Hasibuan (2020:10), Human Resource Management is a scientific and an artistic discipline that deals with assigning responsibilities to employees so they can work productively and successfully to meet company objectives. Human resource management, according to Kasmir (2019: 6), is the process of controlling people using planning, hiring, selecting, training and development, salaries, careers, and providing occupational safety and health in addition to maintaining industrial relations through termination of employment. All of these activities are done in order to achieve organizational goals. attain and enhance stakeholders' well-being.

2.2 Employee Performance

Performance, according to Daryanto & Suryanto (2022:99), is the product that employees generate while carrying out their activities in accordance with the responsibilities allocated to them. This output can be quantified in terms of both quality and quantity. Kasmir (2019: 184) states that employee performance is the implementation of functions in an organization that are required by employees. This includes the actions, achievements and skills of an employee at work.

Armstrong (2021:1) defines employee performance as a methodical process that strives to enhance individual and team performance inside an organization in order to increase organizational performance. According to Yulianto (2020:8) performance is a quantitative, qualitative measure, timeliness and independence in completing work to determine the extent to which employees have carried out the duties and responsibilities assigned to employees within a certain period of time.

2.3 Transformational Leadership

Burns (1978) is credited with first differentiating transformational leadership from transactional leadership, as stated in Ronnie et al. (2020). Burns argues that transformational leaders win over their followers by encouraging them to identify with a vision that extends beyond their own self-interests, while transactional leaders elicit cooperation from their followers by establishing relationships and then keeping an eye on them. House (1977) and Bass (1985) established their respective theories practically simultaneously. Bass (1985) proposed that leaders can be either transformational or transactional, or neither, in contrast to Burns (1978) who claimed that TL and transactional leadership are mutually exclusive (Judge & Bono, 2000). Transformational leadership has four components, according to Bass's theory (1985): idealistic influence, intellectual stimulation, inspirational drive, and individual consideration (Judge & Piccolo, 2004; Piccolo & Colquitt, 2006).

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Yukl (2015:316) explains that Transformational leadership style is a leadership style that makes followers feel admiration, loyalty, respect and trust in their leader. Transformational leadership style is a leadership style used by a leader to increase motivation and morale and instill admiration, loyalty, respect and trust in employees towards their leader.

According to Avolio & Bass (Yukl, 2015: 278), transformational leadership style is inspirational and motivational leadership that provides an inspiring vision about the tasks and values and ideals of its followers and then the ideal influence to create followers. Charisma of a leader, individual attention can increase trust subordinates,

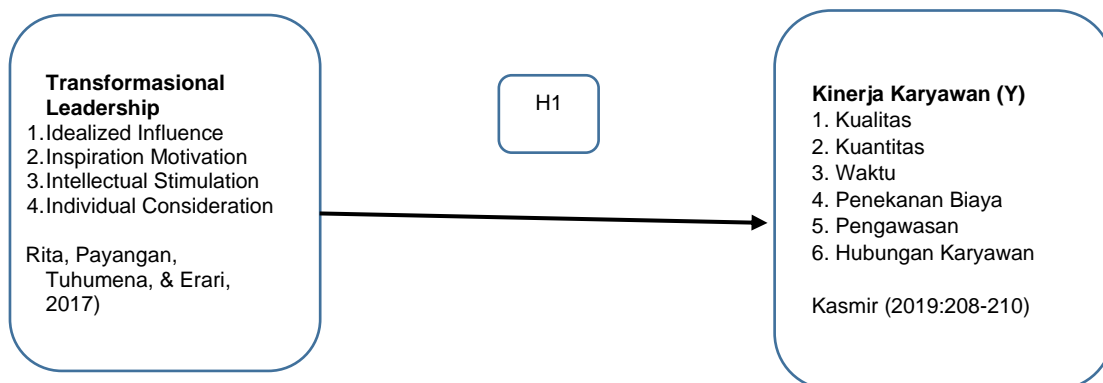
and finally, intellectual stimulation can increase employee and team creativity.

3. RESEARCH METHODS

This study employed a quantitative approach. Sugiyono (2014) claims that the reason quantitative research methods are referred to as traditional methods is because they have been around for a while and are now considered a part of research tradition. As a scientific method, this approach satisfies the following criteria: it is tangible or empirical, objective, measurable, logical, and systematic. Finding the relationship between two or more variables is a common goal of quantitative approaches.

According to Ahmad (2015) quantitative methods are methods that determine the selection of subjects from which sources of information or data will be obtained, techniques that will be used in collecting data, and treatments that will be used. Quantitative methods are also generally used to find out the relationship between two or more variables whose essence has been explained first according to the theory on which they are based.

This research was conducted on 45 respondents from PT. Cerebrum Edukanesia Indonesia as a sample. Using a questionnaire to collect data. Then the data is processed using smart PLS software. The hypothesis in this research is that there is a significant influence of Transformational Leadership as variable X on Employee Performance as variable Y.



Gambar 3. 1 Kerangka Pemikiran
Sumber: Hasil Olahan Penulis (2024)

CONCLUSION

Based on previous research conducted by Deny Utomo (2022) with the title "The Influence of Transactional and Transformational Leadership Styles on Employee Work Discipline at the Aceh Province Public Works and Spatial Planning Service" shows that there is a partial and stimulating as well as positive and significant influence from the transformational leadership style towards work discipline.

Then, based on previous research conducted by Priyatmo (2018) with the title "The Influence of Transformational Leadership on Employee Performance by Mediating Job Satisfaction," this shows that Transformational Leadership has a positive influence on employee performance both directly and indirectly by mediating job satisfaction.

Then, based on research by Kartikaningdyah & Utami (2017) entitled "The Influence of Transformational Leadership, Job Satisfaction, Procedural Justice on Employee Performance with the Mediating Variable Organizational Citizenship Behavior" shows that there is a positive influence on transformational leadership style on employee performance.

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