

THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP OF MANUFACTURING COMPANIES ON EMPLOYEE PERFORMANCE

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Abstract: *The purpose of this research is to determine the effect of transformational leadership behavior in manufacturing companies on the performance of their employees. The object of this research was conducted at PT. Tyfountex Indonesia is engaged in textiles. The research approach uses a descriptive quantitative approach. This research was conducted using a survey method, namely research that takes a sample from a population and the instrument used is a questionnaire with judgmental sampling. The results of this study indicate that transformational leadership in manufacturing companies at PT. Tyfountex Indonesia has a significant and positive effect on employee performance both partially and simultaneously.*

Keywords: *employee performance, manufacturing companies, transformational leadership*

1. Introduction

The performance of the employees of the company is very important to constantly be assessed by their superiors or leaders to encourage the goal of maximization and efficiency in terms of financing for the workforce. Good employee performance, of course, must also be balanced with appropriate rewards so that the performance can at least last or even increase from time to time, which in turn will also benefit the company in the short and long term.

The development of the quality of a company or organization is strongly driven by conditions of competition between companies, technological advances. stages of the economy and history of society. Advances in technology and human civilization as well as advances in science require adjustments in various fields to keep up with any changes that occur at a certain time. This progress is then followed by changes in behavior in which every individual or human tries to adjust both in terms of rights and obligations, both to himself and to others. The relation with a company or an organization is that this progress also demands quality human resources in a professional sense. The new competition in this modern era is a combination of a revolution in technology with the phenomenon of globalization. requires a strategic response from top management (Tarigan, 2009). The success of top managers in playing their new roles is largely determined not only by their managerial abilities but also by their leadership styles.

Leadership as a determinant of the direction and goals of the organization must be able to respond to developments era in the world of business because leadership is the ability to influence a group towards the achievement of goals. Along with the goals of technological change and

increasing international competition which demands the readiness of leaders, four approaches are currently often used in studies of leadership. The four approaches are an attributional leadership approach, a charismatic leadership approach, a visionary leadership approach, and a transactional leadership approach versus transformational leadership.

Transformational leadership itself can be seen from a perspective or angle, there are many and different perspectives, one of the many perspectives that influence a person's leadership style which of course will have an impact on the performance of other employees (Bass & Riggio, 2006). Because the criteria for a good leader according to Islam are perfect and should serve as role models in choosing and carrying out the duties of a leader.

2. Theoretical Review

Transformational Leadership

The transformational leadership model was first coined by JM Burns in 1978 as a form of leadership approach in achieving goals. JM Burns argues that transformational leadership plays a role in changing the status quo (current, contemporary) by dismantling all the problems that exist in the system and showing them to members/followers, then generating a new vision of how this organization should be in the future (Bass & Riggio, 2006).

In the process, transformational leadership involves changing the mindset, attitudes, and behavior of individual members who can have a positive impact on an institution or company. So that most leadership experts and practitioners agree that transformational leadership can bring significant change (Leithwood & Jantzi, 2005); (Lussier & Achua, 2010).

The transformational leadership process is carried out in four stages, namely as follows.

- a. Encouraging change. This is done by increasing the sensitivity of members to environmental conditions, recognizing threats and opportunities, then initiating a change by taking into account all the risks.
- b. Come up with a shared vision. This is done by involving all members in determining a common future, then making it an ideology in motion, not just a work rule.
- c. Guard the change process. This is done by continuing to raise awareness of the importance of dynamic attitudes. Always provide trust, support, and guidance to members in increasing their self-confidence and optimism.
- d. Permanent change. This is done by always appreciating every achievement and continuing to assist members in determining the vision for change, as well as preparing leaders who can be role models for their members (Lussier & Achua, 2010).

The power of expertise will make a leader have credibility so that it is trusted by its members. Meanwhile, the power of reference will make a leader attractive to his followers because of his altruistic attitude (putting others first). Tucunan, Supartha & Riana (2014) argue that transformational leadership is built by four-character dimensions, which are then known as “four I's”. The four characters are as follows:

First, idealized influence (charismatic). Charismatic leaders can have a strong influence on members. So that members also have the same ideology and have a strong emotional bond with their leaders.

Second, Inspirational motivation (motivates and inspires). Transformational leaders are leaders who inspire. His ability to communicate the vision and apply it in daily activities makes members interested and more motivated to achieve goals.

Third, individual consideration (individual attention). This shows that the transformational leader is a mentor. Leaders serve their members by helping them to improve their abilities and meet their needs.

Fourth, intellectual stimulation (intelligence generates interest). Transformational leaders are leaders who are creative and always think 'out of the box'. He will encourage members to take new approaches to classical problems through critical thinking. The application of a transformational leadership model that is supported by character and skills will simultaneously influence the personal development and productivity of each component of the organization. Transformational leadership shapes leaders as active agents in positive change, which, among other things, can change the environment, organization, group, and person.

Employee Performance

Employee performance is the result of an employee's work during a certain period compared to various possibilities, for example, standards, targets, and criteria that have been mutually agreed upon (Hameed & Waheed, 2011); (Anitha, 2014). (Shahzadi, Javed, Pirzada, Nasreen, & Khanam, 2014) define performance limitations as a person's success in carrying out a job. Performance can also be defined as production records resulting from activities or functions of a special position during a specified period (Tho'in, 2018); (Islam, & bin Mohd Rasad, 2006).

Performance Assessment

Performance appraisal is an assessment of the work of an individual/employee that is produced compared to the existing standards, both quality and quantity previously set. Employee performance appraisal should be applied to determine the quality of employee performance and to motivate employees to be more productive. This employee performance appraisal can also be useful for the organization/company in making decisions in the future.

According to the opinion expressed by Ustman (2008), the objectives of performance appraisal are:

- a. Ensure more objectivity in coaching prospective employees and employees based on career systems and work performance systems.
- b. Obtain objective considerations (input) in fostering candidates and civil servants in making policies such as promotions, demotions, transfers, penalties, dismissals, bonuses, job designs such as job enlargement, job enrichment, and job rotation.
- c. Provide input to solve existing problems, for example, lack of skills or lack of new skills (to determine the type of training and career development of prospective employees or employees).
- d. Measuring the validity of the performance appraisal method used
- e. Diagnose organizational problems
- f. Feedback for prospective employees, employees, and leaders.

3. Research Methodology

This type of research is a quantitative study, the method used by researchers is the method of collecting data the researcher uses a questionnaire and a questionnaire that requires assessment. So in this study researchers used quantitative descriptive methods. The reason the writer uses this method is that the writer tries to solve the current problem based on the analysis of the data or facts and looks for the influence of transformational leadership behavior on the performance of the employees of PT. Tyfountex Indonesia.

4. Research Result

The results of the analysis used descriptive statistical tests according to the type of data. The test results can be seen in the table below:

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Idealized Influence	30	68	83	75.77	4,297
Inspirational Motivation,	30	49	65	56.93	4,417
Intellectual Stimulation,	30	22	34	27.50	3,391
Individualized Consideration	30	35	48	41.57	2,725
Performance Assessment	30	23	34	27.47	2,738
Valid N (Listwise)	30				

Based on the output above, it is known that the sample in this study was 30 respondents, in which the Idealized Influence variable obtained an average value of 75.77 with a minimum value of 68 and a maximum value of 83. The Inspirational Motivation variable obtained an average value of 59.93 with a minimum value of 49 and a maximum of 65. The Intellectual Consideration variable obtained an average value of 27.50 with a minimum value of 35 and a maximum of 48. The Individual Consideration variable obtained an average value of 41.57 with a minimum value of 35 and a maximum of 48 and the Performance Appraisal variable obtained an average value of 27.47. a minimum value of 23 and a maximum of 34.

Validity Test

The validity test of the questionnaire was carried out using Pearson's product-moment correlation model (using the SPSS for windows version 21.0 computer program). An item is said to be valid if the correlation value is above the table value of the signs used. The results of this validity test used a significance level of 5% where p was 5% (30-2), namely 0.361. The results of the validity test in this study were all valid variables.

Based on the output table above, the validity of a study can be proven by the r-count value obtained from data processing using IBM SPSS for windows version 21.0 where the data inputted is data collected based on the results of distributing questionnaires. Each question item has the result

rcount> r-table, that is, with the significance r table $n = (n-2)$ for 30 respondents, it is $(30-2) = 0.361$ and of the 18 questions, all of them have a value above 0.361. it is said that this research is valid.

Reliability Test

A reliability test is used to determine the extent to which a measurement can provide relatively the same results if re-measurement is carried out on the same subject. In this study using Cronbach Alpha with an α value of 0.744 (used the SPSS for windows version 21.0 computer program) where the α value is greater than the standard value α which is 0.700. In this study, the results of the analysis of all variables proved to be reliable or it could be said that the reliability of this study was reliable.

Table 2. Reliability Test Results

Reliability Statistics	
Cronbach's Alpha	N of Items
, 744	19

Hypothesis Analysis Results

Multiple Linear Regression Analysis

Multiple linear regression analysis is the influence linearly between two or more independent variables (X_1, X_2, \dots, X_n) and the dependent variable (Y). This analysis is to determine the direction of the relationship between the independent variable and the dependent variable whether each independent variable has a positive or negative relationship and to predict the value of the dependent variable if the value of the independent variable has increased or decreased. In this study, the relationship between the independent variable and the dependent variable has a positive relationship or effect as indicated by the Y coefficient value:

$$Y' = -0,250 - 0,369X_1 + 0,451X_2 + 0,422X_3 + 0,442X_4$$

Table 3. Results of Multiple Linear Regression

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-, 250	3,876		-, 064	, 949
Idealized Influence	-, 369	, 102	-, 579	-3,624	, 001
Inspirational Motivation,	, 451	, 094	, 728	4,820	, 000
Intellectual Stimulation,	, 422	, 074	, 522	5,732	, 000
Individualized Consideration.	, 442	, 090	, 440	4,918	, 000

a. Dependent Variable: Performance Appraisal

Based on the output table above, transformational leadership behavior has a significant effect on the performance appraisal of PT. Tyfountex Indonesia.

T-test

Individual or partial test analysis (t-test) is needed to determine that the independent variable partially has a significant effect on the dependent variable. Decision-making in this test is based on a significance level of 5% or 0.05. The t-test results can be seen in the table below:

Table 4. T-test results

Model	Coefficients ^a				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.250	3,876		.064	.949
idealized influence	.369	.102	.579	3,624	.001
Inspirational Motivation,	.451	.094	.728	4,820	.000
Intellectual Stimulation,	.422	.074	.522	5,732	.000
Individualized Consideration.	.442	.090	.440	4,918	.000

a. Dependent Variable: Performance Appraisal

The basis for making a t-test decision is if:

a. $t_{count} > t_{table}$ and a significance value < 0.05 , the independent variable has a significant effect

b. $t_{count} < t_{table}$ and a significance value > 0.05 , it does not have a significant effect

n = number of respondents, k = independent variable

The formula for finding T table is:

$$t \text{ table} = (\alpha / 2; nk-1)$$

$$t \text{ table} = (0.05 / 2; 30-4-1)$$

$$t \text{ table} = (0.025; 25)$$

$$t \text{ table} = 2,060$$

T-test results show that:

- Idealized Influence* obtained a t-value of $3,624 > 2,060$ and a significance value of $0.001 < 0.05$, so it can be concluded that Idealized Influence has a significant positive effect on Performance assessment.
- Inspirational Motivation* obtained a t-value of $4,820 > 2,060$ and a significance value of $0,000 < 0.05$, so it can be concluded that Inspirational Motivation has a significant positive effect on Performance assessment.
- Intellectual Consideration* obtained a t-value of $5,732 > 2,060$ and a significance value of $0,000 < 0.05$, so it can be concluded that Intellectual Consideration has a significant positive effect on Performance assessment.
- Individual Consideration* obtained a t-value of $4,918 > 2,060$ and a significance value of $0,000 < 0.05$, so it can be concluded that Individual Consideration has a significant positive effect on Performance assessment.

F test

The F test is known as the simultaneous test to see how the influence of all the independent variables together on the dependent variable. Simultaneous test (F test) aims to show whether all independent (free) variables affect the dependent variable (bound) simultaneously or simultaneously. This test can be done by observing the significance value at the level used. In this study, the level of use is 5%, where the variable X is said to have a simultaneous effect on variable Y if the significance value is < 0.05 . The results of the F test can be seen in the table

Table 5. F Test Results

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	193,343	4	48,336	50,092	.000a
	Residual	24,124	25	.965		
	Total	217,467	29			

a. Predictors: (Constant), Individualized Consideration., Intellectual Stimulation, Inspirational Motivation, idealized influence

5. Conclusion

Based on the various descriptions of the research results above, it can be concluded that the aspects of transformational leadership Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualization Consideration affect partially and simultaneously on the performance appraisal of PT. Tyfountex Indonesia, in other words, transformational leadership in manufacturing companies at PT. Tyfountex Indonesia has a significant and positive effect on employee performance both partially and simultaneously. This research implies that transformational leadership can move and influence company employees to improve performance in a better direction according to the expectations of the company itself and various related parties.

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