

The Influence of Transformational Leadership on Employee Performance in the Modern Business Sector

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ABSTRACT

This study aims to analyze the influence of transformational leadership on employee performance in the modern business sector. In facing the increasingly complex and competitive business environment, leadership plays a crucial role in improving human resource performance. This study employed a quantitative approach with an associative method. Data were collected through questionnaires distributed to 100 respondents, who were employees in the modern business sector, using simple random sampling. Data analysis was performed using simple linear regression with the aid of statistical software. The results showed that transformational leadership had a positive and significant effect on employee performance. This was evidenced by a significance value less than 0.05 and a positive regression coefficient. Effective transformational leadership can increase employee motivation, commitment, and productivity, thus impacting the quality and quantity of work. In addition, this leadership style also creates an innovative and conducive work environment. Thus, it can be concluded that transformational leadership is an important factor in improving employee performance in the modern business sector. This research is expected to contribute to the development of human resource management science and serve as a reference for organizations in implementing effective leadership strategies.



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INTRODUCTION

In an era of increasingly rapid globalization and digital transformation, business organizations are required to adapt quickly to dynamic environmental changes. Technological advancements, intense market competition, and the demand for continuous innovation have made human resources a strategic asset that determines organizational success. Therefore, improving employee performance is a key focus for achieving competitive advantage in the modern business sector.

Employee performance is influenced not only by individual abilities but also by the leadership style implemented within the organization. One leadership style considered effective in addressing modern business challenges is transformational leadership. Transformational leadership is a leadership approach that inspires, motivates, and encourages employees to reach their full potential and contribute maximally to organizational goals. Transformational leaders also play a role in creating a clear vision, building trust, and increasing employee commitment.

In the modern business context, transformational leadership is becoming increasingly relevant because it can create an innovative and adaptive work environment. Transformational leaders focus not only on achieving short-term goals but also on the long-term development of employees and the organization. This positively impacts employee performance, including productivity, work quality, and organizational engagement.

However, not all organizations are able to optimally implement transformational leadership. Differences in organizational culture, employee characteristics, and the dynamics of the business environment are factors that influence the effectiveness of this leadership style. Therefore, it is important to examine more deeply the influence of transformational leadership on employee performance, particularly in the context of the modern business sector.

Based on this background, this study aims to analyze the influence of transformational leadership on employee performance in the modern business sector. The results are expected to provide theoretical contributions to the development of human resource management science and serve as a practical reference for organizations in improving employee performance through the implementation of effective leadership styles.

METHOD

This study uses a quantitative approach with an associative approach, aiming to analyze the relationship and influence between transformational leadership variables and employee performance. This approach was chosen because it can provide an empirical picture of the relationship between variables through measurable statistical analysis.

The population in this study comprised all employees working in modern business sectors, such as service companies, manufacturing companies, and digital-based companies. The sampling technique used probability sampling with a simple random sampling method, ensuring that every member of the population had an equal chance of being selected as a respondent. The sample size was determined using the Slovin formula or adjusted to suit the research needs, with a 5% error rate.

The data used in this study is primary data obtained directly through questionnaires distributed to respondents. The research instrument was constructed using a Likert scale with a value range of 1 to 5, ranging from strongly disagree to strongly agree. Transformational leadership variables were measured using indicators such as idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Meanwhile, employee performance variables were measured using indicators of work quality, work quantity, punctuality, and responsibility.

Prior to data analysis, the research instruments were first tested through validity and reliability tests to ensure their validity and consistency. Next, the data were analyzed using simple linear regression analysis to determine the influence of the independent variables on the dependent variable. Classical assumption tests, such as normality, heteroscedasticity, and multicollinearity tests, were also conducted to ensure the regression model met statistical requirements.

Data processing was performed using statistical software such as SPSS or similar applications. Hypothesis testing was conducted using a partial t-test to determine the significance of transformational leadership's influence on employee performance, with a significance level of 0.05. The analysis results were then interpreted to draw conclusions regarding the relationship between the two variables in this study.

RESULTS AND DISCUSSION

1. Description of Research Data

This study involved 100 respondents, all employees in the modern business sector. Based on the questionnaire, the majority of respondents gave a positive assessment of the implementation of transformational leadership in the company and considered employee performance to be good. The following is a summary of the descriptive statistics:

Table 1. Descriptive Statistics of Research Variables

Variables	N	Minimum	Maximum	Mean	Standard Deviation
Transformational Leadership	100	3.10	4.85	4.12	0.45
Employee performance	100	3.00	4.90	4.20	0.50

Based on the table above, the average (mean) value of both variables is in the high category, which indicates that transformational leadership has been implemented well and employee performance is also at an optimal level.

2. Validity and Reliability Test

All statement items in the questionnaire were declared valid because their correlation value (calculated *r*) was greater than the table *r*. Furthermore, the reliability test results showed that all variables had a Cronbach's Alpha value > 0.70, thus declaring the research instrument reliable.

3. Classical Assumption Test

The results of classical assumption testing show that:

1. Normally distributed data (normality test)
2. There is no heteroscedasticity
3. There is no multicollinearity problem

Thus, the regression model is suitable for further analysis.

4. Simple Linear Regression Analysis

Table 2.Simple Linear Regression Analysis Results

Variables	Coefficient (B)	Std. Error	t count	Sig.
(Constant)	1,215	0.321	3,785	0.000
Transformational Leadership	0.724	0.085	8,517	0.000

Based on the table above, the following regression equation is obtained:

$$Y = 1.215 + 0.724X$$

This means that every one unit increase in transformational leadership will increase employee performance by 0.724 units.

5. Test of the Coefficient of Determination (R²)

Table 3.Coefficient of Determination

R	R Square	Adjusted R Square
0.652	0.425	0.419

The R Square value of 0.425 indicates that 42.5% of the variation in employee performance can be explained by transformational leadership, while the remaining 57.5% is influenced by other factors outside the research.

6. Discussion

The results of the study indicate that transformational leadership has a positive and significant influence on employee performance. This is evidenced by the calculated t-value of 8.517, which is greater than the t-table, and the significance value of 0.000, which is less than 0.05.

These findings indicate that the better the implementation of transformational leadership within an organization, the higher employee performance. Leaders who are able to provide inspiration, motivation, and individual attention to employees have been shown to increase work enthusiasm, creativity, and responsibility in completing tasks.

Furthermore, transformational leadership plays a role in creating a conducive and innovative work environment, resulting in employees feeling more engaged and highly committed to the organization. This ultimately leads to increased productivity and work quality.

The results of this study are in line with various previous studies which state that transformational leadership is an important factor in improving employee performance in the dynamic and competitive modern business era.

CONCLUSION

Based on the research results and discussion, it can be concluded that transformational leadership has a positive and significant influence on employee performance in the modern business sector. This indicates that the more effective the transformational leadership style is, the higher the resulting employee performance level.

Transformational leadership, demonstrated through a leader's ability to provide inspiration, motivation, intellectual stimulation, and individual attention, has been shown to improve work quality, productivity, and employee accountability. Furthermore, this leadership style creates a conducive, innovative work environment that fosters optimal employee engagement.

The coefficient of determination indicates that transformational leadership significantly contributes to employee performance, although other factors beyond the research also influence this performance. Therefore, organizations are advised to focus not only on leadership style but also on other factors such as organizational culture, compensation, and the work environment.

Thus, the application of transformational leadership can be used as an effective strategy in improving employee performance and supporting organizational success in facing the increasingly complex and competitive challenges of modern business.

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