THE EFFECT OF TRANSFORMATIONAL LEADERSHIP STYLE ON ORGANIZATIONAL COMMITMENT, EMPLOYEE ENGAGEMENT, AND EMPLOYEE PERFORMANCE PT. PLN (PERSERO) UP3 BUKITTINGGI

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Abstract

In a company, many factors support the sustainability of the company, especially in the era of globalization which increases competition between companies. To be able to survive in the current era of global competition, companies do not only focus on company profits, but also focus on human resources in company management. This study aims to examine the effect of Transformational Leadership Style on Organizational Commitment, test the effect of Transformational Leadership Style on Employee Performance and examine the effect of Transformational Leadership Style on Employee Engagement at PT PLN (Persero) UP3 Bukittinggi. The samples used according to these characteristics were 53 samples which were in accordance with the acceptable samples for parametric analysis (30<x<500). Transformational Leadership Style has an effect on Organizational Commitment, Transformational Leadership Style has an effect on Employee Engagement and Transformational Leadership Style has an effect on Employee Performance.

Keywords: Transformational Leadership Style, Organizational Commitment, Employee Engagement

Introduction

In a company, many factors support the sustainability of the company, especially in the era of globalization which increases competition between companies. To be able to survive in the current era of global competition, companies do not only focus on its profits, but also focus on human resources in its management. Human resources in a company that are in the company's management is one of the company's important factors. This is because good company management have the ability to help companies to achieve their goals, including maximizing profits.

In a management, there is leadership that plays an important role in the direction of the company. The type of leadership discussed is transformational leadership. Transformational leadership specifically defines and shapes organizational culture. Transformational leaders are those who shape norms, philosophies and values in organizational culture (Yaseen et al, 2018). This leadership style focuses on motivating employees to carry out their duties in accordance with the attitude of responsibility that employees have. In this leadership style, leaders are expected to have good communication skills so that they can convey company goals to employees properly and clearly so that employees can understand and recognize their own credibility as leaders in the company.

Companies with highly committed employees will benefit from several aspects, such as low employee turnover thereby reducing time consumption and additional costs for recruiting new employees. High commitment to the company is also one of the driving factors in achieving the long-term vision or goals of the company (Yuwono et al, 2020). This is as found in research conducted by (Atmojo, 2012) explaining that transformational leadership used by management can be one of the factors that encourage increased employee commitment to the company.

Apart from commitment, employee performance is also an important factor in driving the achievement of the company's long-term goals. Employee performance has a close relationship with transformational leadership, this is in accordance with the Leader-Member Exchange or LMX concept. According to (Selvarajan et al, 2018) a good relationship between leaders and their subordinates or their employees, shows that there will be respect and recognition given by employees to their leaders so that employees with high LMX will give respect and reinforcement by contributing in every steps decided by the leader. The leadership style of a leader is expected to influence employees as one of the movers of the company. With the right leadership style, it can create comfort for employees in the company so that it can create stronger work engagement and commitment, as well as more optimal employee performance.

In Indonesia there are companies or business entities owned by the state which are basically no different from other types of large companies, State Owned Enterprises (BUMN) companies have goals, both long term and short term, where behind these goals there are various decisions taken by appropriate for achievement. BUMN as a business entity owned by the state where all or most of the business capital is owned by the state originating from state assets. BUMN runs and is supervised by a special ministry, namely the Ministry of BUMN. In general, the purpose of BUMN is for the welfare of the Indonesian people, but BUMN also focuses on profits which will later be used to achieve the goals of the people's welfare. With goals that are more directed or have been determined by the state, this is one of the reasons to find out...
whether the leadership style of a leader in a BUMN company can affect its employees, especially the commitment, performance and engagement of employees towards BUMN companies.

One of the BUMNs in Indonesia is PT. PLN (Persero). PT. PLN as a public company, of course focuses on the satisfaction of its customers, but to achieve customer satisfaction, this does not necessarily happen without the contribution of PLN management, especially if it is fully handed over to employees without guidance and direction from PLN leaders or management. The goals or goals and vision of PLN will be achieved properly if the leadership used in directing and guiding employees uses the right leadership. Therefore, this study is intended to analyze the effect of transformational leadership on employee commitment, employee performance and employee engagement. As for the subject of this research, namely employees at PT. PLN (Persero) UP3 Bukittinggi.

Based on this background, this study aims to:
1. Examine the effect of transformational leadership style on organizational commitment at PT. PLN (Persero) UP3 Bukittinggi.
2. Examine the effect of transformational leadership style on employee performance at PT. PLN (Persero) UP3 Bukittinggi.
3. Examine the effect of the relationship of transformational leadership style on employee engagement at PT. PLN (Persero) UP3 Bukittinggi.

Literature Review

Transformational Leadership Style

Transforming leaders aim to create awareness among followers of the higher moral values of the company and make followers more sensitive to the value and importance of work. This aims to make employees have a sense of belonging to the organization so they can make the organization a priority. important. This feeling of belonging or sense of belonging will create a sense of trust and respect for their superiors or leaders which in turn will be able to motivate employees to work optimally and even exceed the expectations of the leadership or organization. This influence from the transformational style possessed by the leader can be achieved with the charisma of the leader, inspiring leadership, personal attention and intellectual stimulation provided (Bukit et al, 2017).

According to Bass and Avalio (1994) in (Ariesta, 2014) there are four dimensions in the transformational leadership style, namely:
1. Idealized influence, this dimension focuses on the behavior and behavior of organizational leaders who can give the impression of admiration, respect and trust for employees when communicating with their leaders.
2. Inspirational motivation, leaders with a transformational leadership style are considered capable of providing motivation or encouragement, in the form of conveying clear expectations and in accordance with the achievements of their employees and can increase the enthusiasm of their employees in the organization so that enthusiasm and optimism grow from employees to be able to work and give their best to achieve company goals.
3. Intellectual simulation, the ability that must be owned by a leader, including a leader with a transformational leadership style, is to be an innovative person who always has new ideas, including being a solutive figure in providing solutions to problems faced by his subordinates.
4. Individual Consideration, leaders with a transformational leadership style are expected to have openness with their employees, so that every input to requests that employees need in supporting employee work can be heard properly by leaders.

Before deciding to use a leadership style, be it transactional or transformational, the leader must know what the differences are between the two so they can know which one is better, appropriate and effective for their company. The difference between the two leadership styles lies in the way leaders influence their employees, transactional influences employees and encourages their employees to achieve the best performance by providing rewards in return or wages for their performance, whereas leaders with a transformational leadership style focus more on encouraging employees internally, by motivating employees and instilling attachment or engagement between employees and their work so that responsibility can be created.

Organizational Commitment

The commitment of employees describes how the relationship and involvement between employees and the company. This is supported by a statement from (Novitasari & Rivai, 2020) that company goals can be achieved with the support of employees who have a strong commitment to the company, with this strong commitment, not only company goals can be achieved but employees can get rewards commensurate with performance resulting from high commitment.

Employee performance

Employees have a crucial role in a company, where company goals will be achieved if the employee’s performance is good. The definition of performance or performance according to (Bangun, 2012) is a result
of the work that has been done based on work responsibilities according to the position in the company. Meanwhile, according to (Mangkunegara, 2016) performance is the result of work both in terms of quality and quantity that has been achieved by the employee in accordance with his responsibilities as part of an organization.

According to (Robbins & Coulter, 2016) aspects of performance measurement include:
1. Quality, in measuring performance, quality is one important factor to measure in knowing the perfection of the work done with the abilities possessed by employees.
2. Quantity, another factor is quantity, which shows the amount of work done, whether in the form of units or other forms of calculation.
3. Punctuality, timeliness is a factor used to measure whether a job can be done in accordance with the specified deadline and can provide maximum results.
4. Effectiveness, effectiveness is how the resources owned by the company can be used as much as possible to increase the results of the resources that have been used.
5. Independence, independence is how an individual, in this case an employee, can carry out his work.
6. Work commitment, a level where employees have the attitude to be committed to work and the organization where they work.

Employee Engagement

According to Lukito & Rivai (2022) which states that employee engagement can provide many benefits to the organization, one of which is motivating them which is in line with reducing or even eliminating the desire to leave in the near future. According to (Robbins & Coulter, 2016) employee participation or involvement is how employees feel satisfied, enthusiastic and involved in their work. Another definition regarding employee engagement is stated by (Tewal et al, 2017), namely the attachment of members of the organization to the organization itself occurs emotionally in terms of performance, not just physically.

Employee engagement has several aspects, namely:
1. Cognitive or intellectual aspects, aspects where employees have trust and fully support the values of the company where they work.
2. Affective or emotive aspects, aspects in which employees have an attachment and a proud attitude towards the company or organization where they work.
3. BehavioralAspect, is an aspect where employees have a sense of desire to work hard in fulfilling their role as employees of the company or members of the organization.

Framework

Based on the description above, the variables used in this study can be put forward in the following framework.

![Figure 1. Framework](image)

This research will examine the relationship of leadership style to employee commitment, employee performance and employee engagement case study at PT. PLN (Persero) UP3 Bukittinggi.

Methods

The type of research conducted is quantitative research which aims to present an overview of the proof of the proposed hypothesis in accordance with the phenomena in the field. In this study, the data obtained were primary survey data conducted at PT. PLN (Persero) UP3 Bukittinggi. The population is the entire research object studied where in this study the population taken was employees of PT. PLN (Persero) UP3 Bukittinggi with 53 employees.

The characteristics used are employees of PT. PLN (Persero) UP3 Bukittinggi (Non Managerial) who is a permanent employee and has worked for at least 1 year at the company. This is because it can be assumed that employees with permanent employee status and who have worked for at least one year have had work experience with company leaders so that it will make it easier to get valid research results. The sample that
people will use according to these characteristics is 53 samples which correspond to an acceptable sample for parametric analysis (30<x<500).

The application used to process the data is SEM (Structural Equation Modeling) which is a statistical technique that is able to analyze patterns of relationships between latent constructs and their indicators, latent constructs with each other, as well as direct measurement errors. The type of SEM used in this study is PLS-SEM (Partial Least Square Structural Equation Modeling). PLS-SEM is an approach that can be referred to as soft modeling, where using PLS can be used as confirmation of theory and also to build relationships where there is no theoretical basis.

In the smartPLS software to determine the level of significance in a study seen at path coefficient using a nonparametric test, where the t-statistic is used to see whether the proposed hypothesis is accepted or rejected from the results by running the bootstrapping algorithm on SmartPLS. The hypothesis will be supported if the t-statistic value exceeds the t-table with a range of -1 to +1. The hypothesis using two-tailed has a starting point of at least 1.96 provided that the significance must be greater than 0.05 or 5% (Sekaran, 2017)

Result and Discussion

Average Variance Extracted (AVE)

The next step is the analysis of the average extracted variance (AVE) of each variable studied. A questionnaire is declared valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire. The minimum AVE value to state that reliability has been achieved is 0.5.

Table 1. Result Average Variance Extracted (AVE)

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership Style</td>
<td>0,512</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>0,519</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0,509</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>0,504</td>
</tr>
</tbody>
</table>

Source: Processed Secondary Data, 2023

Based on the results of the Average Variance Extracted (AVE) it can be seen that all the variables studied showed an AVE value greater than the criterion of 0.5. So it can be concluded that the construct variable measurement indicators already have a high correlation.

Reliability Test

The reliability test can be carried out together on all questionnaire questions and if the Cronbach Alpha value is > 0.60 then it is declared reliable (Suwarweni, 2014). Meanwhile, according to (Abdillah & Hartono, 2015) if the Composite Reliability value is more than 0.7 then it is considered to have a good level of reliability. The results of the reliability test analysis are presented in the following table.

Table 2. Result Reliabilitas

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership Style</td>
<td>0,864</td>
<td>0,892</td>
<td>Reliabel</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>0,883</td>
<td>0,905</td>
<td>Reliabel</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>0,834</td>
<td>0,877</td>
<td>Reliabel</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>0,805</td>
<td>0,858</td>
<td>Reliabel</td>
</tr>
</tbody>
</table>

Source: Processed Secondary Data, 2023

The reliability test results in table 2 show that all Cronbach's Alpha coefficient values for each variable have a value greater than 0.6. Then the Composite Reliability results are also all more than the criterion of 0.7. So it can be concluded that the instruments used to measure the variables in this study are reliable or feasible to use for the next data processing step.

Path Coefficients

The results of calculating path coefficients with bootstrapping are presented in the table below.
From the results of the path coefficient above, the equations in this study can be obtained, namely:

1. **KO = 0.554 GK**, the value of the path coefficients indicates that the predictive value of the Transformational Leadership Style variable on organizational commitment has a path coefficient that shows a positive direction or in the same direction, which is equal to 0.554. This means that if the Transformational Leadership Style has increased, the organizational commitment at PT. PLN (Persero) UP3 Bukittinggi will increase.

2. **KE = 0.507 GK**, the path coefficients show that the predictive value of the Transformational Leadership Style variable on employee engagement has a path coefficient that shows a positive direction or is in the same direction, which is equal to 0.507. This means that if the Transformational Leadership Style has increased, the employee engagement at PT. PLN (Persero) UP3 Bukittinggi will increase.

3. **KK = 0.310 GC**, the path coefficients show that the predictive value of the Transformational Leadership Style variable on employee performance has a path coefficient that shows a positive direction or is in the same direction, which is equal to 0.310. This means that if the Transformational Leadership Style has increased, the performance of employees at PT. PLN (Persero) UP3 Bukittinggi will increase.

**Transformational Leadership Style has a positive and significant effect on Organizational Commitment.**

Based on the results in Table 4.16, it can be seen that the transformational leadership style variable has a positive and significant effect on Organizational Commitment at PT. PLN (Persero) UP3 Bukittinggi. This is evidenced by the t statistics value of 6.664 which is greater than the cut off value of 1.96. Then the resulting p values are 0.000 smaller than the cut off value set at 0.05. So it can be concluded that H1 is accepted.

**Transformational Leadership Style has a positive and significant effect on Employee Engagement.**

Based on the results in Table 4.16, it can be seen that the Transformational Leadership Style variable has a positive and significant effect on Employee Engagement at PT. PLN (Persero) UP3 Bukittinggi. This is evidenced by the t statistics value of 5.827 which is greater than the cut off value of 1.96. Then the resulting p values are 0.000 smaller than the cut off value set at 0.05. So it can be concluded that H2 is accepted.
Transformational Leadership Style has a positive and significant effect on Employee Performance.

Based on the results in Table 4.16, it can be seen that the Transformational Leadership Style variable has a positive and significant effect on Employee Performance at PT. PLN (Persero) UP3 Bukittinggi. This is evidenced by the t statistics value of 2.173 which is greater than the cut off value of 1.96. Then the resulting p value is 0.030 which is smaller than the cut off value set at 0.05. So it can be concluded that H3 is accepted.

Conclusion

Based on the results and discussion described in the previous chapter, the authors draw the following conclusions: transformational Leadership Style has a positive and significant effect on Organizational Commitment at PT. PLN (Persero) UP3 Bukittinggi. From these results it can be concluded that if the managerial level has a transformational leadership style that is applied to their subordinates, it will be able to increase employee commitment to the organization. Judging from the respondents who filled out the questionnaire it can be concluded that the employees of PT. PLN (Persero) UP3 Bukittinggi feels confident in the company's goals which will encourage these employees to remain loyal to the company. Transformational Leadership Style has a positive and significant effect on engagement employees at PT. PLN (Persero) UP3 Bukittinggi. This means that by using a transformational leadership style, managers with this leadership style can influence the attachment of their employees or subordinates to the company. Based on respondent Which fill in questionnaire, can concluded that employee PT. PLN (Persero) UP3 Bukittinggi are satisfied and enthusiastic in carrying out their work. Transformational Leadership Style has a positive and significant effect on performance Employees at PT. PLN (Persero) UP3 Bukittinggi. From these results it can be concluded that leaders who use a transformational leadership style properly and appropriately can encourage increased performance from employees in a company. From respondent Which fill in questionnaire it can be concluded that performance results employee PT. PLN (Persero) UP3 Bukittinggi is in accordance with its responsibilities both in quality and quantity.

References