THE EFFECT OF TRANSFORMATIONAL LEADERSHIP DIMENSION ON EMPLOYEE PERFORMANCE AT PT. KALIMANTAN SAWIT KUSUMA

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ABSTRACT

A substantial corpus of research has examined the impact of transformational leadership, yet studies on each dimension of transformational leadership remain scarce. This research aims to address this gap by examining the influence of four dimensions of transformational leadership, with a particular focus on their impact on employee performance in palm oil companies in Indonesia. This research employs a descriptive quantitative methodology with a survey method. Furthermore, the data collected in the field was obtained through the distribution of questionnaires to 100 employees in hard copy form. Following this, the data will be analyzed using SEM PLS 3.2.9. The findings indicate that the three dimensions of transformational leadership have a significant positive effect on employee performance, with only idealistic influence exhibiting no significant effect. The survey was conducted exclusively on employees who were based in the office, with those working in the field being excluded. Nevertheless, this research provides theoretical implications in the form of empirical evidence of the influence of transformational leadership dimensions on employee performance in the context of human resources working in palm oil companies in Indonesia. Furthermore, the findings provide practical implications with recommendations for improving employee performance.

Keywords: Intellectual Stimulation, Idealised Influence, Inspirational Motivation, Individualized Consideration, Employee Performance

1. Introduction

Transformational leadership has been a topic that has been widely discussed in previous research. Transformational leadership is considered effective in improving employee performance by motivating and developing the full potential of employees (Rivai, 2020). Transformational leadership is a leadership style that encourages and motivates employees to innovate and create changes that have an impact on the company's future success (Choi et al., 2017). Transformational leadership is also able to influence employees to develop and contribute maximally to the company.

Previous research has shown that transformational leadership can improve performance in various sectors such as in education, hospitality, self-service, health, banking and many more. However, there is limited research that explores the impact of transformational leadership specifically in the palm oil industry. Because considering that the palm oil industry is one of the factors that contribute to supporting the economy of Central Kalimantan, by being able to provide employment for thousands of local people (Ayu, 2021). So it is also necessary to pay attention to the leadership system adopted in the oil palm plantation industry, so that companies are able to compete in the era of increasing growth in oil palm plantations like today. Especially so that Indonesia always maintains the performance of each company to be able to compete in order to have a positive impact on the nation's economy (Sulistiawati

et al., 2023).

Because considering the oil palm plantation industry also has unique characteristics, especially having large land areas, large offices and factories, in this case a good compromise between leaders and employees is needed in order to be able to manage work according to company targets. So that the leadership theory chosen in this study is transformational leadership theory to determine what kind of leadership style is suitable to be applied at PT Kalimantan Sawit Kusuma, in order to improve employee performance. This study aims to determine the perceptions of employees who work in the office of PT Kalimantan Sawit Kusuma towards transformational leadership. Because considering in several previous industries that transformational leadership can improve employee performance such as research conducted by (Buil et al., 2019), this research was conducted with the intention of wanting to find out more if transformational leadership is applied to PT. Kalimantan Sawit Kusuma is also able to improve the performance of employees who work in offices in the oil palm plantation industry in Central Kalimantan or vice versa. In research conducted by (Teoh et al., 2022) transformational leadership is able to improve employee performance because this transformational leader can establish good relationships with his employees. Although many previous studies have found that transformative leadership can have a direct and indirect impact on employee performance, not many studies have explored the dimensions of transformational leadership on employee performance (Ferozi & Chang, 2021). In this case, transformational leadership has four dimensions that are no less important, which are the behaviours of a transformational leader. According to Teoh et al., (2022) These four transformational leader behaviours are interrelated with each other, namely: Idealistic influence, has a behaviour that focuses on ethics, morals and beliefs; Inspirational motivation, has a behaviour that is able to provide meaning and challenge to the work of its employees but still provides words that inspire in order to arouse emotions; Intellectual stimulation, where leaders are able to support new ways of thinking and question ideas, traditions, assumptions and emphasize the importance of skills in solving problems logically; Individualised consideration, is a leader who evaluates the abilities and needs of employees and provides assistance if employees need it.

The findings of this study are expected to help managers at PT Kalimantan Sawit Kusuma on how the description of transformational leadership can improve employee performance in the oil palm plantation industry through the dimensions of transformational leadership in order to more easily understand the figure of a transformational leader with each different characteristic. Therefore, this study is devoted to analysing the influence of transformational leadership dimensions on employee performance at PT Kalimantan Sawit Kusuma. This research will also examine the specific influence of each dimension of transformational leadership, because there are still not many who conduct research to examine this. In research conducted by (Teoh et al., 2022) who suggested for future researchers to conduct research on one of the dimensions of transformational leadership, namely individual consideration, so this study was also conducted to determine whether individual consideration affects employee performance, especially in the oil palm plantation industry, especially at PT Kalimantan Sawit Kusuma (KSK) Central Kalimantan.

2. Literature Review
2.1 Transformational Leadership

According to (Damayanti & Prasetya, n.d.; Kim, 2014) companies use transformational leadership to direct employees in understanding the targets that the company wants to achieve, and provide understanding to employees to do work according to predetermined targets. Transformational leadership is defined as a motivator who has a role to understand the needs of employees and as a form of motivation provided so that employees are able to do work for long-

term goals according to the vision and mission set by the company. (Berraies & Bchini, 2019). Transformational leadership is an important aspect that is able to influence employee performance with its ability to have a commitment to responsibility as a leader. (Astuty & Udin, 2020). In this case, transformational leadership has four dimensions, each of which has different characteristics, namely: idealistic influence, inspirational motivation, intellectual stimulation and individualized consideration. (Bass & Bass Bernard, 1985; Teoh et al., 2022).

2.1.1 Idealist influence

Idealist influence is a leader who shows his authority by providing a vision and mission to employees, so that they gain respect and trust from subordinates.

2.1.2 Inspirational motivation

Inspirational motivation is a leader who encourages his employees by providing unique motivation with the aim of employees being able to achieve common goals.

2.1.3 Intellectual stimulation

Intellectual stimulation is a leader who is able to encourage employees to be more imaginative and innovative in solving problems faced in work, especially to find new ways and more creative ideas.

2.1.4 Individualized consideration

Individualized consideration is a leader who is able to approach employees individually by understanding their needs and difficulties in doing work.

2.3 Employee Performance

In carrying out work, an employee produces something that is referred to as performance, so performance is defined as the work of an employee during a predetermined period of time with work standards to be achieved together (Arianty, 2018). According to (Harahap & Tirtayasa, 2020; Moeheriono, 2014) performance is the level of achievement of the implementation of programs, activities and policies to achieve organisational goals in accordance with the vision and mission stated in the organisation's strategic planning. Meanwhile, according to (Tanjung et al., 2021) performance is the result of work that a person achieves in carrying out the tasks assigned to employees and is based on ability, experience and seriousness. So that (Hendra, 2020; Sutrisno et al., 2010) states that to measure performance you can use several indicators using several performance criteria, namely: quality, quantity, timeliness, cost efficiency and supervision.

Based on the above definition, it can be concluded that employee performance is everything that an employee or employee wants to achieve in doing the work that has become his responsibility as an employee. Then from several indicators contained in employee performance, employees have the opportunity to do work according to the provisions of an organisation. Previous research conducted by (Rivai, 2020) that transformational leadership has a significant effect on employee performance, this shows that the better a leader in an organisation, the better employee performance. Meanwhile, research conducted by (Teoh et al., 2022) by examining the influence of the dimensions of transformational leadership on employee performance found that there are two dimensions of transformational leadership that have a positive effect are Idealistic influence and Inspirational motivation. While the two dimensions of transformational leadership that have a negative effect are Intellectual stimulation and Individualised consideration. Meanwhile, research conducted by (Top et al., 2020) also states that there are two dimensions of transformational leadership that have no impact on employee performance including idealistic influence and intellectual stimulation. For this reason, the purpose of this study is to determine whether the dimensions of transformational leadership affect employee performance in other words that the dimensions of transformational leadership can also improve employee performance, especially in the context of oil palm plantations in Central Kalimantan. From the above research, the hypothesis of this study is stated as follows:

H1 : Idealistic influence has a positive effect on employee performance at PT.KSK

H2 : Inspirational motivation has a positive effect on employee performance at PT.KSK

H3 : Intellectual stimulation has a positive effect on employee performance at PT.KSK

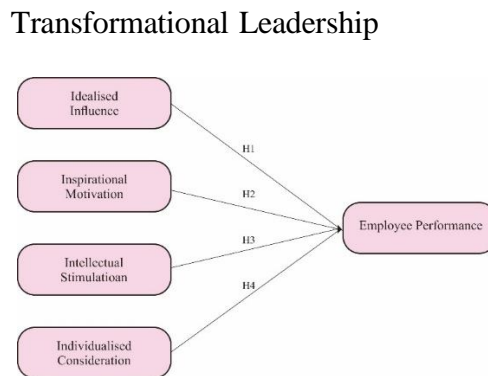H4 : Individualized consideration has a positive effect on employee performance on PT.KSK

Transformational Leadership

Figure 1 Conceptual Framework

3. Research Methods

3.1 Population and sample

This research uses a descriptive quantitative approach by describing or explaining information from an event or event as it is. In addition, descriptive research in this study uses a survey method conducted with several data collection techniques in the form of distributing questionnaires (primary data) and obtained from books and journals (secondary) as a reference for reference in this study. The sampling method in this study was non-probability sampling with purposive sampling. According to (Sugiyono, 2016) purposive sampling is a sampling technique that uses certain considerations or criteria that must be met by the sample and which will be used in research. The criteria used in this study are employees who work in the office of PT Kalimantan Sawit Kusuma who have a minimum service period of 1 year because in testing transformational leadership employees need to know or get to know how far the leadership is in the company where they work.

3.2 Data collection (measurement) instruments

The constructs used in the transformational leadership dimension variable were adopted from Bass & Bass Bernard, 1985 (in Nur et al., 2021), which contained 11 (eleven) statements and the constructs used in the employee performance variable were adopted from (Tugiyono & Kom, 2020), which contained (five) statement items. Analysis of statements on variables in this study is on a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

3.3 Data Analysis

The analysis method in this study uses the Partial Least Square (PLS) approach with SmartPLS software version 3.2.9. Because PLS-SEM can be used to predict and maximise the explanation of the independent variable to the dependent variable (Hair Jr. et al., 2019, p. 766). All data generated in this study will be tested with instrument tests such as convergent validity test, reliability test, validity and hypothesis testing.

4. Research Findings and Discussion

4.1 Description of Respondent Characteristics

    This study has several characteristics of respondents which are divided into 3 (three) groups as follows:

Table 1 Demographic Profile

Respondent Profile	Total	Percentage
Gender		
Women	40	40%
Man	60	60%
Age		
<25 Years	8	8%
25-30 Years	41	41%
>30 Years	51	51%
Length of Service		
<1 Years	4	4%
1-3 Years	28	28%
4-6 Years	34	34%
>6 Years	34	34%

Source: Data processed by researchers, 2024

4.2 Validity Testing

4.2.1 Convergent validity

    At this first stage, namely by conducting a convergent validity test by looking at the outer loading value of each indicator on its construct. According to (Siagian *et al*., 2019) an indicator can be said to meet convergent validity if the value of outer loading> 0.7. Based on the results of data processing using SmartPLS 3.2.9, it is shown in the table below and shows the outer loading value> 0.7, which means that all indicators are said to be valid.

Table 2 Outer Loading Value of Questionnaire Instrument Indicators

Variables	Indicator	Outer Loading
Idealistic influence	**II1.1**	**0.823**
	II1.2	**0.868**
	II1.3	**0.896**
	II1.4	**0.850**
Inspirational motivation	**IM2.2**	**0.919**
	IM2.3	**0.897**
	IM2.4	**0.900**
Intellectual stimulation	**IS3.1**	**0.930**
	IS3.2	**0.872**
	IS3.3	**0.908**
Individualized consideration	**IC4.1**	**0.940**
	IC4.2	**0.934**
Employee Performance	**EP1.1**	**0.915**
	EP1.2	**0.877**
	EP1.3	**0.845**

Source: Data processed by researchers, 2024

4.2.2 Discriminant Validity

In testing discriminant validity using Heterotrait Monotrait (HTMT), where each variable meets the criteria with a HTMT value <0.90. The following will attach the results of data processing using SmartPLS 3.2.9 in the table below:

Table 3 HTMT Discriminant Validity Test Results

	Employee Performance	Idealised Influence	Individualised Consideration	Inspirational Motivation	Intellectual Stimulation
Employee Performance					
Idealised Influence	0,349				
Individualised Consideration	0,589	0,575			
Inspirational Motivation	0,624	0,539	0,773		
Intellectual Stimulation	0,486	0,698	0,501	0,618	

Source: Data processed by researchers, 2024

4.2.3 Reliability and Validity Testing

In testing the reliability and validity of each indicator can be said to be reliable and valid if it meets the criteria with a Composite Reliability value> 0.70, a Cronbach's Alpha value> 0.70 and an AVE value ≥ 0.50. Based on the results of data processing using SmartPLS 3.2.9, it is displayed in the table below and shows the Composite Reliability value> 0.70, Cronbach's Alpha value> 0.70 and AVE value ≥ 0.50, which means that it meets the criteria for reliability and validity.

Table 4 Reliability and Validity Test Results

	Cronbach's Alpha	rho_A	Composite Reliability
Employee Performance	0,854	0,865	0,911
Idealized Influence	0,883	0,895	0,919
Individualized Consideration	0,861	0,862	0,935
Inspirational Motivation	0,890	0,895	0,932
Intellectual Stimulation	0,888	0,897	0,930

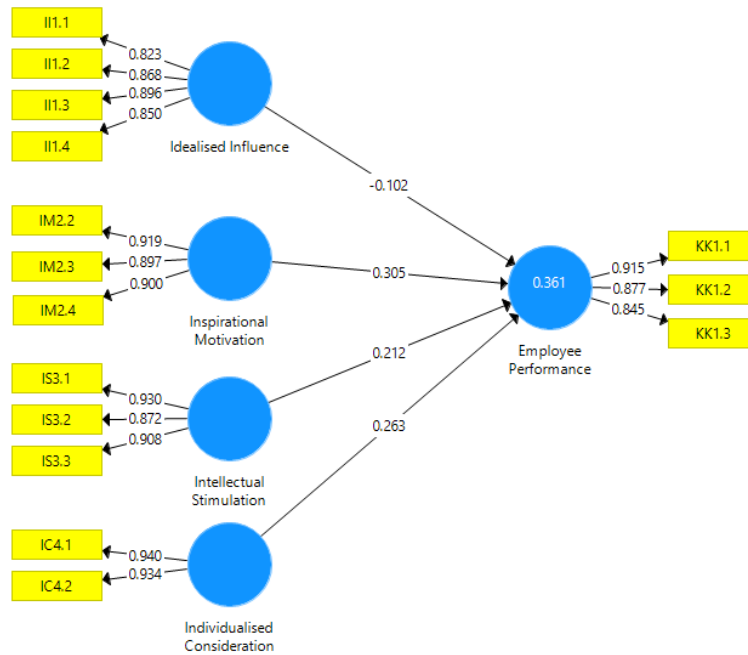Source: Data processed by researchers, 2024

Figure 2. Partial Least Square Model Bootstrapping
Source: Data processed by researchers, 2024

4.3. Hypothesis Testing

The purpose of this study was to investigate the effect of transformational leadership dimensions (idealistic influence, inspirational motivation, intellectual stimulation, and individualised consideration) on employee performance at PT Kalimantan Sawit Kusuma. The results of the study can be seen from the hypothesis testing conducted to determine the effect of the independent and dependent variables by looking at the t-statistic and p-value values presented in the table below.

Table 5
Hypothesis Testing Results

Hipotesis	Description	T-Statistic	P-Value	Information
H1	Idealis influence → Employee Performance	0.994	0.321	Not Supported
H2	Inspirational motivation → Employee Performance	2.852	0.005	Supported
H3	Intellectual stimulation → Employee Performance	3.712	0.000	Supported
H4	Individualised Consideration → Employee Performance	2.736	0.006	Supported

Source: Data processed by researchers, 2024

The significance of the research hypothesis can be determined through the hypothesis test conducted. Hypothesis testing results can be done using t-statistic analysis of t-statistic values and p-values. In testing the hypothesis Idealis influence has a positive effect on employee performance at PT.KSK (H1), the p-value is obtained which does not match the criteria so that the second hypothesis is declared unsuccessful and rejected. It can be concluded that Idealis influence does not have a positive effect on employee performance at PT.KS. This is in line with research conducted by (Top et al., 2020) which states that Idealis influence leaders have no effect on employee performance. However, research conducted by (Teoh et al., 2022) states that idealistic leaders influence employee performance where idealistic leaders influence employees to provide good performance according to the company's vision and

mission. According to (Nidadhavolu, 2018) transformational leaders are able to act as mentors in their team or department to focus on personal development, learning and achievement of their followers and are able to have a positive impact on employee performance. Because the nature of work at PT.KSK is generally repetitive and follows company procedures, idealistic influence is not relevant for employees working at PT.KSK.

In testing the hypothesis Inspirational motivation has a positive effect on employee performance at PT.KSK (H2), the p-value is obtained in accordance with the criteria so that the second hypothesis is accepted. It can be concluded that Inspirational motivation has a positive effect on employee performance at PT.KSK. So it is suggested that the Inspirational motivation leader at PT.KSK can be a leader who is able to inspire his employees by providing motivation that can build their performance to be better according to the standards given by the company.

In testing the Intellectual stimulation hypothesis has a positive effect on employee performance at PT.KSK (H3), the p-value is obtained in accordance with the criteria so that the third hypothesis is accepted. So, it can be said that the Intellectual stimulation hypothesis has a positive effect on employee performance at PT.KSK. So it is recommended for Intellectual stimulation leaders at PT.KSK to be able to influence employees by stimulating them and trying approaches to encourage the creativity of employees to become more creative and have new ideas in looking at obstacles to work with logic and being able to solve them in a new way.

In testing the hypothesis Individualised consideration has a positive effect on employee performance at PT.KSK (H4), the p-value is obtained in accordance with the criteria so that the fourth hypothesis is accepted. It can be concluded that Individualised consideration has a positive effect on employee performance at PT.KSK. So it is recommended that the leader of individualised consideration at PT.KSK, must be able to motivate his employees by providing individual attention to understand what is a need and what is an obstacle in doing work.

5. Conclusion

This study found that, transformational leadership can improve employee performance at PT Kalimantan Sawit Kusuma. The dimensions of inspirational motivation, intellectual stimulation, and individualised consideration are the dimensions of transformational leadership that have the most influence on employee performance. Leaders of PT Kalimantan Sawit Kusuma need to have the characteristics of each of these dimensions in their leadership in order to optimally improve employee performance. The findings of this study have several important implications for companies to improve employee performance. By applying transformational leadership consistently and purposefully, companies can achieve competitive advantage, improve business sustainability, and achieve their strategic goals. The results of this study also provide a theoretical contribution which uses dimensions from transformational leadership theory. In addition, it also helps managers to know what kind of leader is able to improve employee performance in their company.This study also provides several recommendations for future research. First, future research can further examine the dimensional mechanism of the influence of transformational leadership on employee performance. Second, comparing the effectiveness of transformational leadership with other leadership styles such as transactional and laissez-faire leadership.

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