

The Influence of Transformational Leadership on Employee Performance at PT VVF Indonesia

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Abstract— Purpose of this study was to analyze the influence of transformational leadership on employee performance at PT VVF Indonesia. The subjects in this study were the employees of PT VVF Indonesia. Data were collected by using Likert Scale and analyzed by using multiple linear regression. The results of the study found that transformational leadership had no significant influence on employee performance. Even though the score of transformational leadership is high but it was not variable that influence employee performance, it may be caused by other variables that have not been studied. The implication of this study that company can maintain transformational leadership through continuing related programs that are sustainable and also consistent to maintain high employee performance.

Keywords— Employee performance, transformational leadership, oleochemical industry, VVF Indonesia.

I. INTRODUCTION

PT VVF Indonesia is a foreign capital moving company engaged in the oleochemical industry and a development of the VVF Group headquartered in India. In 2011 was present in Medan II Industrial Area (KIM II), Mabar, Deli Serdang, Sumatra North. The PT VVF Indonesia factory in Medan was designed to process CPKO and produce crude split fatty acids and crude glycerin. In its development from year to year, along with the change of top management at PT VVF Indonesia, in 2017 it was issued to increase production volume by adding types of raw materials, namely in addition to processing CPKO, PT VVF Indonesia factories also process RBDPS and in 2018 added processing CNO.

PT VVF Indonesia always supports to give attention to the factors that are very important to improve performance to achieve the company's goals and mission. The amount of work that must be completed by employees and the work results of employees is adjusted to the targets and work standards set by the management of PT VVF Indonesia. In general, completing work activities carried out by employees of PT VVF Indonesia set the right time by maximizing the available working time to complete these tasks. In addition, employee participation through a good level of participation in conducting work activities is an important thing that strongly supports the activities in the company. Number of employees of PT. VVF Indonesia is only 100 people who can help in completing their tasks.

Employees as human resources can develop the key to an organization that requires human resources to be arranged optimally in order to make it easier for employees who can support the organization to achieve the interests of organizational progress (Mangkunegara, 2001). Every individual in the organization is required to maximize its

performance so that organizational goals can be achieved. Gibson et al. (1995) states that organizational performance depends on the performance of its employees. Every time there is an organization, it is necessary to provide positive participation through good performance. Mathis & Jackson (2006) suggest that employee performance represents all work performed and not carried out by employees where their contribution affects the organization. Then Robbins and Judge (2013) stated that performance as work results obtained from work carried out in accordance with the standards specified for the work. Whereas Gibson et al. (1995) suggested what is meant by the number of employees representing a measure that forms quantitative and qualitative met with determination in relation to the duties and responsibilities that have been determined by the organization within a certain period of time and able to measure work performance.

Employee performance will influence the leadership style in the organization because of leadership factors that are able to lead organizational goals, provide motivation for the goals of achievement, and be able to interpret organizational culture (Griffin, 2009). Leadership is one of the factors associated with the process of direction and delegation of tasks to others to achieve organizational goals (Judge & Locke, 1993). The leadership style of the leadership in his subordinates will greatly support the organization in supporting what is the goal of the organization. According to Guritno and Waridin (2005), leadership styles determine the success of the organization they lead to achieve goals. Robbins and Judge (2013) stated that transformational leadership styles create inspiration for members of organizations in setting aside personal needs for organizational progress and paying great attention to their followers. Empirical evidence reveals transformational leadership can provide support for organizational competencies and employee performance (Keller, 1992). The results of the Natsir (2005) study state that transformational leadership is able to give directly to employee performance. While the results of Mardiana's research (2014) state that the relationship between leaders and subordinates and the structure of task and authority of leaders can improve employee performance simultaneously.

Since 2017 until now, PT VVF Indonesia is led by the leader (President Director) who gives attention to employees and supports the development of employee skills to achieve the set work targets. The profile of the current PT VVF Indonesia leader also implements a culture of openness that is giving.

II. OBJECTIVES & METHODS

The purpose of this study is to consider and analyze the influence of transformational leadership style on the performance of PT VVF Indonesia employees. The sampling method used in this study was purposive sampling with a sample of 80 employees. Data collection is done in the form of secondary data collection for employee performance variables and scale methods for transformational leadership style variables,

Secondary data was collected by employees based on the theory of Mathis and Jackson (2006), namely results, quality, timeliness, participation and ability to produce. Data on the quantity of results, quality of results, timeliness and ability obtained from the value of Performance Assessment (PA) for the period April 2017 - March 2018. Dimensional data obtained from employee attendance recorded in the system of attendance records system. Furthermore, secondary data is included in norms as a provision for valuation of value categories from each dimension of employee performance.

The scale of transformational leadership style is based on Bass's (1990) theory of individual consideration, indirect stimulation of inspirational motivation, idealized charisma. The scale of transformational leadership style uses a Likert model that is announced and approved is not liked with 5 types of answers that will be chosen according, appropriate, neutral, inappropriate, and very inappropriate. The value of each answer is 1 - 5. Weighting the value of the beneficial answer is 5 for ss, 4 for s, 3 for n, 2 for s and 1 for sts. The unfavorable value of weighting is 1 for ss, 2 for s, 3 for n, 4 for ts and 5 for sts.

III. RESULTS AND DISCUSSIONS

The results of the study stated that transformational leadership style had no significant influence on employee performance so that the hypothesis that there was a significant effect of transformational leadership style on employee performance in this study was rejected. In line with the results of the study, Elgelal and Noermijati (2014) from the results of their research suggest that transformational leadership styles do not have a significant effect on employee performance. The more positive transformational leadership style tends to increase job satisfaction which encourages employee performance improvement. Therefore job satisfaction can mediate the transformational effect of leadership on employee performance.

Howell and Avolio (1993) and Politis (2002) also suggest the same thing where transformational leadership styles can improve employee performance through job satisfaction. Whereas Koh, Steers and Terborg (1995) and Barling, Weber and Kelloway (1996) from the results of their research suggest that transformational leadership style influences employee satisfaction and organizational commitment. Research by Cook, Wall, Hepworth and Warr (1981) and Chen and Silverthorne (2005) found that transformational leadership style had a positive and significant influence on job satisfaction. The results of the analysis from the studies mention the relationship of employee job satisfaction and

transformational leadership style found in various settings such as health services, military, educational and business organizations. Job satisfaction has a significant influence in mediating transformational leadership and employee performance.

Brown and Arendt (2011) also found no significant influence between transformational leadership on employee performance. This happens because employees at the leader level are not consistent in giving ratings or evaluating employee performance so that rating errors occur called leniency errors, namely the leader's error in giving a rating that tends to be high so that rating is inaccurate. Errors like this can occur especially if the rating is given to employees by leaders who recruit these employees. Another mistake that might occur due to inaccurate rating is the halo & horns effect, where halo error occurs if the leader gives a high rating to employees for all fields of work, while horns error is the opposite where the leader gives a low rating to employees (Noe et al., 2018).

IV. CONCLUSION

Transformational leadership style does not have a significant influence on employee performance, even though the leadership style is positive it does not mean that it will be followed by high employee performance. The implication of this research is that leaders continue to implement open door policies and follow-up so that the relationship between leaders and employees who are led remains well established. Leaders must also be consistent in monitoring, evaluating and providing positive reinforcement of employee performance achievements that have been good.

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