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The Influence of Transformational Leadership and Organizational Culture on Employee Performance

(study of one of the companies operating in the field of publishing and book trading in the city of Bandung)

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Abstract

This study utilized SPSS 16 software for research analysis. Its objective was to examine the impact of transformational leadership and organizational culture on employee performance. This research intends to analyze the elements that exert the most significant influence on employee performance, specifically the relationship between transformational leadership, organizational culture, and employee performance. The analysis will be conducted utilizing a questionnaire administered to 30 respondents.

Research utilizing path analysis indicates that the variable of transformational leadership (X1) exerts a direct influence of 41.3% and an indirect influence through its link with organizational culture (X2) of 12.3%, resulting in a total influence of 53.6%. The variable of organizational culture (X2) has a direct impact of 12.9% and an indirect impact through its association with transformational leadership (X1) of 12.3%. The total impact is 25.2%. The research findings demonstrate that the coefficient of determination (R-square), expressed as a percentage, highlights the significant impact of both transformational leadership (X1) and organizational culture (X2) on the employee performance variable (Y), accounting for 78.8% of the variance. It is important to note that there may be other factors that also influence performance. Employees (Y) who were not included in the study are represented by an epsilon value of 21.2%. The research findings suggest that focusing on transformational leadership and organizational culture can enhance employee performance in a publishing and book trading company located in Bandung. It is recommended that more attention be given to these factors.

Keywords: Organizational culture, leadership, employee performance

Introduction

Functionally, books have a pivotal significance in advancing education in Indonesia. Primarily, they are crucial in expanding individuals' perspectives and improving self-awareness. The competition among businesses in the book sector in Indonesia, including retail outlets such as Gramedia, Naga Mas bookshop, Periplus, and others, has become more intense as each company strives to attract and retain clients by the ideals stated in Law Number 7 of 2014 about Trade. The fourth industrial revolution has brought about significant transformations in people's cognition, lifestyle, and social interactions, influencing technology, economy, social dynamics, and politics. Consequently, this has profoundly impacted human resources (HR), which now plays a pivotal role in the success of Industry 4.0.

In the current period of globalization, there is a heightened level of competition among companies, particularly in Indonesia. This condition has led enterprises to make more efforts to achieve excellence in both their company operations and the overall economy. Severe competitiveness is seen even within the book retail industry, as the rapid expansion of the Indonesian book market has resulted in fierce competition. This condition is further intensified by the rise of online bookshops, now competing with traditional brick-and-mortar stores.

Customer satisfaction is crucial for a company to succeed in this competition. The quality of products or services given, customized to match client needs, significantly impacts customer happiness. Companies that provide superior products or services to their clients typically cultivate satisfaction. On the other hand, if consumer expectations are unmet, it will result in unhappiness. This dissatisfaction needs to be swiftly handled in order to keep clients.

A company's success is determined by its revenue and the substantial impact of its human resources, which are vital for its success. The presence of human resources is crucial for a business's efficiency and advancement. Competent and skilled people are necessary to achieve organizational effectiveness and progress. On the other hand, organizations must be effectively managed to improve employee performance, as the caliber of human resources substantially impacts a company's outcome.

Human resource management involves various activities, such as strategic planning, organizational structuring, implementation, and monitoring. The importance of human resources in achieving organizational goals is well recognized, particularly in the current context when mature management features take precedence in managing firms or institutions. Human resources primarily encompass the skills and talents of employees, which are assessed according to specified criteria established by the firm or institution. When employees are considered capable of enhancing their performance by the objectives of the company or institution, it leads to increased productivity within the firm.

Performance mainly indicates an individual's or group's readiness to carry out tasks and meet obligations as anticipated. Employees' performance is considered high when they complete their job, and their work output surpasses the company's expectations. Failure to regulate employee performance can cause internal strain, reducing job motivation and lower performance quality.

The performance of its employees influences the success of an organization or firm. Performance is a standard for firms to assess how individuals accomplish their responsibilities and predict future corporate advancement. Nevertheless, it is essential to acknowledge that personnel possess varying talents and attributes when completing their responsibilities, as human capabilities are inherently diverse. Efficiency is crucial for an organization. Competence, corporate culture, and incentive climate are the key factors that affect individual success. *Transformational leadership* is a leadership approach that involves creating, communicating, and modeling a vision for the organization. It aims to motivate subordinates to improve their performance, leading to a team or organizational performance transformation to achieve the goal.

The study concludes that transformational leadership and organizational culture substantially influence employee performance at PT. Gramedia Asri Media Branch Paris Van Java, Bandung. Nevertheless, additional variables impact employee performance, indicating the necessity for further investigation into these elements and implementing efficient ways to manage them to successfully attain enhanced workplace performance.

Method

Study methods encompass a systematic and scientific approach employed by academics to gather study data. This research methodology employs descriptive and verification techniques, namely analyzing study findings and deriving conclusions from them. By applying research methods, we can uncover meaningful connections between the variables under investigation. This method will lead to conclusions that enhance our understanding of the subject being investigated.

The study population refers to a set of objects selected based on specific criteria and classified into different categories. These objects may encompass individuals, documents, or records regarded as research entities.

The study included a sample size of 30 participants. ⁹ The sample is a subset or segment of the population under investigation. If there are at most ten subjects, it is preferable to take all of them. Alternatively, if the subject is more significant than 100, it can fall within 10%—15% or 20%—25 %.

The sample must be representative, encompassing all features of the population. The investigation employed a saturation sampling technique.

This method is commonly practiced when the population size is relatively small, typically less than 30 individuals, or when researching to make accurate generalizations with minimal margin of error. A remote sample, often called a census, involves sampling all community members.

An inquiry frequently raised in the context of the sampling method concerns the requisite number of samples for the investigation. An insufficiently large sample may hinder the research's ability to accurately depict real-world conditions. Conversely, a vast sample might lead to unnecessary research expenses.

In this research, the author employed a saturation sampling strategy involving using all population members as respondents. Specifically, 30 respondents were included.

The research objectives dictate the use of validity and reliability testing as the data analysis methodologies employed in this study. Data validity testing refers to the extent to which a test tool, such as a questionnaire, accurately measures what the researcher intends to assess based on the level of measurement. A measuring instrument is considered legitimate if it accurately performs its intended function by measuring the intended quantity. The validity test calculation will be performed by establishing a correlation between each item's score and all items' total score. The correlation computation yields a correlation coefficient, which is utilized to assess the item's level of validity.

Meanwhile, the reality test pertains to ascertaining the measuring tool. The accuracy can be evaluated by statistical analysis to determine any measurement inaccuracies. Reliability can be better comprehended by focusing on stability, precision, and uniformity. An instrument is deemed dependable when it can be relied upon to measure research data.

Results and Discussion

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This study aims to examine the impact of transformational leadership and organizational culture on employee performance in a publishing and book trading company located in Bandung. Given the company's involvement in the ever-changing advertising and publishing sector, they must comprehend the aspects influencing their employees' performance. Transformational leadership is recognized for its ability to inspire and encourage colleagues toward attaining shared objectives. At the same time, organizational culture fosters a collaborative and innovative work environment that promotes employee satisfaction. Hence, this study aims to examine the extent to which these two factors influence employee performance in Bandung's publishing and book dealing industry.

Data for this study was gathered via surveys issued to employees of a publishing and book trading company in Bandung. The poll comprised inquiries to assess employees' impressions of workplace leadership, corporate culture, and self-evaluation of their performance. The measurement of transformational leadership encompassed aspects such as courage in decision-making, the ability to inspire and motivate others, and a genuine care for the development of employees. Concurrently, organizational culture was evaluated by considering elements such as collaboration, creativity, support from management, and fairness within the firm. Employee performance data were acquired via internal performance reviews by managers or direct supervisors.

Following the data collection, an analysis was performed to assess the correlation between the investigated variables. The analysis employed multiple linear regression to quantify the impact of both independent variables (transformational leadership and organizational culture) on the dependent variable (employee performance). The investigation revealed that both independent factors significantly impact employee performance in a publishing and book trading company in Bandung.

The research findings revealed that the coefficient of determination (R square), stated as a percentage, which represents the combined influence of transformational leadership and organizational culture on employee performance, is 78.8%. The remaining 21.2% (epsilon) accounts for additional elements that impact employee performance outside transformational leadership and organizational culture.

Transformational leaders can enhance their employees' performance to attain desired results by fostering a company's established organizational culture. Employees who possess positive work attitudes are likely to exhibit improved performance. This research is substantiated by other studies that demonstrate a concurrent positive correlation between leadership, corporate culture, and employee performance.

Transformational leadership exerts the most influence among the two variables due to its statistically proven dominance and superiority. It can independently influence employee performance without relying on organizational culture characteristics, suggesting that it has a statistically significant impact. However, in practical terms, transformational leadership is still necessary to guide and motivate employees, encouraging them to be more engaged in their work.

Transformational leadership and organizational culture are two influential elements that impact employee performance. Transformational leadership is positively correlated with employee performance values. Transformational leadership is often seen as crucial for ensuring employees' long-term success inside an organization. Effective leadership fosters high staff performance.

Furthermore, the impact of each employee's performance is also considered while considering organizational culture. There is a positive correlation between the level of leadership and employee performance. Additionally, the organizational culture directly impacts employee performance and will also be enhanced as a result. A positive organizational culture fosters employee excitement and yields benefits for the company.

Based on the research findings, transformational leadership has a substantial impact on shaping employee performance in real-world situations. However, to maximize performance, organizational culture must be strengthened within a company. This condition will allow for a more effective partnership or integration of transformational leadership and organizational culture, resulting in achieving desired targets.

The research suggests that management should prioritize the development of leadership styles that effectively motivate and strengthen organizational culture to maximize employee performance. By comprehending the impact of these two aspects, management may formulate methods to enhance employee performance and establish a more favorable work environment. Nevertheless, management should consider additional variables that could impact employee performance and devise effective strategies to address them.

Conclusion

This research emphasizes the significance of transformational leadership and organizational culture in creating a productive and stimulating work environment in a company within the publishing and book trade industry in Bandung. The discovery that these two factors can account for the majority of the variability in employee performance implies that making investments in the enhancement of inspirational leadership and the construction of a supportive organizational culture can yield substantial outcomes for firms. Nevertheless, being cognizant of additional elements that impact employee performance is crucial.

Subsequent research might investigate supplementary variables that impact the performance of employees at a publishing and book-selling company in the city of Bandung, considering both internal and external aspects. Research can investigate the influence of external factors, such as industry advancements, market patterns, or regulatory modifications, on staff performance. Furthermore, it is imperative to conduct additional studies on individual aspects such as employee motivation, abilities, and needs. By comprehending these supplementary aspects, management may design a more all-encompassing and thorough strategy for enhancing employee performance.

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