



The Influence of Transformational Leadership Style and Employee Loyalty On Employee Performance (PT. Smart Talenta Multitama)

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Abstract

The purpose of this study was to examine the effects of employee loyalty on employee performance as well as the influence of transformational leadership style and employee loyalty on employee performance. At PT Smart Talenta Multitama is a partner organization that provides training, organizational development, legal advice, and human resource management services, a total of 45 employees participated in this quantitative study, all the employees served as respondents, and used of multiple regression in data analysis. According to the regression coefficient value of 0.234 obtained from the results, states that transformational leadership style had a positive and significant impact on employee performance. Employee loyalty also demonstrated a positive and significant impact on employee performance with a regression coefficient value of 0.699, and these results indicate that both transformational leadership style and employee loyalty have an impact on employees' performance.

Keywords: Transformation leadership, employee loyalty, employee performance, regression coefficient

1. Introduction

Employees and leaders are crucial components of a business and play crucial roles in its management. Employees are assets of the firm and are expected to perform at their highest level to support the success of the business. While in a leadership role, the objective is to progress the business and the well-being of the workforce (Sonmez Cakir & Adiguzel, 2020). In order to increase employee productivity and motivation, good leaders must have good employees, and vice versa. To improve the company, managers and employees must collaborate (Safayet, 2022).

Doyle (2022) stated that A leader uses their leadership style to influence, guide, inspire, and manage their team members in a particular way so that they may execute tasks efficiently and effectively. Nowadays challenge for leaders is to cultivating a sense of loyalty among employees to the firm in addition to increasing staff productivity (Tomic et al., 2018). Although it is challenging to foster a sense of work loyalty among employees with coworker support will help employees perform better, and leader support will help them stay committed to their positions. Therefore, businesses must be able to influence employee loyalty by providing workspaces, welfare benefits, and adequate pay. Every business needs loyal employees, but such devotion does not just happen, it needs to be fostered by effective management and leadership. Low employee loyalty can affect the performance of employees by causing increased absenteeism, decreased company productivity, and employee disobedience of their leaders.

PT. Smart Talenta Multitama is a partner organization that offers training, organizational development, legal advice, and human resource management services. According to preliminary study, PT Smart Talenta Multitama suffers from several issues, including a lack of employee work ethics, a lack of responsibility and communication among heads of departments and employees, a lack of employee loyalty, and an ineffective application of transformational leadership within the organization. The results of the 2019 (Table 1) performance assessment show that this will result in staff working less efficiently and optimally.

Table 1: Performance Assessment 2019

No	Year	Performance Targets	Real Targets
1	2017	100%	70%
2	2018	100%	80%
3	2019	100%	75%
4	2020	100%	70%

The performance of employees in all divisions has not been maximized. Due to employees' sometimes do not complete work on time and the fact that corporate issues are occasionally not resolved. the administration and logistics division's employees' failure to submit work reports daily and the finance division's inconsistent reporting of the company's revenue and expenses, both departments' performance is not optimal. The purpose of this study is to examine the effects of transformational leadership style and employee loyalty on employee performance and the impact of employee loyalty and transformational leadership on productivity based on the issues above.

2. Literature Review

2.1 Transformation leadership

The ability to influence, move, and direct an action on a person or group for a specific purpose is referred to as leadership. transformational leaders Especially notable are leaders who inspire followers to do things beyond their personal interests for the good of the company and can have a profound and extraordinary impact on employees. Transformational leadership can change the mindset of employees from one that solves problems the old way to one that solves problems in a new, better way. Besides that, transformational leaders are able to make employees passionate at work, arouse enthusiasm, and make employees make extra efforts to achieve company goals (Kotter, 2008). The leader of PT. Smart Talenta Multitama employs a transformational leadership style because they directly train staff on how to work successfully in accordance with corporate standards, can motivate staff to do more, and can persuade staff to put the company's interests ahead of their own. Leaders encourage their followers to implement fresh concepts for the benefit of the business. Employees experience a sense of kinship with coworkers and executives, and they strive to work as much as possible for the organization because of this.

2.2 Employee loyalty

Loyalty is the ability to work together, which entails the ability to put aside one's own interests, practice restraint, and take the center stage. There are two types of loyalty: loyalty to the company as action, which refers to the process by which employees make firm decisions not to leave the company, and loyalty to the company as identification, which is represented by the desire to work and give their best efforts. Employee devotion to the organization will foster a sense of responsibility and can raise morale, barring grave errors(Suardi et al., 2022).

2.3 Employee performance

Employee behavior can be categorized as performance. Employee performance refers to the quality and quantity of work that can be produced by an employee while performing the tasks and responsibilities assigned by superiors (Sugma, 2022). Performance is the outcome of an individual's overall efforts over the course of a given period in carrying out duties, such as work standards, targets, goals, or criteria that have been determined and mutually agreed upon (Rudiansyah, 2022). A worker's performance is based on the quality and quantity of work he or she does while completing his or her obligations. However, without management's sincere efforts, it is not easy to boost employee performance (Pawirosumarto et al., 2017).

Based on a few of the definitions of performance provided above, it can be said that performance is the result of work done over an extended period of time, whether in the form of output or input, that is done in accordance with individual responsibilities based on abilities, sincerity, and experience and that can achieve goals according to the expected results, does not break the law, and complies with ethical standards. Employee performance in this study refers to the accomplishments made by workers at PT. Smart Talent Multitama.

2.4 Regression coefficient

Analysis of multiple regression is a dependence method. Dependent or bound variables (Y) and independent or free variables will be used to categorize variables (X). This research demonstrates that more than one independent variable will have an impact on the dependent variable.

3. Methods

The quantitative approach adopted in this study aims to evaluate the proposed hypotheses before interpreting the analysis's findings to draw conclusions. The quantitative approach used in this study involves processing data on employee performance, employee loyalty, and transformational leadership styles in order to draw conclusions from the examination of these data. The population of this study consists of all 45 employees of PT. Smart Talenta Multitama. Because the population was small and limited, making it impossible to use a sample, the sample size was the same as the population, the sample size was 45 respondents, all of whom worked for PT. Smart Talent Multitama.

4. Finding

4.1 Characteristics of respondents

Table 2: Characteristics of Respondents by Education

Education	Frequency	%
Senior high school	10	22
Diploma	10	22
Bachelor	25	56
Total	45	100.0

Based on table 2 above, it is known that out of 45 respondents, 25 people or 56% dominated with a bachelor's degree, 10 respondents had completed high school or 22% of their education, and 10 respondents had a bachelor's degree or 22% of their education. This means that the majority of PT Smart Talenta Multitama employees had bachelor degrees as their most recent form of education.

Table 3: Characteristics of Respondents based on Working Period

Working Period	Frequency	%
< 10 years	15	33
10.5 years to 20 years	20	44
> 10 years	10	23
Total	45	100

Based on Table 3 above, it can be deduced that out of 45 respondents, 20 have worked between 10.5 and 20 years, which accounts for 44% of the total, 15 have worked for less than 10 years, which accounts for 33%, and 10 have worked for more than 10 years, which accounts for 23%. This indicates that PT Smart Talenta Multitama employees work, on average, between 10.5 and 20 years.

4.2 Test instruments

4.2.1 Validity test

The research instrument, which was created based on the indicators in the operational definition, is used to test the validity of the questions. The variables of the transformational leadership questionnaire are composed of 5 items, while the loyalty and performance variables each have 8 items. Validity testing is used to determine whether the questions are valid.

Table 4: Test the Validity of Transformational Leadership

Variable	Indicator	Correlation Coefficient Product Moment	r Table	Description
Transformational Leadership	X1	0.731	0.361	Valid
	X2	0.689	0.361	Valid
	X3	0.475	0.361	Valid
	X4	0.509	0.361	Valid
	X5	0.477	0.361	Valid

The findings produced after correction the product moment demonstrate that the validity results are greater than r table (0.361), indicating that all items are valid.

4.2.2 Reliability

The SPSS 15.0 for Window program was used to conduct a reliability analysis in order to determine whether each question item that the respondent had answered or evaluated could be deemed valid or not. The results can be presented after testing them by comparing the coefficient α (r count) with the crucial value (r table).

Table 5: Reliability Test

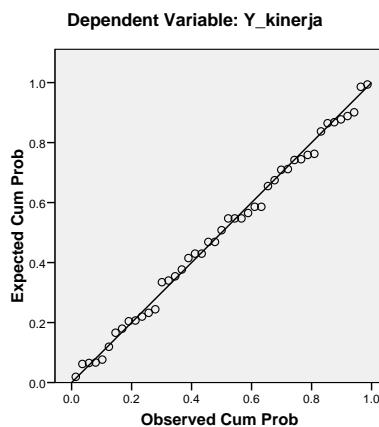
	Alpha Value	Terms of Alpha value	Description
Transformational Leadership	0.784	0.5	Reliable
Loyalty	0.899	0.5	Reliable
Performance	0.776	0.5	Reliable

The reliability test findings, which are shown in table 5 above, show that all variables have alpha values that are higher than the r table value.

4.2.3 Data Normality Test

The classic assumptions are first tested on the regression model before the results of the regression analysis are utilized to test the hypothesis. The following are a few of the traditional assumption tests used in this study:

Normal P-P Plot of Regression Standardized Residual

**Figure 1:** Graph of the data normality test

According to Figure 1, the graph of the data normality test results shown above, the distribution of the dots follows the diagonal line's direction. This indicates that the regression model can be applied because it satisfies the assumption of normality.

4.2.4 Multiple Regression Analysis

The analysis of PT Smart Talenta Multitama's employees' performance led to the following equation, with the following results:

Table 6: Results of Regression Data Processing

Model	Unstandardized coefficients		Standardized Coefficients beta	t	Sig.	Collinearity statistics	
	B	Std. Error				tolerance	VIF
1 (Constant)	0.782	0.325		0.556	1.522		
X1_Leadership_Transformational	0.234	0.068	0.130	2.424	0.15	0.823	1.215
X2 Loyalty	0.699	0.078	0.790	8.920	0.000	0.823	1.215

a. Dependent Variable: Y_performance

The equation obtained is

$$Y = 0.782 + 0.234 X1 + 0.699 X2 + e$$

According to the regression coefficient of 0.234, where other factors are held constant, if transformational leadership increases by 1, employee performance will increase by 0.234. An employee's performance might be positively or unidirectionally influenced by transformational leadership, according to the positive regression coefficient value.

According to the regression coefficient of 0.699, where other variables are held constant, if employee loyalty increases by 1, employee performance will increase by 0.699. The value of the positive regression coefficient suggests that employee performance is positively or unidirectionally influenced of loyalty.

According to R. Square, which is worth 0.728, 72.8% of the variables relating to transformational leadership and loyalty factor influence employee performance, while the remaining 27.2% are influenced by factors beyond the scope of the study. According to the regression equation, loyalty and transformative leadership have a big impact on employee performance.

4.2.3 Hypothesis Test (Test F)

The F statistical test essentially determines whether each independent variable in the regression model has an impact on both the dependent and independent variables simultaneously. The table below shows the outcomes of the F statistical test.

**Table 7: Test F
ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4.601	2	2.301	56.343	0.000 ^a
Residual	1.715	42	0.041		
Total	6.316	44			

- a. Predictors: (Constant), $X2_loyalty$, $x1_Leadership_transformational$
- b. Dependent variable: Y_Performance

According to the table 6 (Anova test), the calculated F value is 56.343 with a level of confidence of 0.000. (significance). The regression model can be used to predict employee performance because the probability is less than 0.05 and the F value is more than 3.2, indicating that both transformational leadership and loyalty affect employee performance.

4.2.4 Hypothesis test (t test)

The analysis's findings indicate that the t counts for each factor are as follows: Transformational leadership significantly affects employee performance when seen from a significant smaller than 0.05, as shown by the t count transformational leadership ($X1$) (2.423) $>$ t table (2.021), rejecting H_0 . When assessed from a significance level less than 0.05, there is a significant relationship between loyalty and employee performance (t count loyalty ($X2$) (8.920) $>$ t table (1.980), rejecting H_0).

5. Discussion

5.1 The effect of transformational leadership on employee performance

According to the regression coefficient of 0.234, where other factors are held constant, if transformational leadership increases by 1, employee performance will increase by 0.234. H_0 is rejected based on the t-arithmetic result that transformational leadership ($X1$) (2.423) $>$ t table (2.021): this indicates that, when considered from a significance level less than 0.05, transformational leadership significantly affects employee performance. Transformational leadership has a positive or unidirectional effect on employee performance, according to the positive regression coefficient and t count values. Consequently, the application of transformational leadership style can enhance employee performance since it meets their greater demands for self-esteem and self-actualization.

5.2 Effect of Loyalty on performance

Given that all other variables are held constant, a loyalty increase of 1 will result in an increase in employee performance of 0.699, according to the regression coefficient of 0.699. And according to the results of the t test, which showed that the t count loyalty ($X2$) (8.920) was greater than the t table (1.980), H_0 is not accepted, indicating that there is a significant relationship between loyalty and employee performance when looked at from a considerably smaller than 0.05. Since loyalty has a positive or unidirectional effect on employee performance, the magnitude of the positive regression coefficient suggests this.

5.3 The effect of transformational leadership and loyalty on performance

F count simultaneous regression coefficient of 56.343 with a significance value of 0.000. When F count is consulted using F table, the result is $2.7 > 8.56$, and when it is consulted with a significant level of 5%, the result is $0.000 < 0.05$, hence H_0 is rejected. Therefore, it may be inferred that transformative leadership significantly affects

both overall employee loyalty and staff performance. This is since the employment of a leadership style and employee loyalty must always be examined and monitored continuously. Improvements and alterations are then made in accordance with the findings of the evaluation and monitoring as well as the joint goals that have been set.

6. Conclusion

The following conclusions can be reached based on the findings of the analysis conducted for this study: Employee performance is positively and significantly impacted by transformational leadership style, and employee loyalty is positively and significantly impacted by employee performance. Together, these three factors have an impact on employee performance.

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