THE EFFECT OF TRANSFORMATIONAL LEADERSHIP AND ORGANIZATIONAL CULTURE ON EMPLOYEE PERFORMANCE OF PT. PERMODALAN NASIONAL MADANI PERSERO REGIONAL BANDAR LAMPUNG

Aims: A good company in managing human resources cannot escape the role of a leader in influencing and directing all actions to be in line with expectations. And organizational culture can provide an understanding of what the company expects from employees and how employees interact with other employees. Creating organizational culture in the work environment is something that can improve performance. This study aimed to determine the effect of transformational leadership on employee performance and the influence of organizational culture at PT. Permodalan Nasional Madani Persero Regional Bandar Lampung.

Study Design / Methodology: The sample of this study was 353 employees of PT. Permodalan Nasional Madani Persero Regional Bandar Lampung. Data were obtained through questionnaires and processed using the SEM AMOS analysis tool.

Results: The results of this study show that transformational leadership has a positive and significant effect on employee performance. Organizational culture has a positive and significant effect on employee performance.

Implications: This study suggests that PT. Permodalan Nasional Madani Persero Regional Bandar Lampung needs to increase *awareness* to all employees to further improve the organizational culture within the company by implementing a knowledge sharing program regularly every week, so that the transfer of knowledge and transfer of skills occurs, strengthen leadership attitudes that are able to influence and direct employees so that employees have motivation and confidence in superiors so that they can encourage maximum performance.

Keywords: Transformational Leadership, Organizational Culture, Employee Performance

1. INTRODUCTION

Human Resources (HR) is the most important factor in an organization or company, HR involvement in the company is implemented in the form of labor or employees. Employees as human resources in a company is an important factor for increasing productivity or progress of the company. A good company in managing human resources cannot escape the role of a leader in influencing and directing all actions to be in line with expectations.

The achievement of a company's performance cannot be separated from the role of employees. The benchmark of the success of the company's performance can be seen in the performance of its employees. Because it directly affects how well an organization performs, employee performance is seen as one component that has an impact on and plays a part in organizational performance.

Through individual behavior, even though other factors contribute to its success.

This process requires a leadership style with a new approach so that it can respond to the challenges of a rapidly changing era, namely transformational leadership. Specifically, transformational leadership refers to a leadership style that moves employees to see and exceed their own abilities for the good of the group by changing their morals, ideals, interests, and values (Luo et al., 2019). The application of transformational leadership makes employees feel trusted, valued, loyal, and respectful to their leaders. This is in line with the research of Cristianne Benedetti (2019) which states that "transformational leadership has a strong influence on employee performance in organizations that face the demands of change". The results of this study are supported by previous research conducted by Bass and Avolio (2011) which showed the positive influence of transformational leadership on employee performance.

Flamholtz and Randle (2011) in their book state that the strength of organizational culture refers to how much and to what extent employees implement dominant values and basic assumptions of the company. Through control systems, social glue, and sense-making, a strong organizational culture can increase the success of a company. Performance can be enhanced by establishing organizational culture in the workplace. "This system of shared meaning, when examined more closely is a set of key characteristics that are highly valued by organizations" (Robbins and Judge, 2011). A studyconducted in Nigeria by Salihu, et al (2016) suggest that "organizational culture must be developed to provide support to the organization and bring about continuous improvement. Organizational culture is very important for the progress of the organization as it impacts on employee commitment and their retention. If the culture of an organization is flexible, it will provide employees with a dynamic work environment where they can work easily and independently without feeling overwhelmed".

Every organization wants employee commitment because it is very important for performance effectiveness. The results of the study conducted by Salihu, et al are in line with the results of research conducted by Tan (2019) which explains that organizational culture has a positive and significant relationship to employee performance. The results show that organizational culture that encourages teamwork and has a clear mission can improve performance. Denison (2013) states that organizational culture that supports performance effectiveness must not only be strong, it must also be adaptive. Organizational culture that supports performance must have elements of adaptability, involvement, consistency and mission. And as a state-owned company, PNM also applies the core values of AKHLAK in carrying out every activity. "A strong organizational culture can affect coordination and control within the organization, better goal alignment between the organization and its members, and increased employee performance" (Kotter and Heskett, 1992).

Performance is one of the important keys for organizations or companies because performance can be symbolized as a symbol of achievement of the planned strategy. Performance measurement is carried out by paying attention to things that affect the achievement of goals such as timeliness of task completion, achievement of predetermined targets, behavior and discipline (Koopsman, 2014). In order to produce good performance, of course, it cannot be separated from the achievement of performance by a few people or a few groups, but also requires the involvement of all members of the company from Top Level Management to Low Level Management in an agency so that they can coordinate each member in achieving superior performance.

The placement of employees will provide different job descriptions, this is related to the workload and work motivation of the employees who are in charge, it is estimated that this can affect the performance of employees to be less than optimal. The purpose of this study is to examine the effect of transformasional leadership and organizational culture on employee performance.

2. LITERATURE REVIEW

2.1 The Effect of Transformational Leadership on Employee Performance

Transformational leadership consists of two combinations of words, namely, leadership which has a meaning as someone who directs and coordinates, also transformational which comes from the word to transform which means changing one form to another so that if interpreted transformational leadership is leadership that is able to turn an idea into a reality or turn a concept into action. Bass and Avolio (2011) state that "transformational leadership is a leadership model to improve human resources with and the relationship effect of the leader on subordinates can be measured, with indicators of trust, admiration, loyalty and respect for the leader, trying to motivate followers to do something more in order to achieve performance".

Khan et al (2012) "transformational leadership in which followers are given more freedom, a sense of ownership and responsibility that allows followers to develop leadership abilities and ultimately increase goals". Meanwhile, according to Ivancevich et al (2007) "transformational leadersare leaders who motivate their followers to work towards a goal, not for short-term personal interests, and to achieve self-actualization achievements, not for the sake of feeling safe". Yukl (2009) suggests that "transformational leaders are leaders who provide individualized consideration and intellectual stimulation to subordinates or followers. With transformational leadership, followers feel trust, admiration, loyalty and respect for leaders, and they are motivated to do more than is initially expected of them".

Transformational leadership generates a sense of trust, admiration, loyalty and respect for the leader, and is motivated to do more than what his followers expect. Transformational leadership will increase the motivation and performance of followers in order to achieve common goals. Performance can be understood as one of the values obtained for work or the results of one's actions as a manifestation of his efforts that are in line with achieving organizational or company goals, the indicators used to measure performance are task competence, work flexibility, professional development and work efficiency.

The results of previous research and the framework of thought, the authors assume that if the employees of PT. Permodalan Nasional Madani Persero get a transformational leadership style, the better their performance will be. Conversely, if the leadership style is not transformational, their performance will decrease. Then the research hypothesis that can be assumed is as follows:

H1: Transformational leadership has a positive and significant effect on employee performance.

2.2 The Effect of Organizational Culture on Employee Performance

"The Organizational culture is a tool in interpreting the life and behavior of the organization. A strong culture is a very useful tool for directing behavior,because it helps employees to do a better job so that every employee at the beginning of his career needs to understand the culture and how the culture is implemented" (Ahmed and Saima 2018). To see the relationship between organizational culture and performance, one thing that becomes the basis is the influence of the essence of values in organizational culture that affects the values, attitudes and behavior of members of the organization. An effective organizational culture can help organizations anticipate and adapt to environmental changes. Internal and external problems in the organization are interrelated, so they must be faced simultaneously.

1) As an internal integration process, where the members of the organization unite, so that they understand how to interact with one another. This internal integrity function will provide a collective identity and provide guidance on how one can work together effectively.

2) As an external adaptation process, where organizational culture determines how the organization fulfills various goals and relates to outsiders. This function will provide an organization's level of adaptation in responding to changing times, competition, innovation, and service to consumers.

"Employees must know the organizational culture, because it allows employees to understand the history of the organization and the methods of operation in it, organizational culture can foster

commitment to the philosophy and values of the organization, through its norms functioning as a control mechanism to channel behavior towards desired behavior and away from undesirable behavior. desired. Organizational culture is the values, beliefs, and basic principles that form the basis for management systems and practices and behaviors that enhance and strengthen these principles" (Denison, 2013). A strong organizational culture can bind people in it to form strategies that can improve performance. Conversely, if the organizational culture is weak, then employees will work individually which can cause employee performance to decline so that organizational goals are difficult to achieve.In research conducted by Tan (2019), it is explained that "organizational culture has a positive and significant relationship to employee performance. The results show that organizational culture that encourages teamwork and has a clear mission can improve organizational performance".

The results of previous research conducted by Mohammed Aboramadan et al (2019), Ahmed and Shafiq (2018), Ghazi Muzaffar (2018), and Salihu, *et al*(2016), it can be concluded that organizational culture has an important role in achieving organizational goals and can improve employee performance. Based on some of the studies above, there is a positive and significant influence of organizational culture on employee performance, so thatthe second hypothesis can be assumed:

H2: Organizational Culture has a positive and significant effect on employee performance.

Researchers develop a framework of thought in which this framework is made to see the relationship between variables through pictures. Employee performance is the dependent variable in this study, whereas transformational leadership and organizational culture are the independent variables. The research framework is presented in Figure 1 as follows :

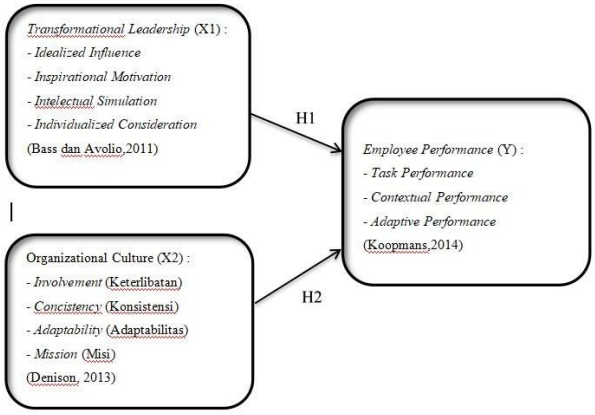

Figure 1. Thinking Framework

3. RESEARCH METHODS

Researchers conducted research at PT. Permodalan Nasional Madani Persero Regional Bandar Lampung. This type of research is explanatory research using a quantitative approach. The population in this study are employees who work for employees of PT. Permodalan Nasional Madani Persero Regional Bandar Lampung as many as 638 employees. Determination of the minimum sample size in this study refers to the statement by Hair et al., (2010) that the number of samples as respondents is adjusted to the number of question indicators used in the questionnaire, assuming n x 5 observed variables (indicators) up to n x 10 observed variables (indicators). In this study, the number of question items is 54 question items that are used to measure 3 variables. The variables used are as follows: The transformational leadership variable uses a scale of 18 question items developed by Bass and Avolio (2011). Organizational culture variable using measurement with 17 question items developed by Denison (2013). Performance using measurements developed by Koopmans (2014), which amounts to 19 question items.

The sampling technique in this study is a probability sampling sample with the technique of sampling in this study is proportioned stratified random sampling. The proportioned stratified random sampling technique is a sampling technique with elements that are not homogeneous and stratified Sugiyono (2016). The research instrument used to measure the value of the variables in this study was a questionnaire

with a likerts scale method. The data obtained through the questionnaire will be analyzed using the structural equation modeling (SEM) method using the AMOS program tool. Before being analyzed by SEM, the data must first go through three instrument tests are validity and reliability.

- Validity Test

Based on the results of the validity test, all the research questions asked are valid, because they have a correlation coefficient above the critical value of product moment correlation, which is 0.103 so that all questions contained in this research questionnaire are declared valid for further in-depth research (Table 1).

No	Variable	Critical Value	Note.
1	Transformational leadership	**0.104**	**Valid**
2	Organizational culture	**0.104**	**Valid**
3	Employee performance	**0.104**	**Valid**

Table 1. Validity Test

- Reliability Test

A research instrument is declared reliable if the limit value of the acceptable level of reliability is construct reliability > 0.7. While the reliability of 0.6 - 0.7 is still acceptable (Ghozali, 2012). Based on the results obtained from testing the reliability of the research instrument in Table 2 above, because the construct reliability coefficient value is > 0.7, it can be stated that the research instrument is reliable.

Variable	CR	Information
X1	0.975	Reliable
X2	0.977	Reliable
Y	0.973	Reliable

Table 2. Reliability Test

4. RESULTS

4.1 Descriptive statistics

Characteristics of respondents are the characteristics of respondents in this study. The characteristics of respondents in this study include gender, position and length of work. The descriptive data in this study were in the gender category with male sex with a frequency of 5 or 1.4%. Furthermore, the number of respondents with more years of service2 years with a percentage of 42.2%, followed by a working period of 1-2 years with a percentage of 28.0%, a working period of 6-12 months with a percentage of 16.2% and at least a working period of less than 6 months with a percentage of 13.6%. The data shows the tenure of employees of PT. Madani National Capital is a productive period to continue to develop the organization. Based on the characteristics of the position, it is known that respondents are dominated by positions as account officers with a percentage of 46.7%.

4.2 Evaluation Goodness of Fit Criteria

The model suitability test was used to test the model used in the study. The goodness-of-fit test of the model determines the influence of transformational leadership and organizational culture on the performance of PT Pemodalan Nasional Madani employees. According to (Ghozali, 2008), the SEM analysis technique used several statistical tests to test the hypothesis of the developed model. The statistical test used to measure the level of fit of the model in the study after the assumptions in SEM.

Criteria	*Goodness of Fit*	*Cut-off Value*	Model Evaluation
Chi Square	117,551	< 122.11	Fit
CMIN/DF	1.362	< 2.00	Fit
RMSEA	0.027	< 0.08	Fit
GFI	0.977	> 0.90	Fit
AGFI	0.918	> 0.90	Fit
CFI	0.901	> 0.90	Fit
NFI	0.958	>0.90	Fit

Table 3. Model Conformity Test Results

Table 3 shows that there are 6 goodness of fit criteria that have met the cut off value, meaning that the evaluation results show a good model. This explains that the model used in this study produces the expected level of estimation. This model is a good and practical one to describe how the model's variables relate to one another.

4.3 Structural Equation Modelling

Hypothesis testing model with measurement model will see the probability number (p). Where the probability of refusing the Ho cut off point is

0.05, indicating the possibility of making a wrong decision by rejecting Ho is 5%. The measurement analysis model can be seen in Figure 2 SEM analysis Testing the Measurement Model.

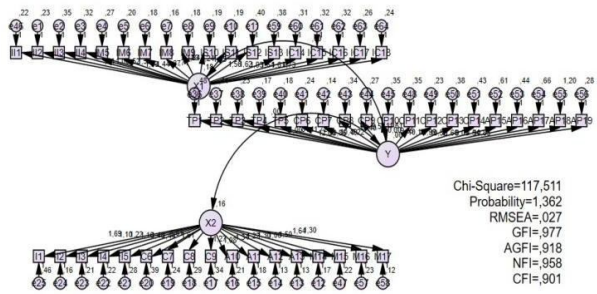

Figure 2. Research Model

4.4 Hypothesis test

Testing the research hypothesis is done by seeing whether the path coefficients in the model are significantly related. The criterion for the significance of the path coefficient is if the CR (Critical Ratio) value is greater (in absolute value) than 1.96 and P is less than = 0.05. The results of the hypothesis can be seen in table 4 below:

Path Analysis			Estimate	S.E.	C.R.	P	R-Square	Ket
Y	<---	X1	0,910	,048	**4,384**	0,000	0.653	Valid
Y	<---	X2	0,511	,021	**7,189**	0,000	0.210	Valid

Table 4. Hypothesis Test Results

Based on Table 4 obtained:

a) The parameter estimation of the standardized regression weight coefficient between intrapersonal leadership on employee performance is 0.910, testing the effect of these two variables shows a probability value of 0.000 (p <0.05) thus H1 is supported because there is a significant positive effect between transformational leadership and employee performance. This is reinforced by the results of data processing which shows the probability value of 0.000 has met the requirements <0.05 and the positive direction is seen from the estimate 0.910, so it can be concluded that transformational leadership has a significant positive effect on employee performance.

Transformational leadership builds team spirit through the development of enthusiasm, high moral standards, integrity and optimism. Through this ability, transformational leadership is able to build individual awareness and loyalty of subordinates in the organization. The transformation process is expected to have an impact on employee performance in the organization. The essence of transformational leadership is sharing of power. A transformational leader involves subordinates together to make changes or is often called a form of empowerment. Through this concept, employees are given greater authority and responsibility in making decisions. Communication or exchange of information and knowledge between leaders and subordinates is also required.

The results of this study are proven theoretically in accordance with research conducted by Cristiane Benedetti Chamas (2019) which states that transformational leadership style has a stronger influence than transactional leadership and transformational leadership also has a significant positive effect on employee performance in start-up companies. Transformational leadership is one of the determinants of employee performance. A leader who applies a transformational leadership style is able to create a conducive atmosphere, as well as support the level of performance of an employee, so that employee performance will be more productive and comfortable. According to Ronnie Gao, William and Rolph E. Anderson (2020) there is a direct influence on employee performance.

b) The estimated parameter value of the standardized regression weight coefficient between organizational culture and employee performance is 0.511, testing the influence of these two variables shows a probability value of 0.000 (p <0.05) from the estimate value of 0.511, thus H2 is supported because there is a significant positive relationship between organizational culture and employee performance. This is reinforced by the results of data processing which shows the probability value of 0.000 has met the requirements <0.05 and the positive direction is seen from the estimate 0.511, so it can be concluded that organizational culture has a

significant positive effect on employee performance.

The results showed that organizational culture has a positive and significant influence on employee performance so that it can be concluded that organizational culture has an influence on the good and bad performance of employees of PT. Madani National Capital Persero Regional Bandar Lampung. So the higher the organizational culture that is obeyed by the members of the organization, the higher the performance of the members of the organization. This is supported by previous research by Salihu, et al. (2016), Mohammed Aboramadan et al (2019), Tan Boo-Seng (2019), Ghazi Ben Saad; Muzaffar Abbas (2018), Ahmed; Mashal and Saima Shafiq (2018) that organizational culture has a positive and significant influence on employee performance.

5. DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

Based on the discussion of the research results that have been described in the previous section, the following conclusions can be drawn:

1. Transformational leadership has a positive and significant effect on the performance of PT. Permodalan Nasional Madani Persero Regional Bandar Lampung
2. Organizational culture has a positive and significant effect on the performance of employees of PT. Permodalan Nasional Madani Persero Regional Bandar Lampung.

And from the results of research and discussion that have been described above, it can be put forward suggestions that can be considered by PT. Permodalan Nasional Madani Persero Regional Bandar Lampung :

1. The results of the analysis of respondents' descriptions of transformational leadership in this study, obtained indications on the individualized consideration that employees feel that they are not given individual attention both on their abilities and on their development. Therefore, it is recommended for the leadership to have their own considerations regarding career development, meet the needs of employees and pay attention to employees with the aim of improving employee performance. Leaders must also always look for ways to maintain good communication with employees on the sidelines of being busy in carrying out their responsibilities.

2. The results of the analysis of respondents' descriptions of organizational culture in this study, obtained the mission indicator has a low rating. For this reason, the mission within the organization must be maintained and increased to employees. Because the mission, vision, and strategy of the organization come from the leader, the leadership aspect in terms of providing clear direction to the goals to be achieved by the organization is critical to produce good employee performance at PT. Permodalan Nasional Madani Persero Regional Bandar Lampung. Through a mission that is more focused on external organizations, PNM can remain competitive and dynamic in accordance with market dynamics that occur. To strengthen integration and internal coordination, the company should continuously uphold the AKHLAK Core Values. This will allow them to serve as a guide for attaining consensus on important organizational issues. The organizational culture that is reflected in the core values can function optimally to facilitate employee performance.

3. The results of the analysis of respondents' descriptions of variable performancein this study, obtained indications on indicators *adaptive performance* that employees still have the ability someone to adapt according to the demands of the job still not enough. Employee performance is the key to the company's success to compete. Therefore, PT. Permodalan Nasional Madani Persero Regional Bandar Lampung in order to continue to improve the ability or competence of employees in accordance with the current needs of the company in order to compete globally with knowledge sharing on a regular basis. Leaders also need to create employee

involvement in decision making and invite employees to discuss matters relating to performance achievement, collaboration and team work skills, communication skills, creativity and work initiative.

Consent

As per international standard or university standard, respondents' written consent has been collected and preserved by the author(s).

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