

The Influence of Transformational Leadership and Organizational Culture on Employee Performance through Employee Engagement at the KSP CU Sawiran, East Java

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Abstract

The purpose of this study is to analyze the influence of Transformational Leadership, Organizational Culture toward Employee Engagement, to analyze the Influence of Transformational Leadership, Organizational Culture, and Employee Engagement on Employee Performance, and to analyze the influence of Transformational Leadership and Organizational Culture on employee performance through Employee Engagement. This research was conducted at the KSP Credit Union (CU) Sawiran in East Java involving 70 employees. This research is a quantitative research using path analysis techniques. The result of this study is that Transformational Leadership, Organizational Culture, and Employee Engagement have a significant effect on Employee Performance. Employee Engagement can mediate transformational leadership and organizational culture over performance. The findings in this study that transformational leadership is carried out by guiding employees at work. While the organizational culture is oriented towards results and teams, the values that are emphasized more to the value that can increase the effectiveness in working and solving problems together. Employee Engagement shown through an unyielding and responsible attitude at work is important to support transformational leadership and organizational culture to improve the performance of CU Sawiran employees.

Keywords: Transformational Leadership, Organizational Culture, Employee Engagement, Employee Performance.

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I. Introduction

Human resources have an important role as the main factor to achieve the goals of an organization. Therefore, special support and attention to human resources are needed. According to Rony (2020), quality human resources will increase the productivity of the organization. Cooperative as an organization has the aim of prospering members. To achieve this goal, a cooperative need to pay attention to the performance of its employees. Data on the attendance of CU Sawiran employees in January, February, March, April, and May 2022, looks like the table below:

Table1: Employee attendance data

Month	Attendance Percentage
January	70,71
February	63,64
March	69,70
April	80,00
May	85,00

Based on the attendance data of CU Sawiran employees in table 1, the average attendance is 73.8%. Based on this data, researchers are interested in researching employee performance at CU Sawiran, because employee presence is one of the indicators of employee performance.

Tambunan and Tambunan (2019: 94) explained that it is important to pay attention to the influence of human resources on the performance of organizations such as cooperatives because one of the goals of cooperative human resource management is to optimize the participation of all elements in cooperative management so that excellence is realized and characterized by cost efficiency and customer-oriented quality services. Silaen et.al (2021) explained that productivity is very directly related to human resources, so this is very important to be considered by the leadership of an organization. If productivity increases, then the organization's goal of making a profit will increase. Employee performance is closely related to job satisfaction which has an impact on the quality of work results, work discipline and providing optimal service to the community. Factors that affect job satisfaction such as monetary compensation, rewards for achievers, and career clarity. Employee performance will have an impact on organizational performance therefore organizations need to pay attention to factors that can improve the performance of their employees. Employee performance is influenced by many factors as stated by Sumardjo and Priansa (2018), factors affect employee performance such as individual abilities, dedicated effort, and the organizational environment. The individual ability of employees is related to the skills and knowledge possessed to do a job. Another factor that affects performance is the efforts of the employees. The effort of the employees is influenced by many things such as motivation, compensation, and rewards. Performance is also influenced by organizational environmental factors that are closely related to the working atmosphere, agreed values, and management or leadership.

Leadership in an organization such as a cooperative influences improving employee performance. One of the leadership styles that has a positive impact on employee performance is transformational leadership. Transformational leadership is leadership that pays attention to the person. Bass and Riggio (2006) suggest that Transformational Leadership emphasizes intrinsic motivation and the positive development of employees. Another factor that affects employee performance is the organizational environment including organizational culture. According to Haryono (2013), organizational culture is the familiarity of social knowledge in an organization with the rules, norms, and values that shape the attitudes and behavior of each member. Organizational culture can be an impetus for employees to perform well. Organizational Culture is very important because Organizational Culture influences competitive advantage (Samson and Daft, 2003). Employee performance will increase due to employee *engagement*, one of which is indicated by the desire to be involved, as stated by Allen and McCarty(2012), that organizations often do not realize that employees have the desire to engage more than the organization expects.

Based on the description, it is important to research to analyze the influence of Transformational Leadership, *Organizational Culture*, and Employee Engagement on Employee Performance.

II. Literature Review

a. Employee Performance

Employee performance is measured based on achievements in carrying out work. Sumarjo and Priansa (2018) stated that performance is the result of work achieved by employees in carrying out tasks and work assigned by the organization. Employee Performance is not only an achievement but also a function of work results or activities as explained by Nawawi (2017) that is a function and result of work/activity in an organization that is influenced by factors from inside and outside to achieve goals that have been set over a certain time. Employee performance as explained by Shield (2007) is the use of capacity such as knowledge, skills, abilities, and attitudes that are shown in the efforts and work behavior so that products and services with certain quality is produced. Meanwhile, Silaen et.al (2021) stated that employee performance is the implementation of employee functions of their responsibilities and success in quantity and quality. Another research found that Indah (2020) explained leadership influence individual performance.

Sinambela (2019) explained that employee performance is the willingness of an employee or group to carry out a job or activity and improve based on responsibility with results as a set. Mahardhika et al (2021) found that leadership can be made properly performance.

b. Employee Engagement

Macey, Schneider, Barbera, and Young (2009) suggest that there is a link between employee engagement and profit levels because employee engagement affects higher levels of productivity and sales, customer satisfaction, and employee resilience. Allen and McCharty (2017) explained that there is a difference between Motivation, Involvement, and Engagement. Motivation is an attempt to inspire someone to want to

do something. Involvement is an effort to help people act. Meanwhile, Engagement is an effort to gain and maintain attention and interest to continue to participate. Thus, according to Allen and McCharty (2017), Employee Engagement is an effort to use the attention, experience, energy, and power of the mind of employees to be involved to make improvements that will have an impact on the growth of the organization. Dessler(2013) explained that Employee Engagement is a psychologically, connected, committed engagement to get a job done.

c. Transformational Leadership

Leadership is closely related to the leader's efforts to influence the people he leads.

According to Purwanggono (2020) and Su'udi et al (2016) explained that Leadership is a person's ability to influence others to do the leader's will. Purnomo and saragih (2020) suggest that Leadership is the ability to influence others to be willing to work together to achieve the goals that have been set.

The ability of a leader to influence the person being led is determined by his style of leading. Regarding leadership style, Wijono (2018) stated that leaders will use certain leadership styles when carrying out their roles. Leadership style will be seen in a person's behavior in leading. Bass and Riggio (2006)

explained that Transformational Leadership places more emphasis on intrinsic motivation and positive development for employees.

Burn (2020) explained that Transformational leadership is an effort to increase employee awareness and develops it so that it is in line with the ideals of equality in peace and tranquility, competition does not turn into hatred and jealousy, morals and motivations do not become the main priority. In addition, according to Robbin and Judge (2015), Transformational Leadership is more effective because leaders are more creative and encourage their followers to be creative. Johnson and Hackman (2018) explained that there is a difference between transactional and transformational leadership. Transactional leadership places more emphasis to meet the basic needs of employees, while transformational leadership seeks to meet the needs of employees at a higher level. Johnson and Hackman (2018) explained that transformational leadership is empowering and inspiring that elevates leaders and employees to a higher level.

Northouse (2016) explained that transformational leadership is a process of people bonding with one another and creating relationships that increase the level of motivation and morale between leaders and subordinates. Transformational leadership is a process of leaders and followers improving each other to a higher level of morality and motivation as a spirit in organizations (Setyawan and Muhith, 2013). Purnomo and Saragih (2016) explained that transformational leadership is a process of changing and transforming subordinates to be willing to change and develop themselves.

According to Robbins and Judge (2015), transformational leadership is inspiring followers to overcome self-interest and the ability to influence deeply and tremendously on their followers.

d. Organizational Culture

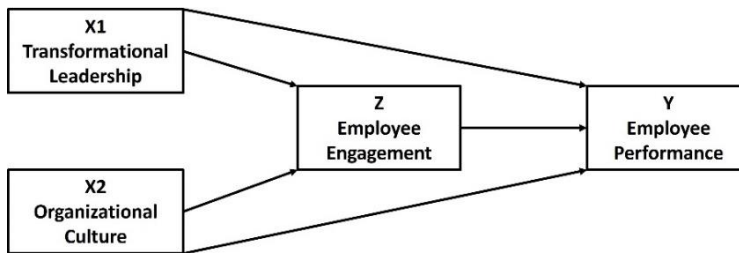
An organization achieving predetermined goals needs an organizational culture as a guideline to direct employee behavior. Kamaroellah (2014) explained that organizational culture is a value system, beliefs, assumptions, or norms that it is agreed upon and followed by members of an organization as a behavior guideline and problem-solving of organizational problems.

Organizational culture is not just a guideline, but organizational culture is a system that Robbin and Judge (2015) argued is a system of shared meanings owned by members that distinguish an organization from other organizations. According to Haryono (2013), organizational culture is the familiarity of social knowledge in an organization with the rules, norms, and values that shape the attitudes and behavior of each member.

III. Research Methodology

This research is Quantitative research using a questionnaire as the instrument. The number of respondents in this study was 70 people. In analyzing the data, descriptive analysis is used to explain respondents' perceptions of research instruments. To measure respondents' perceptions, a Likert scale with five (5) choices is used, namely: Strongly disagree (1) to strongly agree (5). In addition, it uses multiple linear regression analysis techniques to determine the influence of each path, and path analysis which is a development of multiple linear regression to see the indirect influence of exogenous variables on endogenous variables through intervening variables. In this study, there were 2 Exogenous variables, 1 intervening variable, and 1 Endogenous variable. The model equation in this study is as shown below:

Figure-1: Research Model Equations



In this study, 14 measurement instruments were used to measure all variables. Below are the instruments in this study:

Table2: Research Instruments

VARIABLE	MEASUREMENT INSTRUMENTS	
Transformational Leadership (X1)	X1.1	Individual attention
	X1.2	Intellectual Stimulation
	X1.3	Inspirational Motivation
	X1.4	Ideal Influence
Organizational Culture (X2)	X2.1	Attention to Detail
	X2.2	Result-Oriented
	X2.3	People-Oriented
	X2.4	Team-Oriented
Employee Engagement (Z)	Z1	Vigor
	Z2	Dedication
	Z3	Absorption
Employee Performance (Y)	Y1	Quantity
	Y2	Quality
	Y3	Timeliness

IV. Research Results

The data was collected based on the results of the questionnaire distributed to 70 employees, after tabulating it in excel form and processing it with SPSS v25, data were obtained related to the results of the Validity test, reliability test results, frequency description results, and multiple linear regression test results. The results of the Statistical Analysis are presented below:

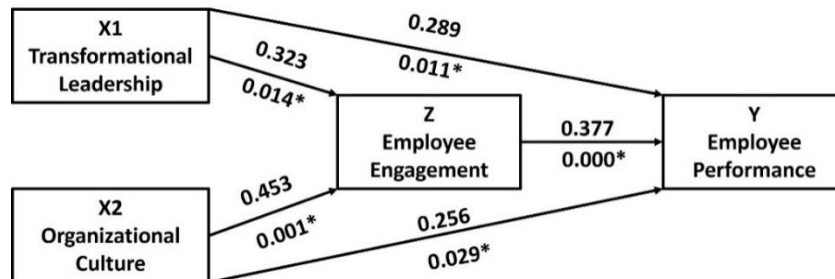
Table3: Statistical Analysis Research Results

Variable	Measurement		r-Statistics	Mean	Mean Variable
Transformational Leadership (X1)	X1.1	Individual attention	0.822	3.97	3.95
	X1.2	Intellectual Stimulation	0.834	3.89	
	X1.3	Inspirational Motivation	0.902	3.92	
	X1.4	Ideal Influence	0.861	4.03	
Organizational Culture (X2)	X2.1	Attention to Detail	0.735	3.67	3.81
	X2.2	Result-Oriented	0.782	3.95	
	X2.3	People Oriented	0.715	3.68	
	X2.4	Team Oriented	0.719	3.95	
Employee Engagement (Z)	Z1	Vigor	0.890	4.26	4.17
	Z2	Dedication	0.864	4.26	
	Z3	Absorption	0.811	3.99	
Employee Performance (Y)	Y1	Quantity	0.712	3.71	4.04
	Y2	Quality	0.846	4.19	
	Y3	Timeliness	0.902	4.22	

Table 3 is a description of the 14 variable measurement instruments in this study. It was obtained that the r-statistics > the r-table 0.235. Then all research instruments are declared valid. The results of the reliability test of all variables were 0.941 > 0.7, meaning that all measurement instruments in this study were declared reliable.

Based on respondents' perceptions, then on the Transformational Leadership variable, the ideal influence is the most prominent. On the Organizational Culture variable, oriented people and teams are the highest. In the Employee Engagement variable, vigor (morale) and Dedication (dedication) are the highest. In the employee performance Variable, the timeless is the highest. Of all the variables, Employee Engagement was the highest perceived by respondents. Regression Linear Multiple Test Results, be seen shown below:

Figure 2: Model Result and Path Coefficients



Based on the Regression Linear Multiple Test Results, the significant value is below 0.05, meaning that all paths are significant.

Model Equation Test results can be seen as shown below:

Table4: Test Research Model

Model Summary				
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.826 ^a	.682	.668	2.305

Based on the data in table 4, the ability of the exogenous variable to explain all information about the Endogenous Variable is 68.2%. While the remaining 31.8% was explained by other factors that were not included in this study. To test indirect influences, a Sobel test calculator was used in this study. The results of indirect influences can be seen in the table below:

Table5: indirect influence Test

Variable	Sobel Test	z-table	p-Value	Sig	Result
Transformational Leadership towards Performance Through <i>Employee Engagement</i>	2.089	1.96	0.036	0.05	Mediating
Organizational Culture towards Performance Through <i>Employee Engagement</i>	2.563	1.96	0.010	0.05	Mediating

Based on the data in table 5, the results were obtained that *Employee Engagement* was able to mediate Transformational Leadership and organizational Culture to employee performance. This means that Transformational leadership and Organizational Culture more effectively influenced employee performance through *Employee Engagement*.

V. Results and Discussion

Transformational leadership is measured by indicators namely individual attention, intellectual stimulation, inspirational motivation, and ideal influence. The indicator that gets the highest perception is the ideal influence, which is shown by the way of leader gives guidance to his employees in their work.

Organizational culture is measured by indicators namely attention to detail, result-oriented, people-oriented, and team-oriented. The indicators that get the highest perception are result-oriented and team-oriented. Result-oriented is shown by increasing effectiveness in work, while team-oriented is shown by solving work problems together.

Employee engagement is measured by vigor, dedication, and absorption indicators. The indicator that gets the highest perception is the vigor shown by working unyieldingly. Meanwhile, Dedication is shown by working responsibly.

Performance is measured by indicators namely the quantity of work, the quality of work, and timeliness. The indicator that gets the highest perception is the timeliness shown by planning before work.

Transformational Leadership and organizational culture have a significant effect on *employee engagement*. Research by Ramadan, Sari, and Tentema (2021), Widasti and Mursyid (2022), Caneils, Sameijn, and Renders (2017), Soeharso and Nurika (2020), states that transformational leadership has a significant effect on *Employee Engagement*. Research by Dwiparaniti and Netra (2021), Bharata, Kurniani, and Prasetya (2021), stated that organizational culture has a significant effect on *Employee Engagement*. Transformational leadership shown through paying attention to the employee, helping employees to think critically, motivating employees, and being a role model for employees will have a positive impact on *Employee Engagement*. Employees give a high perception of leaders who give instructions in doing a job. Organizational culture through values such as attention to detail, result-oriented, people-oriented, and team-oriented will be a guide for employees at work. Employees provide a high perception of the values of being results-oriented and team-oriented. Based on these results, shows that CU Sawiran employees are more interested in result-oriented through effective work and if there are problems in the work, they prefer to be solved together.

Transformational leadership, organizational culture, and employee *engagement* have a significant impact on employee performance. Research by Aisyah, Murniari, and Kareuhni (2020), Lakahing and Widodo (2020), stated that transformational leadership has a significant effect on employee performance. Research by Meutia and Husada (2019), Wiyanto, Widayati, and Marliya (2022), stated that organizational culture has a significant effect on employee performance. Research by Niati, Rizkiana, Suryawardana (2022), Nurdini, and Firmansyah (2022), stated that employee *engagement* has a significant effect on employee performance.

The findings in this study, that transformational leadership and organizational culture are more effective in influencing performance through *employee engagement*. Research by Adriyani, Palguna, Raharja (2022), Hardiyanti, Aima, Ridwansyah (2022), stated that *employee engagement* can mediate transformational leadership to employee performance. Research by Firidinata and Mas'ud (2017), and Badaruddin (2022), stated that *Employee Engagement* is able mediate organizational culture to employee performance. Thus, it can be stated that *Employee Engagement* is a key factor in improving the performance of CU Sawiran employees. Employee engagement has the highest score of the variables. This means that the engagement of CU Sawiran employees is very important to affect employee performance.

VI. Conclusions

Transformational leadership provides the ideal influence by guiding working for CU Sawiran employees. Organizational Culture with results-oriented values through increasing effectiveness in work, as well as team-oriented cultural values by solving problems together. *Employee Engagement* is the main factor to influence employee performance. CU Sawiran's leadership and organizational culture will effectively influence employee performance if there is *employee engagement* in the workplace which is shown through an unyielding and responsible attitude at work.

VII. Suggestions

CU Sawiran employees need transformational leadership that guides them in working. Instructions for work can be stated in the SOP (*Standard Operating Procedure*) which is written and easy to understand. CU Sawiran employees want effectiveness in working, and if there are work problems to be resolved together. Employee engagement is a very important factor in influencing employee performance. Therefore, employee engagement needs to get attention from CU Sawiran, because employee engagement has a great influence on CU Sawiran's efforts through its leadership and organizational culture to influence employee performance. For subsequent researchers, it is important to study deeper about employee engagement so that it is discovered what other factors make the employee want to be involved in his place of work. Janga et al. (2017, and Respati

(2008) said that the tourism sector still provides many opportunities to deepen Employee Engagement, especially in the hospitality and banking sector during the recovery era of the COVID-19 pandemic.

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