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THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP AND HUMAN CAPITAL LEADERSHIP ON EMPLOYEE PERFORMANCE

Suryanto Sosrowidigdo

Department of Economics and Business, Bina Sarana Informatika University

Abstract

The purpose of this study was to determine and analyze the Transformational Leadership Style and Human Capital both partially and simultaneously the Employee Performance. This research was conducted at PT Trust Anugerah Persada with 55 employees as sample and the collected data is processed by multiple regression with SPSS version 23. This Research results showed that transformational leadership, positive and significant impact on Employee Performance, Human Capital positive and significant impact on Employee Performance, Transformational Leadership and Human Capital simultaneously positive and significant impact on Employee Performance.

Keywords: Transformational Leadership Styles, Human Capital, Employee Performance.

1. Introduction

The era of globalization is marked by increasingly fierce competition, mastery of natural resources is not a guarantee that a company is able to win the competition, because the current era of globalization is also followed by rapid progress on innovation and creation that is manifested in technological progress. Human Resources (HR) is the key in winning competition in this globalization era, because reliable HR will be able to give birth to various creations and innovations that will trigger added value in every business process. Therefore, reliable and quality human resources are the most important part of the company.

Performance is the result of someone's work describing the quality and quantity of work done. Performance between one person and another can be different, due to different driving factors. Employee performance is very important because the performance of an employee in an agency will determine whether or not the performance of the agency is effective. If the employee's performance is not good, then the performance of the agency becomes not good. Vice versa if the employee's performance is good, the agency's performance will be good (Mulyono, 2012). Good performance affects the overall performance of the company, if the employee's performance is low it will reflect a low work morale marked by a decrease in enthusiasm and excitement of work. Good employee performance will affect the level of productivity and goals expected by the organization. Furthermore, these employee performance factors can affect the quantity, quality, and timeliness of efforts to achieve goals.

PT Trust Anugerah Persada is a company engaged in the leasing of various types of heavy equipment for building construction and construction consultants established since 2000. PT. Trust Anugrah Persada is one of the leading companies in tower crane work. PT. Trust Anugrah Persada always strives to serve clients professionally in order to create trust by clients, PT. Trust Anugrah Persada is supported by an experienced and competent team crew.

In its operations, the role of the leader in all organizational situations is a very strategic factor. Leaders must be able to manage the mindset of their employees to obey and carry out every work in accordance with applicable norms and rules. Leaders must be able to convey the vision and mission of the organization in a persuasive manner with language that is easily understood and understood in order to improve their performance (Mulyanto and Widayati, 2012). The form of leadership style adopted in an organization can affect the performance of every employee. Leadership style that suits the situation and conditions will encourage employees to work more passionately in carrying out their duties and obligations (Putra and Subudi, 2014), in the transformational leadership style leaders will be able to inspire followers to transcend their own interests and leaders have influence in profound and extraordinary towards his followers (Robbins, 2015).

Human capital factors will affect performance (Divianto, 2010). Human capital is defined as the knowledge, skills, and experience that employees bring when leaving the company, some of that knowledge is unique to each individual, and some are general. For example: innovation capacity, creativity, know-how and experience, collaboration capacity, employee flexibility, tolerance for ambiguity, motivation, satisfaction, learning capacity, loyalty, formal education and education (Christa, 2013). Human capital includes knowledge about individuals from an organization that is in its employees. Employees produce intellectual capital through competence, attitude and intellectual intelligence. Competencies include skills and education. Attitudes include behavioral components of employees. Intellectual intelligence makes a person change practices and think of innovative solutions to a problem. the role of human capital in the creation of intellectual assets is very strategic, because only human capital (HR) can create knowledge and at the same time have knowledge. While knowledge itself is the most important element in the process of creating organizational / company value, so the creation of corporate value is strongly influenced by human capital (Christa, 2013).

2. Literature Review

Transformation Leadership Style

Leadership is the ability to influence others. A leader can use his power to influence the behavior of others (Pride, et al, 2014). leadership as a process of persuading (inducing) others to take steps towards a common goal. Leadership must persuade others to take action. Leaders persuade followers through a variety of ways, such as using legitimate authority, creating modes (setting an example), determining the situation, giving rewards and punishments, organizational restructuring, and communicating a vision (Locke Mulyanto and Widayati, 2012).

Leadership style is the norm of behavior used by someone when that person tries to influence the behavior of others to achieve their goals (Thoha, 2010). the form of leadership style adopted in an organization can affect the performance of every employee. Leadership style that suits the situation and conditions will encourage employees to work more passionately in carrying out their duties and obligations (Putra and Subudi, 2014), on transformational leadership leaders who inspire followers to transcend their own interests and who are able to have influence in a way profound and extraordinary towards his followers (Robbins, 2015). Dimensions of transformational leadership according to Bass and Avolio in Yuliaarnita (2014) are:

1. Idealized influence, the leader must be a good example, which can be followed by his employees, so that it will produce respect and trust in the leader.
2. Inspirational motivation, leaders must be able to provide motivation and clear targets to be achieved by their employees.
3. Intellectual stimulation, leaders must be able to stimulate their employees to come up with new ideas and ideas, leaders must also let their employees become problem solvers and provide new innovations under their guidance.
4. Individualized consideration, leaders must pay attention, listen to complaints, and understand the needs of their employees.

Human Capital

A good organization must apply human capital as an investment company, while the indicators included in human capital include education, experience, and skills possessed by employees to support the organization's progress. The experience, education and skills are part of the support that has been summarized at this time

called human capital (Sukarti and Kistyanto, 2014). Human capital is defined as the knowledge, skills, and experience that employees bring when leaving a company, some of that knowledge is unique to each individual, and some are general (Starovic and Marr in Divianto, 2010). Human capital is an individual competence as an employee's capacity to act in a variety of situations. Equipped with another view which states that human capital is the knowledge possessed by employees through the process of education and training (Sveiby in Christa, 2013).

Salehudin (2010) states that there are several things that are believed to make human capital develop, namely:

1. Experience, employees who already have experience in a field will adapt faster and contribute more.
2. Education, the higher the level of employee education, the higher the competency is expected to have.
3. Training, is one of the company's main tools for developing human capital.
4. Social Capital, is a social network that can increase the influence of human capital to access jobs and better careers

Employee Performance

Performance is a result of work achieved by a person in carrying out the tasks assigned to him based on skill, experience, and ability and time (Hasibuan, 2016). work performance or performance is the result of quality and quantity of work achieved by an employee in carrying out their duties in accordance with the responsibilities given to him (Mangkunegara, 2016). Employee performance is a measure that can be used to determine the comparison of the results of the implementation of tasks, responsibilities given by the organization in a certain period and can be relatively used to measure work performance or organizational performance (Santoso, 2012). Based on the experts' opinions that have been described, it can be concluded that performance is the result of quality and quantity work achieved by an employee in carrying out his planned tasks in order to achieve the goals and objectives set by an organization and carried out within a certain period of time.

Ruky in Ramanda and Muchtar (2014: 3) identify the factors that directly influence the level of employee performance achievement as follows:

1. Technology that includes work equipment and work methods used to produce products and services produced by the organization, the more quality the technology is used, the higher the performance of the individual;
2. The quality of inputs or materials used by individuals;
3. The quality of the physical environment including work safety,
4. Structuring the room, and cleanliness.
5. Organizational culture as a pattern of behavior and work patterns that exist in the organization concerned;
6. Leadership as an effort to control members of the organization to work in accordance with the standards and objectives of the organization;
7. Management of human resources which includes aspects of compensation, rewards, promotions, and others.

The elements used to assess employee performance as stated by Flippo in Ramanda and Muchtar (2014) consist of:

1. Quality of work includes timeliness, accuracy, skills and accuracy of targets
2. Work quantity includes outputs that are not only routine and regular tasks but also extra and urgent tasks
3. Work relationships that include changes in work, coworkers, and cooperation with colleagues and superiors
4. Work toughness includes discipline, initiative, loyalty, and obedience to established regulations.

3. Methods

The object of research in this study is the Transformational Leadership Style, Human Capital and Employee Performance at PT Trust Anugerah Persada. The study was conducted during December 2019. The

variables related in this study can be more clearly seen in the operational table of the following research variables.

Table 3.1 Operationalization of Variables

No	Variable	Dimensions	Indicators	Scale
1	Employee Performance Y	<i>Work Quality</i>	Punctuality Accuracy Skills	Interval
		<i>Work Quantity</i>	Achievement of Production Targets Routine Tasks	
		<i>Work Relationship</i>	Adaptation at Work Relationship with Colleagues	
		<i>Work Retention</i>	Discipline Initiative Loyalty	
2	Transformational Leadership Style (X₁)	<i>Idealized influence</i>	Be a good example Respect Trust	Interval
		<i>Inspirational motivation</i>	Providing motivation Certainty of work targets	
		<i>Intellectual simulation</i>	Stimulate new ideas Allow problem solving by employees Bring up innovation	
		<i>Individualized consideration</i>	Give attention Listen to complaints	
3	Human Capital (X₂)	<i>Experience</i>	Change of work experience Expertise in one field	Interval
		<i>Education</i>	Educational stage The impact of education on self and work	
		<i>Training</i>	General competence Special competence	
		<i>Social Capital</i>	Social network / network	

Source: Researcher data, 2019.

In this study, the population is 110 employees at Trust Anugrah Persada, while the sample used is 50 percent of the total number of employees, amounting to 55 respondents, this is according to the rules of research according to Arikunto (2010) which states if the subject is large or more than 100 people can be sampled as much as 20-25% or more.

The data used by researchers in this study are primary data collected by questionnaire, the results of the data are tabulated and analyzed descriptively and quantitatively by multiple regression methods with the help of SPSS version 23 analytical tools. The multiple linear regression formula in this study is:

$$Y = a + b_1X_1 + b_2X_2$$

Information:

- Y : Employee Performance
- A : Constants
- B₁, B₂, B_n : Regression coefficient
- X₁ : Leadership Style
- X₂ : Human Capital

4. Results and Discussion

Descriptive Statistics

Descriptive statistics presented from the results of this study aim to provide a general description of the distribution of data obtained in the field. The following table is the result of data processing:

Table 4.1 Transformation Leadership Style

N	Valid	55
	Missing	
Mean		40,0182
Std. Error of Mean		,52895
Median		40,0000
Mode		40,00
Std. Deviation		3,92282
Variance		15,389
Skewness		-,220
Std. Error of Skewness		,322
Kurtosis		,435
Std. Error of Kurtosis		,634
Range		19,00
Minimum		29,00
Maximum		48,00
Sum		2201,00

Source: Reseachrher data, 2019

Table 4.1 shows the scores of the Transformational Leadership variables obtained from respondents having an average of 40.01 with a standard deviation of 3.92, a median of 40, mode 40. Minimum score of 29 and a maximum score of 48.

Table 4.2 Human Capital

N	Valid	55
	Missing	
Mean		39,3091
Std. Error of Mean		,50909
Median		39,0000
Mode		39,00
Std. Deviation		3,77552
Variance		14,255
Skewness		,132
Std. Error of Skewness		,322
Kurtosis		,235
Std. Error of Kurtosis		,634
Range		18,00
Minimum		31,00
Maximum		49,00
Sum		2162,00

Source: Reseachrher data, 2019

Table 4.2 shows the Human Capital variable scores obtained from the respondents had an average of 39.30 with a standard deviation of 3.77, a median of 39, mode 39, a minimum score of 31 and a maximum score of 49.

Table 4.3 Employee Performance

N	Valid	55
	Missing	
Mean		38,8909
Std. Error of Mean		,55938
Median		40,0000
Mode		40,00
Std. Deviation		4,14851
Variance		17,210
Skewness		-,802
Std. Error of Skewness		,322

Kurtosis	1,373
Std. Error of Kurtosis	,634
Range	22,00
Minimum	26,00
Maximum	48,00
Sum	2139,00

Source: Researchr data, 2019

Table 4.3 shows the employee performance scores obtained from respondents having an average of 38.89 with a standard deviation of 4.14 medians of 40, mode 40, minimum score of 26 and maximum score of 48.

Classic Assumption Test

The results of the data normalization test using the Kolmogorov-Smirnov One-Sample Test on SPSS 23 are presented in the following table:

Table 4.4 One-Sample Kolmogorov-Smirnov Test

Information	Transformation Leadership Style	Human Capital	Employee Performance
N	55	55	55
Normal Parameters ^{a,b}	Mean	40,0182	39,3091
	Std. Deviation	3,92282	3,77552
Most Extreme Differences	Absolute	,110	,118
	Positive	,110	,118
	Negative	-,089	-,104
Kolmogorov-Smirnov Z	,818	,877	1,055
Asymp. Sig. (2-tailed)	,515	,425	,216

a. Test distribution is Normal.

b. Calculated from data.

Source: Researchr data, 2019

In table 4.4 it can be seen that the Kolmogorov-Smirnov value for all samples is greater than 0.05, so H0 is accepted, in other words that the data from all samples in this study are normally distributed.

Multicollinearity Test aims to test whether the regression model found a strong relationship between independent variables. The following results are multicollinearity tests.

Table 4.5 Coefficients^a

Model	Sig.	Collinearity Statistics	
		Tolerance	VIF
1 (Constant)	,543		
Transformation Leadership Style	,015	,789	1,268
Human Capital	,000	,789	1,268

a. Dependent Variable: Employee Performance

Source: Researchr data, 2019

In Table 4.5, the VIF value of the independent variable is smaller than 10, so it can be concluded that there is no deviation from the classical assumptions of multicollinearity between the independent variables in the model.

The heteroscedasticity test is to see whether there is an unequal variance from one residual to another observation. A good model is obtained if there are no specific patterns on the graph, following the test results of the heteroscedasticity test.

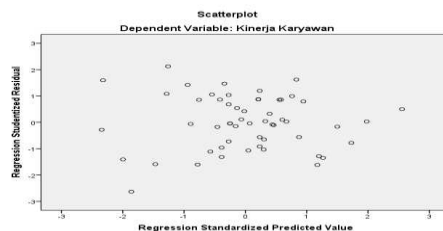


Figure 4.1 Heteroscedasticity Test Results

Source: Researchrer data, 2019

Data Analysis

Data analysis with multiple regression can be seen in the following table:

Table 4.6 Multiple Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,897	4,730		,613	,543
	Transformation Leadership Style	,281	,112	,266	2,508	,015
	Human Capital	,629	,117	,573	5,401	,000

Source: Researchrer data, 2019

From the results of data processing, it is obtained the multiple regression equation as follows:

$$\hat{Y} = 2,897 + 0,281 X_1 + 0,629 X_2 + e$$

The constant coefficient of 2.897 shows that if the values of X1 and X2 are zero then the Performance level of 2.897. Coefficient b1 of 0.281 means that if the Transformational Leadership (X1) increases by one unit, while other variables are fixed, then the Performance variable (Y) will increase by 0.281, in other words the higher the Transformational Leadership will improve its performance. Coefficient b2 of 0.629 means that if Human Capital (X2) increases by one unit, while other variables are fixed, then the Performance variable (Y) will increase by 0.629, in other words the more Human Capital will improve its performance.

Table 4.7 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	500,777	2	250,388	30,381	,000 ^b
	Residual	428,569	52	8,242		
	Total	929,345	54			

Source: Researchrer data, 2019

From Table 4.7 it can be seen that the value of Fcount = 30.381, while the value of Ftable = 4.0266, so it is concluded Fcount > Ftable (30.381 > 4.0266). As well as the value of Sig F = 0.000, smaller than 0.05, then the conclusion H0 is rejected, which means that the regression coefficient is significant. In other words, there is a significant influence of the independent variables of Transformational Leadership and Human Capital together on the Performance dependent variable.

Table 4.8 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,734 ^a	,539	,521	2,87084	2,305

Source: Researchrer data, 2019

The correlation coefficient (r) is 0.734, this means that there is a positive relationship between Transformational Leadership and Human Capital with Performance and the relationship is strong, because it is at an interval of 0.60 - 0.799 correlation. The magnitude of the effect of the equation of the Transformational Leadership and Human Capital models on the dependent variable of Performance has a coefficient of determination of 0.539 indicating that the magnitude of the contribution of the Transformational Leadership and Human Capital together to Performance is 53.9%, the rest is caused by other factors. such as organizational culture, compensation, workload, motivation, job satisfaction and so on.

5. Conclusion

The management of PT Trust Anugerah Persada, in order to maintain and improve the existing transformational leadership style, because the influence of the transformational leadership style partially on significant performance means that so far the existing transformational leadership style is good and improves performance. In addition, the Management in order to maintain and improve the process of human capital that has been running so far, because human capital either partially or simultaneously provides a positive and significant contribution to employee performance, human capital is considered to be very good employees.

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