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THE IMPACT OF TRANSFORMATIONAL LEADERSHIP, ORGANIZATIONAL CULTURE, AND EMPLOYEE ENGAGEMENT ON EMPLOYEE PERFORMANCE AT INDONESIAN FLYING SCHOOL

Abstract

Culture has an essential role in an organization, where culture will reflect behavioral processes that have values, beliefs and habits that influence individual attitudes in the organization. This study aims to explore the influence of the role of transformational leadership, organizational culture, and employee engagement on employee performance. The research was conducted in 2022 involving 192 flying school employees in Indonesia. This quantitative research using the Structural Equation Model (SEM) method. The results of the study show that transformational leadership contributes to improving organizational culture and employee performance. Then organizational culture can strengthen employee engagement with the organization and improve employee performance. Employee engagement is also considered capable of improving employee performance. The resulting managerial implications are organizations must be able to choose leaders who are optimistic about the future of the organization, able to provide new insights in completing work, and have self-confidence and capability in their work. Then the organization can apply a culture that is in accordance with organizational goals, and the organization must have a realistic and vision and mission obviously, so that with this clarity employees are able to provide the best performance results for their organization.

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

INTRODUCTION

Culture has an essential role in an organization, where culture will reflect behavioral processes that have values, beliefs and habits that influence individual attitudes in the organization. Culture enables leaders to look definite behaviors that should model and teach employees how to behave (Khan et al., 2020). Meanwhile, according to Sinaga et al., (2018) organizational culture arises from the beliefs of members of the organization, especially from the founder of the organization or leader; because it is the basis of the formation of an organization that is reflected in the vision and mission of the organization or company.

Organizational culture is the values and norms that are used as organizational identity and have an important role for the company. Organizational culture is one of the determinants of an organization's performance effectively (Nikpour, 2017). Organizational culture does not only improve employee performance behaviours but also decreases negative behaviours of employees in workplace, coupled with an organizational culture, it will make it easier for a company to make decisions, structure, and control in running the company's business (Abdullahi et al., 2021). Therefore, organizational culture can be viewed as shared values, beliefs and norms that influence the way employees think, feel and behave in the workplace. (Olawuyi, 2017).

Strong culture within the organization leads to raise the employee's commitment towards achieving the goals of the organization with a common path. It is very helpful to increase the performance of the employees (Shahzad, 2014). In addition to direct impact on organizational performance, organizational culture indirectly influence the organizational performance through employee's organizational commitment (Nikpour, 2017).

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In his research, Yücel, (2021) states that leadership plays an important role in organizational growth and employee performance by providing what employees need to move towards a common vision. Moreover, employees will be demotivated and lose confidence if their leaders refuse to provide what they have promised. This is as stated by Veiseh et al., (2014) that transformational leadership has an important effect in creating and disseminating knowledge throughout the organization and is an important factor in the process of knowledge creation, organizational learning, knowledge management, job satisfaction, and organizational performance. The characteristics of transformational leadership can be used to ensure organizational achievement and create a more productive work environment (Kılıç & Uludağ, 2021).

Muduli et al., (2016) stated that employee engagement will be able to determine performance. Where there are more and more engaged employees, the higher the level of employee performance (Ngwenya & Pelser, 2020). Therefore, an organization needs to focus and emphasize increasing employee engagement which can improve employee performance (Rumman et al., 2020). Organizational culture, employee engagement and employee performance are interrelated and influence each other. Organizational culture and employee engagement are the most important factors and key factors in actualizing employee performance (Abdullahi et al., 2021). In addition, organizational culture not only improves employee performance but also reduces negative behavior through the role of partial mediation of employee attitudes at work.

Explorations regarding the influence of organizational culture on employee engagement and employee performance have been examined by several previous researchers (Nikpour, 2017; Olawuyi, 2017; Abdullahi et al., 2021), however, there are other factors that also influence employee performance in an organization. namely transformational leadership (Yücel, 2021), where when a leader has transformational leadership which is shown by being able to motivate employees to be able to do better than before, encouraging employee self-confidence, this will improve employee performance (Layaman et al., 2021). Then, this research will focus on employees at flying schools in Indonesia, where it expands on previous research that focused on education headquarters in Malaysia (Abdullahi et al., 2021), education offices in Kerman province (Nikpour, 2017), and tourism organizations (Olawuyi, 2017).

Based on what has been described above, the purpose of this research is to further explore the role of transformational leadership, organizational culture, and employee engagement on employee performance in flying schools under the auspices of the Indonesian Ministry of Transportation. Where it is hoped that the results of this study can contribute theory/scientific in the field of human resources and can also provide positive managerial implications for the organizational management of a company.

METHODS

The measurement in this study on the Organizational Culture variable consists of 12 statements adapted from (Denison & Young, 2015). Transformational leadership variables consist of 13 statements adopted from (Kılıç & Uludağ, 2021). Employee engagement variable adopted from (Saks, 2006; Schaufeli et al., 2002) as many as 6 statements and on the employee performance variable adopted 6 statements from (Pradhan, 2017). Measurement using the Likert method with a scale of 1-5 (1 = strongly disagree, 5 = strongly agree).

This research was conducted in 2022, where the population of this study were employees at flying schools under the auspices of the Ministry of Transportation. While the sampling is done by the purposive sampling method who have sample criteria, namely employees who have worked for more than 6 years, are State Civil Servants and have a minimum educational background of Diploma III.

This study is a quantitative research method Structural Equation Model (SEM). To be able to perform analysis using SEM-PLS, the sample size is at least 5 to 10 times the total path in the research model, because the total number of paths is 5, the required sample is at least 50 respondents (Mathwick et al., 2001).

RESULTS AND DISCUSSION

The number of research respondents was 192 employees from aviation schools in Indonesia. Where all these employees have worked for more than 6 years, are Civil Servant, and have a minimum educational background of associate degree. Of the 192 respondents, 58.33% were women and 41.67% were men. As much as 75.52% live in Jakarta and Tangerang, and the remaining 24.48% live in Surabaya. Most respondents have worked for a period of 6-10 years (51.56%), then with the education level most of them are master's as much as 59.90%.

Construct validity and reliability tests on reflective measurement models were carried out based on recommendations from Hair, Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, (2017) where the value of loading factor the requirement in SmartPLS 3.0 is ≥ 0.70. Because all of indicators in each variable have a loading factor value above 0.70, the measurement of construct validity in this study can be accepted and declared valid. calculation results from composite reliability (CR) and average variance extracted (AVE) in this study can be said to meet the overall requirements. According to (Hair et al., 2017) the required values are CR ≥ 0.70 and AVE ≥ 0.50. Calculation results for CR and AVE for variables Transformational Leadership (TL) (CR=0.969; AVE=0.758), Organizational Culture (OC) (CR=0.944; AVE=0.679), Employee Performance (EP) (CR=0.930; AVE =0.728), Employee Engagement (EE) (CR = 0.927; AVE = 0.717).

Discriminant validity test declared valid because the AVE root of each latent variable is higher than the correlation with other latent variables (Fornell-Larcker Criterion) and indicators also have a higher correlation with each latent variable compared to other latent variables (Cross Loading) (Henseler et al., 2009).

To find out the value of R² in each equation, a structural test analysis was carried out. How the independent variable can explain the dependent variable is shown by the R² value. The result of the analysis is that the Employee Performance (EP) variable is jointly influenced by the transformational leadership variable (TL), organizational culture (OC), and employee engagement (EE) with an R² value of 0.459. Thus, it can be interpreted that 45.9% of the variance of employee performance (EP) can be explained by transformational leadership (TL), organizational culture (OC), and employee engagement (EE), while the remaining 54.1% can be explained by other variables not included in this study.

The results quality model test shows a good match. This can be seen from the value of R Square, Q Square redundancy, and SRMR. While the results of the structural model test are path coefficients can be seen in picture 1.
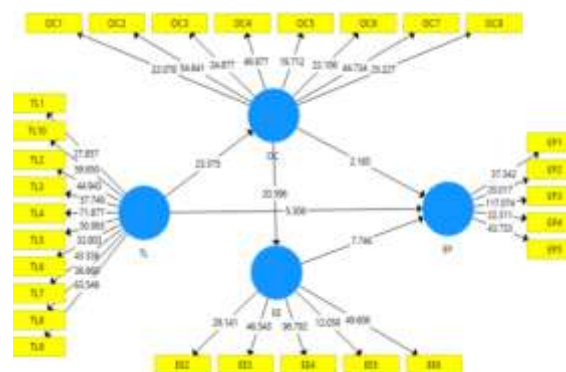

Figure 1. Path Diagram T-Value

Then based on path diagram t-value in figure 1 above, the research model hypothesis testing can be presented as follows:

Table 1. Hypothesis Results

Hypothesis	Hypothesis Statements	T-value	Result
H1	Transformational leadership has positive impact on organizational culture	23,575	Accepted
H2	Organizational culture has positive impact on employee performance	2,185	Accepted
H3	Organizational culture has positive impact on employee engagement	20,596	Accepted
H4	Employee engagement has positive impact on employee performance	7,746	Accepted
H5	Transformational leadership has positive impact on employee performance	5,306	Accepted

Source: SEM PLS 2022.

This study explores and tests empirically the role of transformational leadership, organizational culture, and employee engagement on employee performance in flying schools under the auspices of the Indonesian Ministry of Transportation. Transformational leadership at flying schools contributes to enhancing a good organizational culture, that is, when an organizational leader talks about the future optimistically, has the ability, confidence, and authority within the organization and is able to provide new insights in completing tasks, it will be able to make the organizational culture become better such as the formation of obvious and realistic goals in work units, the existence of the same point of view in each work unit and the leadership participating in doing what has been recommended to employees. Leaders create and reinforce norms and behaviors in culture; therefore, it can be said that organizational culture and leadership have interactions with each other. This is in line with several previous studies which state that transformational leadership has a positive effect on organization culture (Yıldırım & Birinci, 2013; Veiseh et al., 2014; Jordan et al., 2015; Abdullahi et al., 2021; Sinaga et al., 2018).

Good organizational culture in flying schools can affect employee performance improvement. This is shown by the organizational culture that is implemented in Indonesian flying schools that can encourage employees to be able to manage changes in work well in all situations, have high standards of work, and be able to help colleagues when needed. This is in accordance with previous research which states that creating and implementing a conducive organizational culture will improve employee performance so that they are motivated to carry out activities that can fulfill their job responsibilities (Farhani, 2019). In addition, a good organizational culture will be able to support the creation of a conducive working atmosphere, thereby increasing work commitment and increasing discipline in carrying out work which is the basic need and expectation of members of the organization (Lolowang et al., 2019).Organizational culture can strengthen employee engagement with the organization, when each work unit in Indonesian flying school has obvious and realistic goals, there is common point of view in each work unit and the leadership participates in doing what has been recommended to employees, then this can convince employees that their work has meaning and purpose, and have a sense of pride and happy with the work they do, especially in Indonesian aviation school institutions. In addition, flying schools have binding rules for their employees that must be enforced and obeyed in carrying out work related to employee status as a Civil Servant. Saleem et al., (2020) stated that management must inculcate positive cultural norms and values in the organization to create the right atmosphere for their employees to engage in their job. A good organizational culture will be able to strengthen employee attachment to their work (Blegur & Amalia, 2019; Abdullahi et al., 2021; Rawat, 2021; Srimulyani & Hermanto, 2022).

Employee engagement at flying school in Indonesia can encourage increased employee performance. This means that when employees at these institutions believe that their work has meaning and purpose, have a sense of pride and happy with the work they do, employees will be able to manage changes in work well in all situations, then be able to cooperate which is shown by an attitude of helping colleagues when needed, have high standards for the work performed at the flying school. The respondent has long working period, which is more than six years, can foster a sense of employee attachment to their work. Employee engagement is a strategy to achieve the best performance for an organization to survive in a rapidly changing business environment, including increasingly fierce competition. Employees who have high attachment to the organization and their work will give good performance because they don't make their work a burden, so they are able to adapt when facing difficult situations while working and are able to work together with other employees in achieving organizational goals. As in several previous studies which stated that employee engagement has a positive effect on employee performance (Blegur & Amalia, 2019; Rumman et al., 2020; Latifah & Muafi, 2021; Syaifullah et al., 2021).

Transformational leadership improves employee performance, especially in Indonesian flying school institutions. This shows that when leaders in these institutions talk about the future optimistically, have the ability, confidence, and authority within the organization and can provide new insights in completing tasks, then it makes employees able to manage the changes that occur in work well, then are able to helps co-workers when needed, and has high standards of work. This is in line with research by Layaman et al., (2021) which states that transformational leadership able to inspire staff through the vision, mission and goals of the organization as well as encourage and motivate staff for maximum performance, stimulate employees to act and solve problems critically. In addition, transformational leadership able to make employees appreciate and trust their leaders through an obvious vision and attitude of the

leader in the work they do so that this can increase employee morale which then influences employee performance (Sinaga et al., 2018; Meswantri & Awaludin, 2018).

CONCLUSION

Transformational leadership in flying schools contributes to improving organizational culture and employee performance. Then organizational culture can strengthen employee engagement with the organization and be able to improve employee performance for the better. In addition, employee engagement is also considered capable of improving employee performance, especially in-flying school organizations in Indonesia.

This study still has some limitations that need to be corrected. First, this study was conducted at aviation schools in Indonesia, which may not describe conditions in other sector industries. So that future research can be focused on other sector industries to gain broader insights. Second, this study only focuses on the type of leadership "transformational leadership", while there are other types of leadership that can be further investigated because they are considered as factors that can improve employee performance, namely: servant leadership, which is expected to be able to enrich the study literature. Third, this study only examines employees with more than five years of service who are considered to have loyalty to the organization, which may not necessarily describe the condition of all employees with different lengths of service, such as short working period (under six years) or new employees, so that future research can examine employees with a more varied working period (starting from new employees or working period one year and above) so that the results of the research will be more complete.

This research has several important managerial implications for an organization to carry out to improve employee performance, namely: first, organizations must be able to choose leaders who are optimistic about the future of the organization, able to provide new perspectives in completing work, and have self-confidence and capability in his job. This can be implemented during the assessment in the election of leaders. Furthermore, leaders who have passed the assessment attend leadership training organized by training institutions. Second, the organization can apply a culture that is in accordance with its organizational goals, where leaders participate in doing things that are recommended to their employees, the work that they do full of meaning and purpose, the work culture that is applied must be able to produce a sense of comfort and safety for employees, and the organization must be able to cooperate with employees when solving a problem. So that with this implementation, employees will be able to fulfill their responsibilities properly, and feel happy and proud of their work in the organization. This activity can also be grown through implemented System Knowledge Management involving all employees from various levels of title and position. Third, the organization must have a realistic and vision and mission obviously, so that employees have confidence in the organization where they work. Employees must know the vision and mission of the organization and understand their main tasks and functions in carrying out their work. In addition, the organization must also be able to build a common point of view with employees regarding the goals to be achieved by the organization, so that with this clarity employees are able to provide the best performance results for the organization.

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