

THE EFFECT OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE PERFORMANCE WITH SELF-EFFICACY AND READINESS FOR CHANGE AS INTERVENING VARIABLES

Berlian Anggoro Aji¹, Intan Ratnawati²

^{1,2}Master of Management, Faculty of Economics and Business, Universitas Diponegoro

Email: anggoroberlian@gmail.com Email: intan.febundip@gmail.com

ABSTRACT

This study aims to analyse and obtain explanations related to research on the effect of transformational leadership on employee performance, as well as mediating variables, namely self efficacy and readiness for change. This type of research has the purpose of collecting data on each variable to explain events, populations and conditions. The population used is permanent employees of PT Pearland, where the company is located in Ngadirejo Village, Boyolali Regency, Central Java, a total of 110 people in the production department. The analysis used in this research is quantitative data analysis. The analysis method that will be used in this study is a method that can be used to determine the relationship between variables, namely the PLS (Partial Least Square) application. Based on the results of data analysis, it can be concluded that transformational leadership does not have a significant positive direct effect on employee performance at PT Pearland Boyolali. Transformational leadership has a significant positive effect on employee self-efficacy, which means that the quality of leadership affects the level of employee self-efficacy. Furthermore, employee self-efficacy has a significant positive effect on performance, indicating that the higher the self-efficacy, the higher the employee performance. In addition, transformational leadership also has a positive effect on readiness for change, which then contributes to improving employee performance through the desire to change.

Keywords: Transformational Leadership; Employee Performance; Self Efficacy; Readiness For Change

INTRODUCTION

The success of an organization in today's era of technological development relies heavily on having a great leader. Even with a talented workforce, the organizational process can be challenging without effective leadership. Transformational leadership, in essence, involves inspiring followers to go beyond their personal interests by instilling new morals, ideals, interests, and values, ultimately motivating them to perform better (Buil et al., 2019). These leaders possess the ability to transform the organization by envisioning the future and empowering employees to take ownership in achieving that vision (C. C. Lee et al., 2023).

Leaders who opt for transformational leadership possess a leadership approach that effectively inspires individuals to collaborate towards accomplishing objectives and fostering positive changes within a company (Jacob Davis.K & A. Thilagaraj, 2022). The essence of transformational leadership is both motivational and advantageous for employees across different hierarchical levels within the organization (Siangchokyoo, et.al 2020). Effective human resource management holds significant importance for companies, as its proper implementation leads to enhanced employee performance (Hutabarat et al., 2022). The role and strategic involvement of a leader in planning, organizing, implementing, and overseeing the company's human resources also stands as a crucial factor.

The execution of tasks at PT Pearland is supported by various departments, one of which is responsible for production and manufacturing products for the company, known as the production department. Additionally, there is a department dedicated to addressing employee issues, known as the HRGA (Human Resource General Affairs) department. Through unstructured initial interviews and observations with the supervisor of the HRGA

department at PT Pearland Boyolali, significant information was gathered revealing a decline in the number of employees on a monthly basis in the year 2022. The data provided below illustrates this phenomenon of decreasing employee count.

The production section is currently facing unstable conditions in terms of the number of workers with a high school or vocational education background. From January 2022 to December 2022, there has been a fluctuation in the number of employees. In the initial period from January 2022 to April 2022, the number of employees remained high, although it experienced some fluctuations. However, by December 2022, the number of employees had significantly decreased to only 422 people, which is a reduction of 316 people compared to January 2022. This significant reduction in the workforce can be attributed to a decline in employee performance, as indicated by the fluctuating absenteeism rate.

The occurrence of employee tardiness has been inconsistent, particularly starting from December 2021. Over a span of 12 months, the average percentage of tardiness is 0.32%, while absenteeism stands at a mere 3.11%. Consequently, this has led to a decline in employee performance. Despite efforts, there are still employees who arrive late for work due to their failure to adhere to the designated schedule. Based on the aforementioned explanation, it is evident that PT Pearland is facing challenges in terms of employee awareness, which ultimately affects their overall performance.

The company has made various efforts to improve its operations. These include empowering managers to take a more assertive approach in managing their subordinates, ensuring that employees are paid in accordance with the District Minimum Wage (UMK) in Boyolali Regency, providing socialization and education to enhance

employee readiness for change and improvement, and adapting to the post-pandemic conditions that have impacted the global economy. These measures aim to ensure that employees are prepared, confident, and capable of maintaining their performance regardless of the circumstances. The company is committed to achieving positive changes and addressing any performance issues among its employees. To achieve maximum performance, it is crucial for individuals to have self-efficacy and be ready for change. Self-efficacy refers to an individual's belief in their ability to organize tasks and achieve goals. Readiness for change, on the other hand, refers to employees' willingness to embrace necessary improvements within the company. Therefore, in order to enhance employee performance, it is essential to foster self-efficacy and readiness for change, as these qualities instill trust and confidence in individuals' abilities to complete tasks and adapt to positive changes in the workplace. Based on the research gap, previous studies, and observations of business phenomena within the company, this research will propose two intervening variables: self-efficacy and readiness for change.

Human resources have dedicated their efforts to enhancing employee performance, as it is crucial for enhancing the organization's overall quality. Consequently, existing organizations have been assigned the responsibility of scrutinizing various factors of company performance through the lens of employee self-efficacy. This research serves as a pivotal component in fostering improved employee performance. Self-efficacy pertains to an individual's proficiency in executing actions to meet the performance standards set by the company. Moreover, self-efficacy can serve as a valuable tool for evaluating employee performance in relation to work, encompassing motivation and other pertinent aspects within the organizational context (Kaakeh et al., 2020).

According to a study conducted by Iqbal et al. (2023), it has been found that managers require self efficacy in order to contribute to the progress of business development through innovative behavior from their employees. This, in turn, leads to positive changes within the company and enhances the overall performance of the employees. Hence, it is crucial for a company to have a well-defined road map in order to achieve clear business development.

Global competition necessitates a mindset that is open to change, so that when post-pandemic conditions arise, it can serve as a favorable opportunity for companies to prepare and make a comeback. There are numerous strategies that companies can adopt, and one crucial aspect to consider is being prepared for change. Leaders can foster their employees' ability to embrace change by focusing on their attitudes, beliefs, and intentions towards facing upcoming changes. The readiness for change exhibited by employees has a positive correlation with their performance. Therefore, readiness for change plays a pivotal role in mediating the relationship between employee performance and leadership (J. Y. Lee & Lee, 2018).

A company's ability to succeed or even survive greatly relies on its employees' capacity to adapt to change (Katsaros et al., 2020). Therefore, it is crucial for them to possess a mindset that embraces change and the flexibility to attain a sustainable

competitive advantage for the company (Pan & Sun, 2018). Research on readiness for change can be categorized into individual and organizational factors. By creating a positive environment that enhances individuals' awareness and confidence in their ability to adapt, we can cultivate a sense of preparedness to move forward. This, in turn, enables employees to align their thoughts, emotions, and actions with the values and goals of the organization (Costello & Arghode, 2020).

The background of this research problem briefly discusses the identification of problems in the study. This identification serves as the foundation for formulating research questions to address the problem. There are two main aspects to the identification of the problem. Firstly, there are inconsistencies in research results, which have been discussed in the background section. This refers to the existence of different research findings. Secondly, there is a business phenomenon within the research company. This phenomenon indicates that employee performance in the company is not optimal. Therefore, it is necessary to find a solution to delve deeper into the performance of employees in the company.

Based on the aforementioned explanation, this study will focus on the impact of Transformational Leadership on Employee Performance, with Self Efficacy and Readiness For Change as intervening variables. Previous studies have shown inconsistencies or differences in research results, as well as the presence of business phenomena in the research subject. Hence, this study will examine these variables to ensure and provide answers to the related research findings. The aim of this study, based on the problem identification mentioned above, is to analyze and obtain explanations regarding the research on the effect of transformational leadership on employee performance, along with the mediating variables of self efficacy and readiness for change.

LITERATURE REVIEW

The Effect of Transformational Leadership on Employee Performance

The primary role of leadership is to inspire and motivate every employee to align with the organizational values in order to accomplish the organization's vision and mission. This is crucial in instilling confidence in the leader and driving organizational success. This highlights the effectiveness of transformational leadership in influencing employee performance (Khan et al., 2020).

Several other studies have demonstrated the impact of transformational leadership on employee performance. (Paracha et al., 2012) conducted a study involving 250 employees from private education schools in Pakistan, supporting this notion. Similarly, Thamrin (2012) distributed questionnaires to 105 employees who had worked for five shipping companies in Jakarta, yielding similar results. Jing & Yingqian (2012) utilized the SEM model to survey 364 staff members across 10 different industries in China, further confirming the findings. These studies align with the research conducted by Top et al., (2020), which emphasized the significant influence of transformational

leadership on employee performance. Transformational leadership variables turned out to be important in influencing employee performance in an organization, so hypothesis one, namely:

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

The Effect of Transformational Leadership on Self Efficacy

Taufiq-Hail et al. (2021) assert that self-efficacy refers to individuals' capacity to self-motivate and engage in decision-making processes that influence their behavior and performance outcomes. The impact of transformational leadership on self-efficacy has garnered significant interest among researchers. However, only a limited number of individuals have undertaken research in this area. The subsequent study provides evidence supporting the influence of transformational leadership on self-efficacy.

Elkhani et al. (2014) discovered that transformational leadership plays a crucial role in enhancing self-efficacy. This finding aligns with Bandura's theory and was further supported by Hairudinor et al. (2014) in their study involving 216 respondents from nine hospitals in four districts/cities of South Kalimantan. The study utilized the path analysis method and confirmed that transformational leadership has a positive and significant impact on self-efficacy. The belief in one's ability and the desire to successfully achieve goals are key factors in evaluating self-efficacy, making transformational leadership an appropriate leadership style (Lunenberg & Samaras, 2011). In light of this explanation, the second hypothesis is as follows:

H2 : Transformational leadership has a positive effect on self-efficacy.

The Effect of Self Efficacy on Employee Performance

Self-efficacy, as highlighted by (Mao et al., 2019), serves a motivational purpose by supporting motivation in various ways and shaping the goals individuals set for themselves based on their ability to withstand failure. When employees possess a strong belief in their capabilities, it serves as a driving force to strive for more even in the face of failure. This willingness and persistence ultimately contribute to improved performance outcomes. Research conducted by Ardi et al. (2017) at PT Telekomunikasi Indonesia Regional V Surabaya, and Sebayang & Sembiring (2017) further supports the notion that self-efficacy significantly influences employee performance.

However, an intriguing finding from the study conducted by Ambarita et al. (2022) on 135 respondents from PT Sarana Indoguna Lestari Surabaya employees revealed that employee performance was not influenced by self efficacy. Similarly, the research conducted by Schmidt & DeShon (2010) also demonstrated that self efficacy does not have a significant impact on performance. These contrasting results regarding the relationship between self efficacy and employee performance suggest that self efficacy is not a fixed attribute. Furthermore, self efficacy can also shape individuals' actions based on their selective, cognitive, and affective abilities (Bandura, 2012).

Based on the aforementioned explanation, the third hypothesis is:

H3: Self efficacy has a positive effect on employee performance.

The Effect of Transformational Leadership on Readiness For Change

Research has been conducted to examine the correlation between transformational leadership and readiness for change. Pranowo & Prihatsanti (2017) as well as Simarmoyo (2014) all share the same viewpoint that transformational leadership is closely linked to readiness for change, as it influences employees' willingness to embrace change. This perspective is further supported by Ratnawati (2017) research, which involved surveying 400 mid-level employees in service and manufacturing companies after an acquisition. The findings demonstrate that the implementation of transformational leadership practices can have a positive impact on employee change. Considering the research on transformational leadership and readiness for change, the fourth hypothesis is as follows:

H4 : Transformational leadership has a positive effect on readiness for change

The Effect of Readiness For Change on Employee Performance

Employees' personal willingness to embrace change is what defines readiness for change. Moreover, the utilization of knowledge and technology plays a crucial role in enabling employees to adapt to organizational changes (Metwally et al., 2019). When individuals comprehend the intended change, it influences their behavior and how they carry out their tasks within the company or organization. This is because it is closely tied to their thoughts, willingness, knowledge, and technological proficiency. The impact of readiness for change has been extensively examined, as highlighted by Listiyono Putri & Wibowo (2023), who discovered that employees who possess readiness for change are emotionally committed to the organization. This commitment stems from their sense of competence and comfort in the workplace, and it can be leveraged to uphold and enhance employee performance (Banjongprasert, 2017).

Alqudah et al. (2022) further reinforces the aforementioned viewpoint. Their study, which encompassed 510 bank employees in Jordan, demonstrated that a favorable inclination towards change has a noteworthy and constructive impact on the employees' performance. Consequently, it is anticipated that significant improvements in performance will transpire. Hence, in light of the aforementioned details, the fifth hypothesis can be formulated as follows:

H5: Readiness for change has a positive effect on employee performance.

The Effect of Transformational Leadership on Employee Performance Mediated by Self Efficacy

Previous studies have examined the impact of transformational leadership on employee performance. These studies have revealed a connection between the two, with self efficacy acting as a mediating variable that strengthens the

influence of transformational leadership on employee performance. In a study conducted by Herlambang & Suwandana (2020), it was found that transformational leadership has a positive and significant effect on employee performance, with self efficacy playing a mediating role. Similarly, Salanova et al. (2011) conducted research involving 80 nurses and 17 hospital supervisors in Portugal, and discovered a complete mediation model where self efficacy fully mediates the impact of transformational leadership on employee performance.

Based on the research conducted by Cavazotte et al. (2013), it was found that self efficacy plays a mediating role in the relationship between transformational leadership and employee performance. The study involved 107 managers from a multinational finance company in Brasilia and utilized the Partial Least Squares (PLS) method. Therefore, the sixth hypothesis can be formulated as follows:

H6: Self efficacy mediates the influence between transformational leadership on employee performance.

The Effect of Transformational Leadership on Employee Performance Mediated by Readiness for Change

The performance of employees is a crucial aspect that organizations must consider when implementing changes. This is where the managerial concept of transformational leadership comes into

play. According to a study conducted by Katsaros et al. (2020), it was found that transformational leadership acts as a mediator between readiness for change and employee performance. The study involved 213 employees from Greek shipping companies who were asked to complete questionnaires. The results revealed that transformational leadership effectively mediates the impact of readiness for change on employee performance.

According to a study conducted by Vaishnavi et al. (2019), it has been found that the willingness of individuals to embrace change plays a crucial role in enhancing the potential for organizational change. The readiness for change encompasses various aspects such as the employee's personality, characteristics, and the overall organizational environment, all of which contribute to fostering a positive attitude towards change. This finding was further supported by subsequent research conducted by Novitasari et al. (2020), which involved 154 employees and hospitals in Indonesia. Through the use of the SEM approach with Smart PLS 3.0, it was revealed that the readiness for change acts as a mediating variable in the relationship between transformational leadership and employee performance. Based on these findings, the seventh hypothesis can be formulated as follows:

H7: Readiness for change mediates the effect between transformational leadership and employee performance.

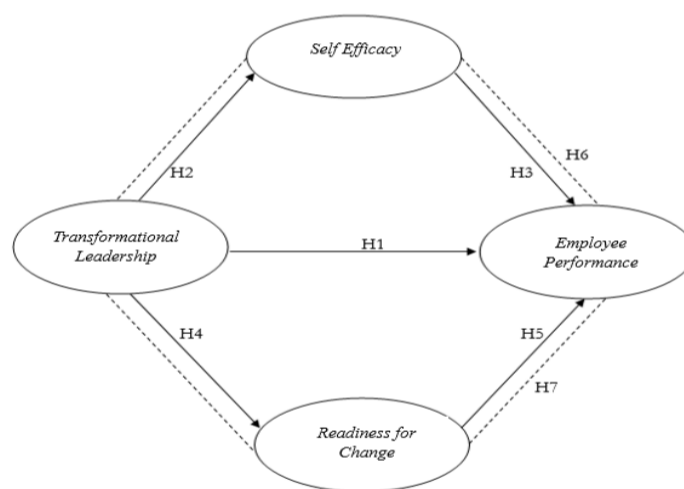


Figure 1. Theoretical framework

RESEARCH METHODS

The present study employed a descriptive quantitative research approach (Sekaran & Bougie, 2016) to establish the correlation between variables and conduct hypothesis testing. This research methodology aims to gather data on each variable in order to elucidate events, populations, and conditions. By employing a cross-sectional study design, data was collected during a specific period to address the research questionnaire (Sekaran & Bougie, 2016).

The researchers collected primary data for their study by directly administering questionnaires to the permanent employees of the production department at PT Pearland. This company is located in the Boyolali Regency area, specifically in Ngadirojo Village, Dukuh Karang RT. 002 RW. 007

Gladagsari District. The questionnaires consisted of a list of relevant statements that aligned with the research objectives. In addition to primary data, the researchers also utilized secondary data from company documentation, the company's website, books, and articles related to the research topic. The population for the study comprised of 110 permanent employees in the production department of PT Pearland, located in Ngadirejo Village, Boyolali Regency, Central Java. According to Hair et al. (2019), a study using the Sequal Equating Model (SEM) approach should have a minimum of 100 respondents. Therefore, the researchers distributed the questionnaires to all 110 permanent production employees at PT Pearland Boyolali Regency. Since all the sampled respondents were members of the population, which consisted of all 110 permanent employees, the appropriate sampling

technique that fulfilled the research requirements was the census technique.

Transformational leadership serves as the independent variable in this research. Employee performance, on the other hand, is considered the dependent variable. Two mediating variables, namely self efficacy and readiness for change, are utilized in this study. The research instrument employed is a questionnaire, which aims to thoroughly examine and analyze the impact of transformational leadership on employee performance, with self efficacy and readiness for change acting as intervening variables. The questionnaire consists of several statements pertaining to each research variable, and Likert scale is employed to measure the responses. The research employs quantitative data analysis, as it aims to provide numerical information. The chosen analysis method for this study is the PLS (Partial Least Square) application, which helps determine the relationship between variables.

RESULTS AND DISCUSSION

Result

Description of Respondent Characteristics

According to the analysis findings, it is evident that the majority of respondents in this study were

male, accounting for 57.27% or 63 employees. On the other hand, there were 37 female respondents, making up 33.63% of the total. This can be attributed to the fact that male workers are in high demand for permanent positions in the production department at PT Pearland, as most of the work involves manual labor and requires extra physical effort.

In terms of age distribution, the largest group of respondents falls within the 31-40 years range, comprising 42.72% of the total. Conversely, the smallest group consists of only 5 individuals (4.55%) who are between 51-60 years old. This can be explained by the need for younger individuals with fresh energy and physical prowess in the production section, as it involves strenuous tasks.

Convergent Validity

During the initial phase, the Transformational Leadership, Self Efficacy, Readiness for Change, and Employee Performance indicators are evaluated. None of these indicators have a loading factor value less than 0.6. As a result, all indicators meet the required criteria and there is no need to eliminate any of them. The PLS Algorithm testing is then conducted again to identify variable indicators with a loading factor value below 0.6. The loading factor values can be observed in the table provided.

Table 1. Loading Factor Value of Valid Indicators

Variable	Code	Outer Loading Value	Requirements	Description
<i>Transformational Leadership</i>	Tran1	0.817	> 0.5	Valid
	Tran2	0.898	> 0.5	Valid
	Tran3	0.882	> 0.5	Valid
	Tran4	0.914	> 0.5	Valid
	Tran5	0.893	> 0.5	Valid
	Tran6	0.851	> 0.5	Valid
	Tran7	0.895	> 0.5	Valid
	Trans8	0.888	> 0.5	Valid
<i>Readiness for Change</i>	Read1	0.894	> 0.5	Valid
	Read2	0.902	> 0.5	Valid
	Read3	0.898	> 0.5	Valid
	Read4	0.911	> 0.5	Valid
	Read5	0.919	> 0.5	Valid
	Read6	0.900	> 0.5	Valid
	Read7	0.898	> 0.5	Valid
	Read8	0.907	> 0.5	Valid
<i>Self Efficacy</i>	Self1	0.852	> 0.5	Valid
	Self2	0.930	> 0.5	Valid
	Self3	0.917	> 0.5	Valid
	Self4	0.921	> 0.5	Valid
	Self5	0.930	> 0.5	Valid
	Self6	0.946	> 0.5	Valid
	Self7	0.891	> 0.5	Valid
	Self8	0.956	> 0.5	Valid
<i>Employee Performance</i>	Emp1	0.921	> 0.5	Valid
	Emp10	0.789	> 0.5	Valid
	Emp2	0.872	> 0.5	Valid
	Emp3	0.963	> 0.5	Valid
	Emp4	0.872	> 0.5	Valid
	Emp5	0.914	> 0.5	Valid
	Emp6	0.829	> 0.5	Valid
	Emp7	0.801	> 0.5	Valid
Emp8	0.792	> 0.5	Valid	

All loading factors have been eliminated, and it has been verified that each one has surpassed a value greater than 0.6. The loading factors obtained from the most recent retested path diagram are

presented in Table 1. Consequently, by attaining a value higher than 0.6, the correlation between indicators and their corresponding variables within a

construct can be deemed valid according to the criteria of convergent validity.

Discriminant Validity

The evaluation of discriminant validity has become an essential requirement in analyzing the connection between latent variables. In the context

of variance-based structural equation modeling, such as partial least squares, the Fornell Larcker criterion and cross-loading checks are widely used methods for assessing discriminant validity. Discriminant validity refers to the extent to which an indicator effectively measures the construct of the instrument.

Table 2. Discriminant Validity – Fornell-Larcker criterion

	Transformational Leadership (X)	Employee Performance (Y)	Readiness for Change (M₂)
Transformational Leadership (X)			
Employee Performance (Y)	0.900		
Readiness for Change (M ₂)	0.884	0.994	
Self Efficacy (M ₁)	0.893	0.973	0.944

Table 2 indicates that the association construct has a higher correlation value compared to the other constructs. This suggests that the model demonstrates good discriminant validity. Specifically, the FL Criterion value for Readiness for Change (M₂) is the lowest at 0.884, while the correlation between Readiness for Change and Transformational Leadership is higher at 0.191.

Observing the square root value of AVE and comparing it with the correlation value between

constructs in the model allows us to determine discriminant validity. If the square root value of AVE is greater than the correlation between constructs in the model, it indicates a good degree of discriminant validity. According to Fornell and Larcker (1981 in (Ghozali & Latan, 2015)), the square root value of AVE must be greater than 0.5 to meet the requirement for a good AVE value.

Table 3. Construct Reliability and Validity

	Average variance extracted (AVE)
Transformational Leadership	0.775
Employee Performance	0.756
Readiness_for_Change	0.817
Self_Efficacy	0.821

Composite Reliability

Ghozali and Latan (2015) state that when using the PLS-SEM approach, there are two common ways to assess the reliability of a construct: Cronbach's Alpha and Composite Reliability (Dillon-Goldstein's). However, it is recommended to use composite reliability for reliability tests in

research with the PLS-SEM approach. For a construct to be considered reliable when assessed with composite reliability, it should have a value greater than 0.7. However, for exploratory research, a value greater than 0.6 is still acceptable. In this study, the overall composite reliability value exceeds 0.7.

Table 4. Cronbach's alpha

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Transformational Leadership	0.958	0.960	0.965
Employee Performance	0.963	0.966	0.969
Readiness_for_Change	0.968	0.968	0.973
Self_Efficacy	0.972	0.974	0.976

Source: primary data 2023

Inner Model Evaluation

Path Coefficient Test

The evaluation of the structural model in PLS involves assessing the R² for the dependent construct, as well as the path coefficient value or t-values for each path. These measures help

determine the significance between constructs in the structural model. R² is particularly useful in determining the impact of exogenous latent variables on endogenous latent variables. To process the research data, we utilized SmartPLS 3.0, as shown in the following figure:

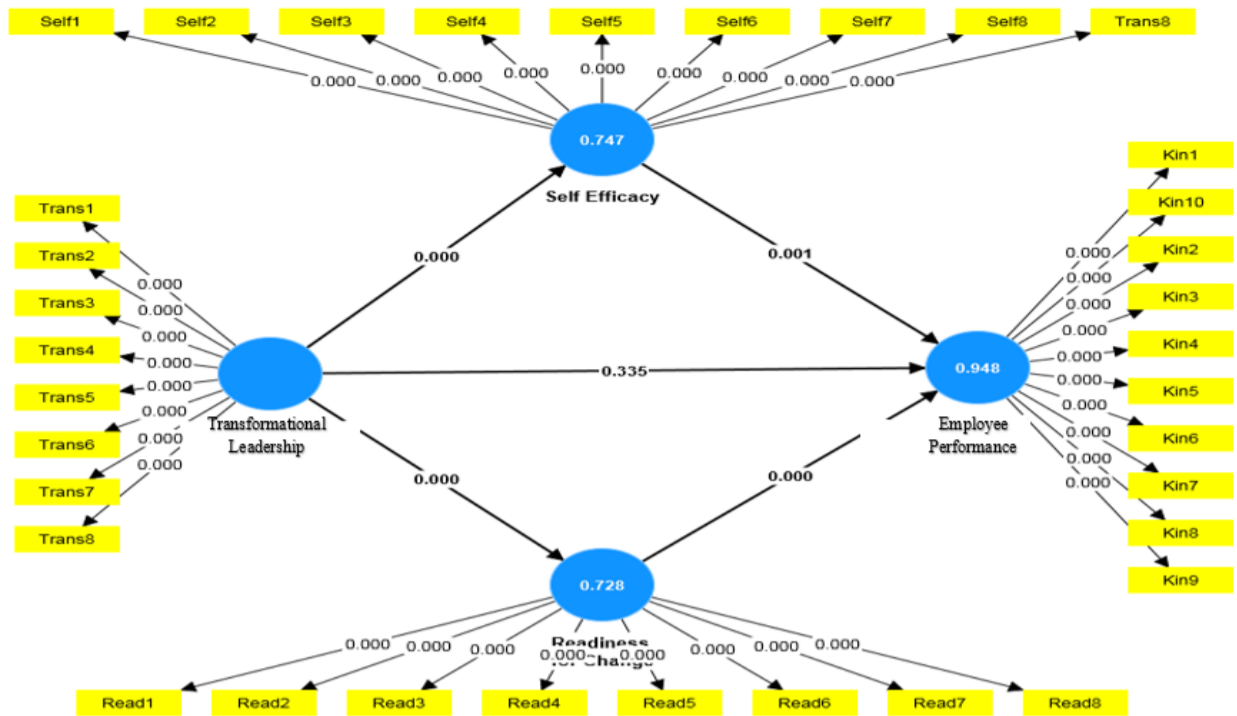


Figure 2. Results of Stage 2 Data Processing

The path coefficient for the Transformational Leadership variable on the Self Efficacy variable is 0.000, with a mediation of self efficacy at 0.747. Additionally, when the Transformational Leadership variable is mediated by the Readiness for Change variable, the coefficient is 0.728. The effect of the Transformational Leadership variable on employee performance is 0.335, while the effect of the self efficacy variable on employee performance is 0.001. Furthermore, the mediating effect on employee performance variables is 0.948.

Goodness of Fit Test

When conducting the Goodness of Fit (GoF) test, the PLS model allows us to determine the R2 value for each endogenous latent variable (dependent). The structural model reveals that the dependent variables, namely employee performance, RFC, and self efficacy, have R2 scores of 0.948, 0.728, and 0.747 respectively. This indicates that 94.8% of the employee performance can be explained by the perception of transformational leadership. Similarly, 72.8% of the readiness for change can be explained by the perception of transformational leadership, while self efficacy is explained by 74.7% perception of transformational leadership.

Table 5. R-Square – Overview

	R-square	R-square adjusted
Employee_Performance	0.948	0.947
Readiness_for_Change	0.728	0.726
Self_Efficacy	0.747	0.744

Hypothesis Test

SmartPLS 3 software is used to perform calculations and process data through bootstrapping in hypothesis testing. The output of this process includes path coefficients and p-values. These two components are then compared to specific criteria in order to determine whether a hypothesis can be supported or not in the study. In this particular

study, hypothesis testing is conducted using a confidence level of 95% or an error rate of $\alpha = 0.05 = 5\%$, with p-values < 0.05 indicating support for the alternative hypothesis (Ha) and rejection of the null hypothesis (Ho). Conversely, if the p-values are greater than 0.05, the null hypothesis (Ho) is supported and the alternative hypothesis (Ha) is not supported.

Table 6. Path Coefficient – Mean, STDEV, T Values, p valued

	Original sample (O)	Sample mean (M)	T statistics (O/STDEV)	P values	Description
Transformational Leadership -> Employee Performance	0.068	0.065	0.963	0.335	Has No Effect
Transformational Leadership -> Readiness for Change	0.854	0.859	26.224	0.000	Has an Effect
Transformational Leadership -> Self Efficacy	0.864	0.868	31.255	0.000	Has an Effect
Readiness for Change -> Employee Performance	0.580	0.585	5.203	0.000	Has an Effect
Self Efficacy -> Employee Performance	0.353	0.350	3.456	0.001	Has an Effect

Source: primary data 2023

The perception of transformational leadership does not have an impact on employee performance, as indicated by the p-values of 0.335 [p-values = $0.335 > 0.05$]. However, it is worth noting that the path coefficient value is 0.068 and positive, suggesting that the hypothesis can still be supported. On the other hand, the perception of transformational leadership has a positive influence on readiness for change, as evidenced by the statistical calculation with p-values of 0.000 [p-values = $0.000 < 0.05$] and a path coefficient value of 0.854. This supports the hypothesis. Additionally, transformational leadership has a positive effect on self-efficacy, with p-values of 0.000 [p-values = $0.000 < 0.05$] and a path coefficient value of 0.864. Therefore, this hypothesis can be concluded to be supported. Moreover, readiness for change plays a positive and mediating role in employee performance, with a path coefficient value of 0.580 and p-values of 0.000 [p-values = $0.00 < 0.05$]. This hypothesis is supported and can mediate employee performance. Lastly, self-efficacy also acts as a mediator for employee performance, with a path coefficient value of 0.353 and p-values of 0.001 [p-values = $0.001 < 0.05$]. The test conclusion for this hypothesis is that it can be supported and can mediate.

Discussion

The Effect of Transformational Leadership on Employee Performance

According to the research findings, it was concluded that perceptions of transformational leadership do not have an impact on employee performance. This conclusion is supported by a p-value of 0.335 [p-value = $0.335 > 0.05$] and a path coefficient value of 0.241. Interestingly, these results contradict previous research conducted by Paracha et al. (2012), Thamrin (2012), Jing & Yingqian (2012), and Top et al., (2020), which found that transformational leadership does indeed affect employee performance. It is evident that transformational leadership plays a significant role in influencing employee performance.

The Effect of Transformational Leadership on Self Efficacy

The research findings suggest that perceptions of transformational leadership have a direct impact on self-efficacy. The results indicate that this hypothesis can be accepted, with p-values of 0.000 [p-values = $0.000 > 0.05$] and a path coefficient value of 0.864. These findings align with previous research, as Elkhani et al. (2014) also found a positive and significant effect of transformational leadership on self-efficacy. This is consistent with Bandura's theory, as supported by Hairudinor et al. (2014) who used the path analysis method to demonstrate the positive and significant impact of transformational leadership on self-efficacy. The belief in one's ability and desire to succeed in achieving goals is crucial in assessing self-efficacy, and it highlights the importance of leaders adopting appropriate actions, such as transformational leadership (Lunenbergs & Samaras, 2011).

The Effect of Self Efficacy on Employee Performance

The research findings suggest that perceptions of self efficacy directly impact employee performance. The hypothesis supporting this notion has been confirmed, as indicated by a p-value of 0.000 [p-values = $0.001 > 0.05$] and a path coefficient value of 0.353. These results differ from previous research, such as the study conducted by Ardi et al. (2017), which found a strong influence of self efficacy on employee performance. However, it is worth noting the intriguing research conducted by Ambarita et al. (2022), which concluded that self efficacy does not affect employee performance.

The Effect of Transformational Leadership on Readiness For Change

The research findings indicate that transformational leadership has a significant impact on Readiness For Change. The p-values of 0.000 [p-values = $0.000 > 0.05$] and a path coefficient value of 0.854 support this hypothesis. Several studies, including those conducted by Pranowo & Prihatsanti (2017), and Simarmoyo (2014), have all concluded that there is a strong relationship between transformational leadership and readiness for change. These studies highlight how transformational leadership influences employees' willingness to embrace change. Furthermore, Ratnawati (2017) research further strengthens these findings by demonstrating the positive impact of transformational leadership practices on employee change.

The Effect of Readiness For Change on Employee Performance

According to the research findings, it has been established that Readiness For Change directly impacts Employee Performance. The hypothesis has been proven to be true, as indicated by the p-values of 0.000 [p-values = $0.000 > 0.05$] and a path coefficient value of 0.580. Listiyono Putri & Wibowo (2023) have conducted a study on the effect of readiness for change and found that employees who feel competent and comfortable in their workplace through readiness to change are emotionally committed to the organization. This readiness can be utilized to maintain and enhance employee performance (Banjongprasert, 2017). Furthermore, Alqudah et al. (2022) also support this viewpoint, as their research reveals that readiness for change has a positive and significant impact on employee performance.

The Effect of Transformational Leadership on Employee Performance Through Self Efficacy

The research findings suggest that transformational leadership indirectly impacts employee performance through self-efficacy. The results indicate that this hypothesis can be accepted, with p-values of 0.000 [p-values = $0.000 > 0.05$] and a mediation path coefficient value of 0.065. Previous studies have also demonstrated the influence of transformational leadership on employee performance, highlighting the presence of a mediating variable, self-efficacy, which strengthens the relationship between transformational leadership and employee performance.

The Effect of Transformational Leadership on Employee Performance Through Readiness for Change

According to the research findings, it has been established that transformational leadership indirectly impacts employee performance through Readiness for Change. The hypothesis put forward in the study has been proven to be valid. This is supported by the p-values of 0.000 [p-values = 0.000 > 0.05] and the mediation path coefficient value of 0.585. The concept of transformational leadership plays a crucial role in enabling organizations to bring about changes, and employee performance is an important aspect to consider. The research conducted by Katsaros et al. (2020) involving 213 employees from Greek shipping companies, confirms that transformational leadership effectively mediates readiness for change in its impact on employee performance.

CONCLUSION

The analysis of data at PT. Pearland Boyolali yields several key findings. It was concluded that perceptions of transformational leadership alone do not directly impact employee performance. However, transformational leadership does have a direct positive impact on self-efficacy, which, in turn, influences employee performance. The study also found a direct positive influence of self-efficacy on employee performance. Additionally, transformational leadership was identified as having a significant impact on Readiness For Change, which, in turn, directly influences employee performance. Furthermore, the research indicates that transformational leadership indirectly affects employee performance through both self-efficacy and Readiness For Change.

To improve employee performance, future research should look into additional factors beyond job training and the work environment, which were not the main focus of this study but could impact performance. Considering the study's limitations, expanding the research scope is essential for a more comprehensive understanding. For upcoming studies on employee performance, it is suggested to explore alternative mediating or moderating variables. This approach will enable a thorough examination of variable relationships and the exploration of different factors influencing employee performance. Researchers interested in similar studies are advised to broaden their scope by expanding the population sample or including more variables. This approach ensures more comprehensive results, considering limitations such as the availability of reference journals and practical considerations like cost and location.

BIBLIOGRAPHY

Alqudah, I. H. A., Carballo-Penela, A., & Ruzo-Sanmartín, E. (2022). High-performance human resource management practices and readiness for change: An integrative model including affective commitment, employees' performance, and the moderating role of hierarchy culture. *European Research on Management and Business Economics*, 28(1), 100177.

<https://doi.org/https://doi.org/10.1016/j.iemeen.2021.100177>

- Ambarita, P. R. L., Hanafi, A., & Y. (2022). The Influence of Self-Efficacy and Work Environment on Employee Performance: Empirical Study on PT Sarana Indoguna Lestari Surabaya. *Open Journal of Business and Management*, 10(01). <https://doi.org/10.4236/ojbm.2022.101016>
- Ardi, V. T. P., Astuti, E. S., & Sulisty, M. C. W. (2017). Pengaruh Self Efficacy Terhadap Employee Engagement Dan Kinerja Karyawan (Studi pada Karyawan PT Telekomunikasi Indonesia Regional V Surabaya). *Jurnal Administrasi Bisnis (JAB)/Vol*, 52(1).
- Bandura, A. (2012). On the functional properties of perceived self-efficacy revisited. In *Journal of management* (Vol. 38, Issue 1, pp. 9–44). Sage Publications Sage CA: Los Angeles, CA.
- Banjongprasert, J. (2017). An Assessment of Change-Readiness Capabilities and Service Innovation Readiness and Innovation Performance : Empirical Evidence from MICE Venues. *IJEM International Journal of Economics and Management*, 11, 1–17.
- Buil, I., Martínez, E., & Matute, J. (2019). Transformational leadership and employee performance: The role of identification, engagement and proactive personality. *International Journal of Hospitality Management*, 77. <https://doi.org/10.1016/j.ijhm.2018.06.014>
- Cavazotte, F., Moreno, V., & Bernardo, J. (2013). Transformational leaders and work performance: The mediating roles of identification and self-efficacy. *BAR - Brazilian Administration Review*, 10(4). <https://doi.org/10.1590/S1807-76922013000400007>
- Costello, J. E., & Arghode, V. (2020). Exploring member readiness for change in manufacturing industries using phenomenology. *Management Research Review*, 43(7), 847–861. <https://doi.org/10.1108/MRR-05-2019-0214>
- Elkhani, N., Soltani, S., & Ahmad, M. N. (2014). The effects of transformational leadership and ERP system self-efficacy on ERP system usage. *Journal of Enterprise Information Management*, 27(6). <https://doi.org/10.1108/JEIM-06-2013-0031>
- Ghozali, I., & Latan, H. (2015). *Partial Least Squares: Konsep Teknik dan Aplikasi Menggunakan Program SmartPLS 3.0* (2nd ed). Universitas Diponegoro.
- Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. *European Business Review*, 26(2), 106–121. <https://doi.org/10.1108/EBR-10-2013-0128>
- Hairudin, N., Astuti, E. S., Kumadji, S., & Utami, H. N. (2014). The Effect of Transformational Leadership on Social Competence , Self-Efficacy , Work Engagement , and Individual Performance. *European Journal of Business and Management*, 6(21).
- Herlambang, P. G. D., & Suwandana, I. M. A. (2020). Pengaruh Kepemimpinan Transformasional Terhadap Kinerja Karyawan Dengan Self-Efficacy Sebagai Variabel

- Mediasi pada Lembaga Perkreditan Desa (LPD). *International Journal of Social Science and Business*, 4(1). <https://doi.org/10.23887/ijssb.v4i1.24070>
- Hutabarat, D. T. H., Fransisca, Z., Ritonga, F., Pardede, D. J., Almas, S., Sikumbang, N. A., Mutiara, Khoiriyah, A., Hamizah, S., Malahayati, & Suryadi. (2022). Understanding And Describing Relationship Of State Law And Human Right. *Journal of Humanities, Social Sciences and Business (JHSSB)*, 1(1), 65–72. <https://doi.org/https://doi.org/10.55047/jhssb.v1i1.63>
- Iqbal, A., Ahmad, M. S., & Nazir, T. (2023). Does servant leadership predict innovative behaviour above and beyond transformational leadership? Examining the role of affective commitment and creative self-efficacy. *Leadership & Organization Development Journal*, 44(1), 34–51. <https://doi.org/10.1108/LODJ-01-2022-0016>
- Jacob Davis.K & A. Thilagaraj. (2022). Transformational Leadership Theory – A Critical Analysis with reference to Banking Sector. *Webology*, 19, No. 2, 152–159.
- Jing, L., & Yingqian, H. (2012). An empirical study of transformational leadership on employees' adaptive performance. *International Conference on Information Management and Engineering*.
- Kaakeh, A. K., Hassan, M. K., Van-Hemmen, S., & Hossain, I. (2020). Understanding self-efficacy and performance of salespersons in Islamic banking. *Journal of Islamic Accounting and Business Research*, 11(5). <https://doi.org/10.1108/JIABR-10-2018-0160>
- Katsaros, K. K., Tsirikas, A. N., & Kosta, G. C. (2020). The impact of leadership on firm financial performance: the mediating role of employees' readiness to change. *Leadership and Organization Development Journal*, 41(3), 333–347. <https://doi.org/10.1108/LODJ-02-2019-0088>
- Khan, H., Rehmat, M., Butt, T. H., Farooqi, S., & Asim, J. (2020). Impact of transformational leadership on work performance, burnout and social loafing: a mediation model. *Future Business Journal*, 6(1). <https://doi.org/10.1186/s43093-020-00043-8>
- Lee, C. C., Yeh, W. C., Yu, Z., & Lin, X. C. (2023). The relationships between leader emotional intelligence, transformational leadership, and transactional leadership and job performance: A mediator model of trust. *Heliyon*, 9(8), e18007. <https://doi.org/10.1016/j.heliyon.2023.e18007>
- Lee, J. Y., & Lee, Y. (2018). Job Crafting and Performance: Literature Review and Implications for Human Resource Development. *Human Resource Development Review*, 17(3), 277–313. <https://doi.org/10.1177/1534484318788269>
- Listiyono Putri, Y., & Wibowo, D. H. (2023). Hubungan Antara Readiness for Change Dan Kinerja Karyawan Industri Selama Pandemi Covid-19. *Bulletin of Counseling and Psychotherapy*, 4(3). <https://doi.org/10.51214/bocp.v4i3.415>
- Lunenberg, M., & Samaras, A. P. (2011). Developing a pedagogy for teaching self-study research: Lessons learned across the Atlantic. *Teaching and Teacher Education*, 27(5). <https://doi.org/10.1016/j.tate.2011.01.008>
- Lutfi, M. and Siswanto, S. (2018). A Transformational Leadership, It's Implication on Employee Performance through Organizational Culture and Motivation', *Ekspektra. Jurnal Bisnis Dan Manajemen*, 2(2), 192. <https://doi.org/doi:10.25139/ekt.v2i2.1226>.
- Mao, J., Chiu, C. Y. (Chad), Owens, B. P., Brown, J. A., & Liao, J. (2019). Growing Followers: Exploring the Effects of Leader Humility on Follower Self-Expansion, Self-Efficacy, and Performance. *Journal of Management Studies*, 56(2), 343–371. <https://doi.org/10.1111/joms.12395>
- Metwally, D., Ruiz-Palomino, P., Metwally, M., & Gartzia, L. (2019). How Ethical Leadership Shapes Employees' Readiness to Change: The Mediating Role of an Organizational Culture of Effectiveness. *Frontiers in Psychology*, 10(November), 1–18. <https://doi.org/10.3389/fpsyg.2019.02493>
- Novitasari, D., Goestjahjanti, F. S., & Asbari, M. (2020). The Role of Readiness to Change between Transformational Leadership and Performance: Evidence from a Hospital during Covid-19 Pandemic. *APMBA (Asia Pacific Management and Business Application)*, 9(1). <https://doi.org/10.21776/ub.apmba.2020.009.01.4>
- Pan, W., & Sun, L. Y. (2018). A Self-Regulation Model of Zhong Yong Thinking and Employee Adaptive Performance. *Management and Organization Review*, 14(1), 135–159. <https://doi.org/10.1017/mor.2017.33>
- Paracha, M. U., Qamar, A., Mirza, A., Inam-ul-Hassan, & Waqas, H. (2012). Impact of Leadership Style (Transformational & Transactional Leadership) On Employee Performance & Mediating Role of Job Satisfaction" Study of Private School (Educator) In Pakistan. *Accelerating the World's Research*, 12(4).
- Pranowo, A. N. W., & Prihatsanti, U. (2017). Hubungan Antara Gaya Kepemimpinan Transformasional Dengan Kesiapan Untuk Berubah Pada Karyawan Kpp Pratama Purworejo Dan Temanggung DJP Wilayah Jawa Tengah II. *Jurnal EMPATI*, 5(4). <https://doi.org/10.14710/empati.2016.15436>
- Ratnawati, I. (2017). Pengaruh Transformasional Leadership Terhadap Kinerja Karyawan Dengan Perilaku Kerja Proaktif Sebagai Variabel Intervening (Studi Pada Perusahaan Pasca Akuisisi Di Indonesia). *Seminar Nasional Dan Konferensi Forum Manajemen Indonesia (FMI) Ke-9*.
- Salanova, M., Lorente, L., Chambel, M. J., & Martínez, I. M. (2011). Linking transformational leadership to nurses' extra-role performance: The mediating role of self-efficacy and work engagement. *Journal of Advanced Nursing*, 67(10). <https://doi.org/10.1111/j.1365-2648.2011.05652.x>

- Schmidt, A. M., & DeShon, R. P. (2010). The Moderating Effects of Performance Ambiguity on the Relationship Between Self-Efficacy and Performance. *Journal of Applied Psychology*, 95(3). <https://doi.org/10.1037/a0018289>
- Sebayang, S., & Sembiring, J. (2017). Pengaruh self esteem dan self efficacy terhadap kinerja karyawan studi kasus di PT. Finnet Indonesia. *EProceedings of Management*, 4(1).
- Sekaran, U., & Bougie, R. (2016). *Research methods for business: A skill building approach*. books.google.com.
- Siangchokyoo, N., Klinger, R. L., & Campion, E. D. (2020). Follower transformation as the linchpin of transformational leadership theory: A systematic review and future research agenda. *The Leadership Quarterly*, 31, (1), 101341.
- Simarmoyo, B. (2014). *Pengaruh Transformational Leadership Terhadap Readiness To Change Karyawan Dengan Commitment To Organizational Change Sebagai Variabel Mediator Studi Pada Pabrik Gula Wonolangan, Probolinggo*. Universitas Airlangga.
- Taufiq-Hail, G. A. M., Sarea, A., & Hawaldar, I. T. (2021). The impact of self-efficacy on feelings and task performance of academic and teaching staff in bahrain during covid-19: Analysis by sem and ann. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(4), 224. <https://doi.org/10.3390/joitmc7040224>
- Thamrin, H. M. (2012). The Influence of Transformational Leadership and Organizational Commitment on Job Satisfaction and Employee Performance. *International Journal of Innovation, Management and Technology*. <https://doi.org/10.7763/ijimt.2012.v3.299>
- Vaishnavi, V., Suresh, M., & Dutta, P. (2019). A study on the influence of factors associated with organizational readiness for change in healthcare organizations using TISM. *Benchmarking*, 26(4), 1290–1313.