THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP ON ORGANIZATIONAL CULTURE AND EMPLOYEE ENGAGEMENT
(Study on Employee of PT Pembangkitan Jawa Bali (PJB) – Unit Pembangkit (UP) Brantas at Karangkates – Malang, East Java)

Fariz Alfan Azizi Permadi
Mochammad Al Musadieq
Arik Prasetya
Fakultas Ilmu Administrasi
Universitas Brawijaya
Malang
Email: fariz4lfan@gmail.com

ABSTRAK

Kata Kunci: Kecerdasan Intelektual, Kecerdasan Emosional, Kecerdasan Spiritual, Kinerja Karyawan

ABSTRACT
This study aims to determine and explain the influence of transformational leadership partially and simultaneously to organizational culture and employee engagement. This research used explanatory research with quantitative approach. The variables of the research are Transformational Leadership, Organizational Culture, and Employee Engagement. Total sample were 60 permanent employees of PT. Pembangkitan Jawa Bali (PJB) – UP Brantas in Karangkates, Malang and it elected by Total Sampling Technique. Data were collected valid and reliable by the answer of the respondent’s questionnaire and analyzed by path analysis. The research showed that: (1) Transformational Leadership and Organizational Culture have possitive effect on Employee Engagement, (2) Transformational Leadership and Organizational Culture have significant effect on Employee Engagement. Based on path coefficient, it can be concluded that the Organizational Culture has dominant influence on Employee Engagement. Therefore, the company expected to develop Organizational Culture in PT PJB that has dominant influence on Employee Engagement.

Key Word: Transformational Leadership, Organizational Culture, Employee Engagement.
INTRODUCTION

The ability of an organization to survive on uncertain situations strongly influenced by the human resources to run the organization. How to acquire, manage, and treat the employee in the organization is a key success factor for the organization can grow, develop and have a competitive advantage. Company as an organization not only compete to attract the best human resources to work in their company, but also must be able to retain employees who excel. Various methods are used by some organizations to retain the best employees in order to survive, have a high motivation to work, and make the maximum contribution to the organization. One of the policies that should be set, especially in the human resources department is with regard to the condition of existing resources, with the ability of leaders to manage employee as effectively and as efficiently as possible and support employees who greatly to the progress of the organization.

Organizations must be able to understand and meet the needs and create a conducive working environment for workers. To be able to understand and meet the needs of workers as well as creating a suitable work environment to workers, certainly needed a process, strategies, and innovations. One of the things that can encourage all the strategies implemented by the organization can deliver maximum results is an attachment member organizations by the organization, which is known as employee engagement.

To get employees to engage required the ability of a leader Northouse (2013:5) defines, “leadership is a process whereby an individual influence a group of individuals to achieve a common goal”. The ability to lead and the desire to be followed by a subordinate is based on leadership style, leadership style is a consistent pattern of behavior that they apply to work with others and through others (Sumarsono, 2004). One style of leadership that can provide good impact in the development of the organization is a transformational leadership style, because style of leadership is to inspire and motivate subordinates to do more than expected (Bass, 1985:22).

In addition to leadership, organizational elements also play an important role as one of the drivers of employee engagement. Organizations have important elements in it, such as the structure and system of organization, vision and values, brand organization, and the organization's culture.
Intervening variable.

LITERATURE REVIEW

Transformational Leadership

Robbins & Marry (2008:472) defines transformational leadership as a leader who inspires followers to overcome their own personal interests, which had a profound effect and outstanding on the followers. According to Bass (1990: 19), the style of leadership is the ability to affect a relationship that tends to follow the pattern or specific strategies for the achievement of common goals.

Bass, 1985 (in Yukl, 1994), initially reveals there are three components of transformational leadership that is charisma, intellectual stimulation, individualized consideration. Then, in 1990, Bass and Avolio (in Yukl, 1994) adds one more component in transformational leadership, which is inspirational motivation.

Aspects of each component of transformational leadership according to Bass and Avolio (in Yukl 2010:305), are as follows:

1. Charisma.
Charisma is an important part of transformational leadership. Charisma means having confidence strong, always present in moments of difficulty, uphold the values of morality, cultivate pride in their followers, whose vision is clear, and steps always have a definite purpose, and that subordinates would follow him voluntarily, he established itself as the model for his followers.

2. Inspirational Motivation.
Leaders communicate high expectations, uses symbols to focus on the business, describe the critical points with a simple. The leader gave an explanation of his ideas and views through example experiences, so that subordinates can get a picture of positive values and the right attitude. The picture can help subordinates understand the meaning and benefits of the tasks undertaken.

3. Intellectual Stimulation.
Intellectual stimulation is a process conducted leaders to raise awareness subordinate to the problem, introducing the proposed solutions are ingenious, rationally and carefully, so that the subordinate is able to think about problems in a new way and produce a creative solution. Leaders were able to push the intelligence, rationality, and problem solving carefully.

4. Individualized Consideration.
Leaders always give attention to the problems they face, understand the needs of the members of the organization, and helped solve the problem and trying to meet those needs. Leaders provide personal attention, treat employees personally, train, and advise.

Organizational Culture

Organizational culture is derived from two words, culture and organization. Regarding culture, Kottler & Heskett (1997: 9) formally defines culture as the totality of behavior patterns, arts, beliefs, institutions and all other products of human work and thought that distinguish a society. Brown (1998: 9) stated the definition of organizational culture in his book Organizational Cultureis as follows, “Organizational culture refers to the pattern of beliefs, values and learned ways of coping with experience that have developed during the course of an organization’s history, and which tend to be manifested in its material arrangements and in the behaviours of its members”.

Furthermore, Robbins (2006) reveal aspects that are used in the measurement of organizational culture, namely:

1. Innovation and Risk Taking
The extent to which employees are encouraged to be creative and take risk.

2. Attention to Detail
How the organization expects from its employees acted with care and detail to analyze.

3. Outcome Orientation
This work focused on the extent to which managers are up on the process used the produce the desired result.

4. People Orientation
The degree to which management decisions take into consideration the individuals within the organization.

5. Team Orientation
The group observed many small organizations or departments of large organizations on organizational culture define groups.

6. Aggressiveness
Although the extent and degree of attention to the dynamics of and the dynamics of competition and nationalism rather than simplistic acts.

7. Stability
What this means is that the degree of activity of organization insists and maintaining the stability and maintenance of the current situation is the opposite.
Employee Engagement

McBain (2007) in its observations, find the common elements of the various definitions of employee engagement and then summarize it into a definition, namely that the definition of engagement in practice seen as the creation of a relationship between the objectives of the organization with the company's image. This relationship has a rational and emotional aspects, and as a result of this engagement, employees of various levels are prepared to provide a greater effort on the demands of their jobs.

Some experts and researchers have different concepts regarding aspects of employee engagement. According to Schaufelli, 2002 (Bakker and Demerouti, 2008: 220-236), employee engagement has three aspects, namely:

1. Vigor
   Characterized by high energy and a healthy mental condition in the work, the desire to give maximal effort on the situation, accompanied by perseverance.

2. Dedication
   Characterized by a sense of the enthusiasm, inspiration, pride, and challenge.

3. Absorption
   Characterized by the interest of workers to work with pleasure, so feel time is running fast even though there are difficulties in its work.

The Model of Concept

Based on this concept model is known indicator variable Transformational Leadership, includes: Charisma, Inspirational Motivation, Intellectual Stimulation, Individualized Consideration. While variable Organization Culture indicators that include: Individual Initiative, Risk Tolerance, Direction, Control, Integration, Management Support, Identity, Reward System, Conflict Tolerance, Communication Patterns. Furthermore, variable Employee Engagement has several indicators, namely: Vigor, Dedication and Absorption.

The concept model of “The Influence of Transformational Leadership on Organizational Culture and Employee Engagement” which has been described in the previous section, can be illustrated in the following diagram:

Model Hypothesis

According to Sarwono (2006:65) hypothesis is a temporary truth that remains to be tested. Therefore, the hypothesis serves as a possibility to test the truth of a theory. While Nasution (2003:38) put forward a hypothesis is each statement on a matter that is temporary unsubstantiated empirically. From the above description, it can be concluded that the hypothesis is a statement about opinion of the researcher that is temporary and still needs to be tested truth that serves to test the truth of a theory.

![Figure 2. The Model of Hypothesis](image_url)

The hypothesis of this study are:

H1: Transformational Leadership (X) has positive and significant influence on Organizational Culture(Y)

H2: Transformational Leadership (X) has positive and significant influence on Employee Engagement (Z)

H3: Organizational Culture (Y) has positive and significant influence on Employee Engagement (Z)

H4: Transformational Leadership (X) has positive and significant influence on Employee Engagement (Z) through Organizational Culture (Y)

RESEARCH METHOD

Viewed on its kind, the study of “Influence of Transformational Leadership on Organizational Culture and Employee Engagement in Unit Pembangkit (UP) Brantas (Study on Employee of PT Pembangkitan Jawa Bali (PJB) Unit Brantas in Karangkates - Malang, East Java)”, author uses explanatory research through a quantitative approach. Quantitative methods according to Sugiyono (2011: 8) can be interpreted as a research method that is based on a philosophy of positivism, is used to examine the population or a particular sample, the data collection using research instruments data analysis is a quantitative or statistical, with the aim to test the hypothesis that has been set.
1. Descriptive Statistical Analysis

One of the descriptive analysis method which is often used in social research is descriptive percentage. Descriptive analysis of the percentage is calculated by the total frequency of observations divided by the number of respondents multiplied by 100 percent, Nasution (2006) in Pradana (2012).

2. Inferential Analysis

a) Path Analysis

This study uses path analysis, to test the influence of the independent variable on the dependent variable. The analysis used in this research is path analysis.

Path analysis is a technique of development of linear regression. This technique is used to examine the contribution which is shown by the path coefficient for each path diagram of causal relationships between variables X to Y and its impact on Z. "Path analysis is a technique for analyzing the causal relationship that occurs in multiple regression if the variable the independent variables influence depends not only directly but also indirectly ". (Robert D. Retherford 1993). Meanwhile, another definition says: "Analysis of a development pathway indirect forms of regression with the aim to provide an estimate of the level of interest (magnitude) and significance (significance) hypothetical causal relationship in a set of variables." (Paul Webley 1997).

Statistically path analysis is used to determine the influence of Transformational Leadership Style (X1), Organizational Culture(Y1), on Employee Engagement (Y2). The formula used is:

\[ Y = \beta Y X + e \]
\[ Z = \beta Z X + \beta Z Y + e \]

Information :
\[ \beta \] = Constant
\[ e \] = Error level in reasearch
\[ Z \] = Employe Engagement
\[ X \] = Transformational Leadership Style
\[ Y \] = Organizational Culture

b) Sobel Test

In this research there is intervening variable that is organizational culture. According to Imam (2011), a variable is called an intervening variable if the variable influences the relationship of independent variable and dependent variable. Testing of hypothesis mediation can be done by procedure developed by Sobel (1982) known as Sobel Test.

RESULTS & DISCUSSION

Result of Path Analysis

1. Result of path analysis transformational leadership on organizational culture

Table 1. Result of Transformational leadership on organizational culture

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Beta</th>
<th>t</th>
<th>p-value</th>
<th>Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformati onal Leadership</td>
<td>Organizational Culture</td>
<td>0.6</td>
<td>74</td>
<td>6.648</td>
<td>0.000</td>
</tr>
</tbody>
</table>

R square \( (R^2) = 0.455 \)

Source: Primary data is processed by author

The influence of transformational leadership on organizational culture show with beta coefficient in the amount of 0.674 has a positive sign which shows that if the transformational leadership variable has increased, so the organizational culture variable will be increased as well, \( r_{count} \) a number of 6.648 with probability of 0.000 (p<0.05) so the decision is \( H_0 \) rejected. Thus, the results of the t test supported the first hypothesis, that is transformational leadership has positive and significantly influence on organizational culture.

The coefficient of determination (R-square) in the amount of 0.455 or 45.5%. These results show that the contribution of transformational leadership to organizational culture is 45.5%, while the contribution of other variables outside of this research model is 54.5%.

2. Result of path analysis transformational leadership on employee engagement

Table 2. Result of Transformational Leadership on Employee Engagement

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>Beta</th>
<th>t</th>
<th>p-value</th>
<th>Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformati onal Leadership</td>
<td>Employee Engagement</td>
<td>0.25</td>
<td>2</td>
<td>0.04</td>
<td>Sig.</td>
</tr>
</tbody>
</table>

R square \( (R^2) = 0.580 \)

Source: Primary data is processed by author
The influence of transformational leadership on employee engagement show with beta coefficient in the amount of 0.252 has a positive sign which shows that if the Transformational Leadership variable has increased, so the Employee Engagement variable will be increased as well, \( t\text{count} \) a number of 2.075 with probability of 0.043 (p<0.05) so the decision is \( H_0 \) rejected. Thus, the results of the t test supported the second hypothesis, that is transformational leadership has positive and significantly influence on employee engagement.

The coefficient of determination (R-square) in the amount of 0.580 or 58%. These results show that the contribution of transformational leadership to employee engagement is 58%, while the contribution of other variables outside of this research model is 42%.

### 3. Result of path analysis organizational culture on employee engagement

#### Table 3. Result of Organizational culture on employee engagement

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
<th>Beta</th>
<th>t</th>
<th>p-value</th>
<th>Inf o</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Culture</td>
<td>Employee Engagement</td>
<td>0.568</td>
<td>4.673</td>
<td>0.000</td>
<td>Sig</td>
</tr>
</tbody>
</table>

\[R \text{ square} \ (R^2) = 0.580\]

**Source:** Primary data is processed by author

The influence of organizational culture on employee engagement show in beta coefficient in amount of 0.568 has a positive sign which shows that if the organizational culture variable has increased, so the employee engagement variable will be increased as well, \( t\text{count} \) a number of 4.673 with probability of 0.000 (p<0.05) so the decision is \( H_0 \) rejected. Thus, the results of the t test supported the third hypothesis, that is organizational culture has positive and significantly influence on employee engagement.

The coefficient of determination (R-square) in the amount of 0.580 or 58%. These results show that the contribution of organizational culture to employee engagement is 58%, while the contribution of other variables outside of this research model is 42%.

**Result of Sobel Test (Indirect Effect)**

The amount of indirect effect or influence of mediation can be done by using the Sobel Test.

Here is how to calculate:

\[ \text{Sab} = \sqrt{b^2 \text{Sab}^2 + a^2 \text{Sab}^2 + 3a^2 \text{Sab}^2} \]

\[ \text{Sab} = \sqrt{(0.568)^2(0.159)^2 + (0.674)^2(0.063)^2 + (0.159)^2(0.063)^2} \]

\[ \text{Sab} = \sqrt{0.0001} = 0.01 \]

To test the significance of indirect effect, it is necessary to calculate the t value of the ab coefficient with the following formula:

\[ t = \frac{\text{Sab}}{(0.674)(0.568)} \]

\[ t = \frac{0.01}{0.382832} = 0.01 \]

\[ t = 3.828 \]

Based on Sobel test calculation above, there is the influence mediation. The value of t research = 3.82832 greater than t table with a significance level of 0.05 that is equal to 1.675. this supported the fourth hypothesis, that is transformational leadership has a positive and significantly influence on employee engagement through organizational culture.

**Path Analysis Result Diagram**

The result of path coefficients calculation obtained in the research, resulted path coefficient between variables as described in Figure 3.

![Path analysis diagram of Transformational Leadership, Organizational Culture, and Employee Engagement](image)

**Figure 3. Path analysis diagram of Transformational Leadership, Organizational Culture, and Employee Engagement**

Based on the calculation that have been done, the research result path analysis between variable that explain in the figure 3. Variable coefficient of transformational leadership on organizational culture in the amount of 0.674. Variable coefficient of organizational culture on employee engagement in the amount of 0.568. Variable coefficient of transformational leadership on employee engagement in the amount of 0.252.

Based on the results described previously, it can be concluded that the indirect effect between variables have a greater influence than the direct effect with a percentage of 38.2%.

Path analysis result diagram on figure 3 has following the equation:

a. Sub Structural I: \( \text{Y} = 0.674 \)

b. Sub Structural II: \( \text{Z} = 0.252 + 0.568 \)
Discussion of Research Result

a. The influence of transformational leadership on organizational culture

Based on the data from Table 1, it can be seen the result of path analysis from the positive variable of transformational leadership on organizational culture. Thus, the results of the t test supported the first hypothesis, that is transformational leadership has positive and significantly influence on organizational culture.

The results of this research support by previous research conducted by Salain (2013) The Influence of Leadership on Organizational Culture of Innovation and Employee Performance (Case Study At Regional Offices of PT Pegadaian (Persero) Denpasar. In his research resulted that transformational leadership positively influence to organizational innovation culture to employees in regional office PT Pegadaian (Persero) Denpasar. Agree with research conducted by Acar (2012): Organizational culture, leadership styles and organizational commitment in Turkish logistics industry. The purpose of this study is to explore the impact caused by organizational culture and leadership style on employee commitment. The results of his research suggest that the transformational leadership style empowers employees to face challenges in the future, or when they feel that their leadership vision is in line with their expectations, or support their efforts to achieve goals, so that their affective culture level is higher.

b. The influence of transformational leadership on employee engagement

Based on the data from Table 2, it can be seen the result of path analysis from the positive variable of transformational leadership on employee engagement. Thus, the results of the t test supported the second hypothesis, that is transformational leadership has positive and significantly influence on employee engagement.

The results of this study contradict with the results of research Rukmana (2014: 11) The Influence of Transformational Leadership and Organizational Culture Against Employee Engagement in BPJS Employment. The results of this research states that the results of research in BPJS Employment is not in line with the results of these studies. The implementation of transformational leadership in BPJS Employment has no direct effect on the employee engagement employee level.

The results of this study also reinforce the theory that charisma is an important indicator for employee engagement. Strickland (Roberson & Strickland, 2010: 313-326), conducted a study of the relationship between charismatic leadership style and work engagement, and the result is that the charismatic leadership style has a positive correlation with work engagement. Bono (Roberson & Strickland, 2010: 313) reinforces Strickland’s research results that followers of transformational leaders produce individuals who are more attached to their work.

c. The influence of organizational culture on employee engagement

Based on the data from Table 3, it can be seen the result of path analysis from the positive variable of organizational culture on employee engagement. Thus, the results of the t test supported the third hypothesis, that is organizational culture has positive and significantly influence on employee engagement.

This result is also supported by research of Farah Rizkiana Novianti (2011: 143) about The Relationship Between Perceived Leadership Style and Organizational Culture with Employee Engagement In PT Triad Pustaka Mandiri Surakarta, there is a positive and significant relationship between the perception of organizational culture with employee engagement. The higher the perception of organizational culture, the higher the level of employee engagement in employees.

Based on research by Ni Wayan Yadnyawati (2012 : 79) about Analysis of Effect of Organizational Culture Against Employee Engagement Case Study on the Indonesia Stock Exchange, the result indicate that all sub variables of organizational culture have influence on all sub variables of employee engagement: vigor, dedication, and absorption. Sub variable mission showed the significant influence on dedication and absorption. Consistency showed the significant influence on vigor.

Based on result, it can be seen that all sub variables of organizational culture have influence on employee engagement, specially in the indicator attention of detail. This shows that employees of PT PJB feel more attached to the company while the existing organizational culture requires them to be more detailed and careful at work.
CONCLUSION AND SUGGESTION

Conclusions
Based on data analysis result and the discussion related to The Influence of Transformational Leadership on Organizational Culture and Employee Engagement obtained some conclusions such as:

1. The results showed that the variable Transformational Leadership (X) has a positive and significant influence on Organizational Culture (Y), which means that the transformational leadership style in PT PJB can form a good organizational culture.
2. The results showed that the variable Transformational Leadership (X) has positive and significant influence on Employee Engagement (Z), which means transformational leadership style that applied by the leadership of PT PJB makes the employees become more engage to the company.
3. The results showed that Organizational Culture (Y) variable has positive and significant effect to Employee Engagement (Z), which means organizational culture that applied in company can increase employee engagement of employee at company.
4. Based on calculation of the sobel test, there is influence of mediation because the value of t research bigger than t table. This result supported the fourth hypothesis that Transformational Leadership has positive and significantly influence on Employee Engagement through Organizational Culture.

Suggestions
Based on the conclusions above, some suggestions are delivered from the researcher which are expected to be useful for the company as well as for others. The advice given, among others:

1. PT PJB should maintain and improve the application of leadership style of Transformational Leadership in the company, because Transformational Leadership has a significant influence on Organizational Culture and Employee Engagement.
2. The company should be able to provide education to all employees of the importance of following the existing organizational culture in the company, so that employees will be able to feel more attached to the company.
3. For the future researchers, it is expected to do the same research by using different of object and population to validity the research.

Moreover, it can be examined with other variables to get more varied result.

REFERENCES