Transformational Leadership Role in Human Resource Effectiveness

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This study aims to determine the relationship of transformational leadership with knowledge codification strategies. Here, transformational leadership with personalization strategies knowledge has codification relationship strategies with human capital and personalization strategies (effectiveness of human resources). In this study, we used quantitative data and structural equation modelling techniques to test the model. The confirmation factor analysis is performed to check internal reliability and data validity. Besides, the questionnaire form was adopted from previous literature. The results show a hypothesis testing with a real level of 0.05 obtained $p$-value of 0.000 <0.05 while a significant and positive relationship between transformational leadership and knowledge codification strategy. Furthermore, there is a significant and positive relationship between transformational leadership with the knowledge personalization strategy, a significant and positive relationship between the codification strategy and the effectiveness of human capital, and a significant and positive relationship between the personalization strategy and the effectiveness of human resources.

Keywords: effectiveness, leadership, human resources, transformational

1. INTRODUCTION

Human resources that include a strategic management style can be the key to business success in the new economic era. Due to the recent competitive business environment, companies must adapt to human resource management to deal with changing internal and external environments. Besides, effective human resource management has led companies to create competitive advantages over their competitors [1]. Human resource management such as; recruitment and selection, training, job promotion, participation, teamwork creation, performance appraisal, compensation, justice promotion, organizational communication, power distance reduction, conflict management, workplace safety, and security policy have been used in many high-performance work systems studies for confirmation of the relationship between human resource management and employee effectiveness [2-5]. Nowadays, a country's economy is driven by knowledge. The theoretical framework and suggested testing it empirically in the future; they recommend that transformational leadership can bring about a knowledge management system, increasing the effectiveness of human resources [6]. The most important factor in any organization is leadership [7].

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their followers' creativity and performance by empowering and fostering trust and involvement in them [11]. Along with the consequences of transformational leadership, existing research also reports empowerment, job involvement, and trust as significant predictors of innovative work behavior. This study aims to determine the relationship of transformational leadership with knowledge codification strategies, the relationship of transformational leadership with knowledge personalization strategies, the relationship of codification strategies with the effectiveness of human capital, and personalization strategies' effectiveness resources.

2. METHODOLOGY
A. Research Design
In this study, the approach used by researchers is quantitative. This research was conducted in selected companies and top-level managers. Data collection techniques were obtained from questionnaires made by researchers. The questionnaire was used to measure 13 items of transformational leadership, while for the ten items knowledge management strategy variable was adopted from René e Filius et al. (2000) and to measure the effectiveness of human capital. Eight items were adopted from Jamal A. Nazari et al. (2011) and Nick Bontis (1998) [11,12,13].

B. Population and Sample
The population size around 6,000, and the total sample size for this study reached 408 people. The probability sampling technique was used in this study. The quantitative data were analyzed using SPPS version 22 and AMOS 22, and structural equation modeling techniques were used to test the model. Reliability is measured by Cronbach's α and composite reliability (CR). Construct validity was checked by convergent validity and discriminant validity.

3. RESULT AND DISCUSSION
To achieve the result, we analyze the respondent based on gender. The results of the descriptive analysis are shown in Table I.

<table>
<thead>
<tr>
<th>M/F</th>
<th>Frequency</th>
<th>%</th>
<th>Valid %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>94</td>
<td>47.0</td>
<td>47.0</td>
<td>47.0</td>
</tr>
<tr>
<td>Female</td>
<td>106</td>
<td>53.0</td>
<td>53.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Here, Table I explains that this study consisted of 200 respondents, divided into 94 men or 47% and 106 women or 53%. Gender in this study is related to showing the difference in the number of respondents used in this study.

Furthermore, Table II shows the respondents by profession, namely manager as many as 72 people or 36%, director 62 people or 31%, administration as many as 66 people or 33%. The respondent's occupation data shows the respondent's work background related to the worker's personality. Table III shows the information related education background of respondents who have high school and certified 44 people or 20.5%. The Diploma is 47 people or 23.5%, Undergraduate for 29 people or 14.5%. Master was 37 people or 18.5%, and doctoral was 46 people or 23%.

<table>
<thead>
<tr>
<th>Job desk</th>
<th>Frequency</th>
<th>%</th>
<th>Valid %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>72</td>
<td>36.0</td>
<td>36.0</td>
<td>36.0</td>
</tr>
<tr>
<td>Director</td>
<td>62</td>
<td>31.0</td>
<td>31.0</td>
<td>67.0</td>
</tr>
<tr>
<td>Senior</td>
<td>66</td>
<td>33.0</td>
<td>33.0</td>
<td>100</td>
</tr>
<tr>
<td>administrator</td>
<td>200</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

The first thing that is important in this study is to build convergent and discriminatory validity and reliability when conducting CFA. If the factors do not show sufficient validity and reliability, testing the causal model will be futile. Several useful steps establish validity and reliability: CR, extracted mean-variance, co-mean variance (MSV), and mean shared variance (ASV). Furthermore, Table IV shows the constructs of reliability and internal validity of all variables. The validity is seen from the CR value, which shows that all variables are above 0.9> 0.50; similarly, the MSV and ASV values were 0.9 and 0.8, respectively, which were greater than 0.5.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's α</th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>ASV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformati</td>
<td>0.926</td>
<td>0.953</td>
<td>0.871</td>
<td>0.940</td>
<td>0.871</td>
</tr>
<tr>
<td>onal leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Codification strategy</td>
<td>0.904</td>
<td>0.940</td>
<td>0.838</td>
<td>0.928</td>
<td>0.838</td>
</tr>
<tr>
<td>Personalizatio</td>
<td>0.907</td>
<td>0.942</td>
<td>0.844</td>
<td>0.925</td>
<td>0.844</td>
</tr>
<tr>
<td>n strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human capital</td>
<td>0.891</td>
<td>0.933</td>
<td>0.822</td>
<td>0.925</td>
<td>0.822</td>
</tr>
<tr>
<td>effectiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table II. Respondent Professional Data

Table III. Respondent Data based on Education Background

Table IV. Construct Reliability and Convergent Validity Results
Convergent validity is used to measure the magnitude of
the correlation between latent variables and their
constructs, with standardized loading factors. The
construct reliability serves to analyze the hope construct,
namely, by looking at Cronbach’s alpha value and
Composite reliability. Table V shows no problems with
skewness and kurtosis because, for all data variables, it
falls between ± 2. This indicates data normality. Table II
shows the data on the results of the normality test. The
results of skewness and kurtosis showed normal data. The
adjusted R² value for the dependent variable is also above
0.20. Therefore, the fit index model in this study was
achieved.

Table V. Normality Test Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>Transformational leadership</th>
<th>Codification strategy</th>
<th>Personalization strategy</th>
<th>Human capital effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skewness</td>
<td>-0.526</td>
<td>-0.595</td>
<td>-0.529</td>
<td>-0.557</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>-1.035</td>
<td>-0.692</td>
<td>-0.927</td>
<td>-0.908</td>
</tr>
</tbody>
</table>

Table VI shows the results of hypothesis testing. All of the
research hypotheses are accepted.

Table VI. Hypothesis testing

<table>
<thead>
<tr>
<th>Variable</th>
<th>Estimate</th>
<th>Adjusted R²</th>
<th>p</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Codification strategy ← transformational leadership</td>
<td>0.959</td>
<td>0.919</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>Personalization strategy ← transformational leadership</td>
<td>0.937</td>
<td>0.877</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>Human capital effectiveness ← codification strategy</td>
<td>0.498</td>
<td>0.905</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>Human capital effectiveness ← personalization strategy</td>
<td>0.479</td>
<td>0.905</td>
<td>0.000</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

A. H1: Transformational leadership has a significant
and positive relationship with the knowledge
codification strategy in the company.

Based on the results of hypothesis testing, at the
significant level of 0.05, the p-value is 0.000 <0.05, it can
be said that there is a significant and positive relationship
between transformational leadership and knowledge
codification strategy in the company. Transformational
leadership has a relationship with knowledge management
and creativity. The relationship between transformational
leadership and knowledge management. Here, the positive
relationship between transformational leadership and
knowledge management has been accepted.

B. H2: Transformational leadership has a significant
and positive relationship with the knowledge
personalization strategy in the company.

Hypothesis 2 proves that transformational leadership
provides a significant and positive relationship to
personalization strategies. Based on the hypothesis testing
results with a significant level of 0.05, the p-value is 0.000 <0.000. TL’s significant direct effect on psychological
empowerment and organizational commitment, which, in
turn, had a significant effect on employee knowledge
sharing intentions.

C. H3: The codification strategy has a significant and
positive relationship with the effectiveness of human
capital.

Based on the results of hypothesis testing at the significant
level of 0.05, the p-value is 0.000 <0.05, it can be said that
there is a significant and positive relationship between the
codification strategy and the effectiveness of human
capital. The optimal leadership style to create an
organization rich in human capital makes it the preferred
workplace organization for the millennial generation. Current
results concerning transformational leadership systems and knowledge management are also supported
based on past literature. In addition to the transformational
leadership literature and knowledge management
strategies, this study's results are consistent with the
literature. This study found that transformational
leadership has a significant positive impact on codification
and personalization strategies. Here, codification strategies
have a significant positive impact on human capital's
effectiveness; namely, changes in codification strategies
bring changes in human capital effectiveness.

D. H4: The personalization strategy has a significant
and positive relationship with the effectiveness of
human resources.

Based on the results of hypothesis testing with a
significant level of 0.05, the p-value is 0.000 <0.05, it can
be said that there is a positive and significant relationship
between personalization strategies and the effectiveness
of human resources. The personalization strategies have a
significant positive relationship with human capital's
effectiveness; changes in personalization strategies bring
changes in human capital effectiveness.

4. CONCLUSIONS

The study of Transformational Leadership Role in Human
Resource Effectiveness has successful. Based on the result
discussion above, it can be concluded that (1) transformational leadership with a knowledge codification
strategy has a significant and positive relationship.
(2) the personalization strategy with the effectiveness of human resources has a significant and positive relationship, (3) transformational leadership and knowledge personalization strategies have a significant and positive relationship, (4) modification strategy with human capital effectiveness has a significant and positive relationship, and (5) it is hoped that private companies in Indonesia can learn and apply transformational leadership styles.

References


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