

# Effects of Transformational Leadership Style, Organizational Communication and Work Discipline on Employee Performance

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## **Effects of Transformational Leadership Style, Organizational Communication and Work Discipline on Employee Performance**

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### **ABSTRACT**

This study aims to determine the effects of transformational leadership style, organizational communication and work discipline on employee performance. The objects of this study were employees of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia. This study was conducted on 60 respondents using the data collection techniques of library research and field research by distributing questionnaires. Data analysis techniques used in this study is the SEM-PLS analysis tool Smart-PLS. The results showed that the variables of transformational leadership style and work discipline variables affect the performance of employees of PT Sri Aneka Karyatama (SAK) Palembang-South Sumatra, Indonesia. As for the organizational communication variables did not affect the performance of employees of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia. From these results it can be seen that the model of Transformational Leadership Style, Organizational Communication and Work Discipline on the Performance of Employees provides the value of R-Square of 0.839 that can be interpreted that the variability in the construct of the employee's performance can be explained by the variability of Transformational Leadership Style, Organizational Communication and Discipline Working against Employee performance by 83.9%, while 16.1% is explained by other variables outside studied.

JEL Classification: I12; P47; Y80.

Keywords: Transformational Leadership; Organizational Communication; Work Discipline; Employee Performance; Structural Equation Model (SEM); Partial Least Square (PLS).

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### **1. INTRODUCTION**

A leader must have the power and authority to rule over the subordinate to achieve the goals set by the company. It is only logical that a leader have more skills and intelligence required than the subordinates. The attitude of the leader will determine the team's progress in the company and from the progress achieved, it will eventually affect the achievement of employee productivity. A leaders' expertise in developing a team is the key success of the company's activities. Type of leadership form that is believed could offset the new paradigm mindset and reflection in the globalization era formulated as transformational leadership. Transformational leadership, described as a style of leadership that can arouse or motivate employees, so that they can grow and achieve performance at a high level, in excess of what they thought before. In addition, the transformational leadership style is considered effective under any culture and circumstances. According to Sunyoto and Burhanuddin (2015) transformational leader is a leader who inspires his followers to put aside personal interests for the good of the organization and have a tremendous influence on the followers. Transformational leadership is a leadership that has vision of the future and able to identify changes in the environment also able to transform these changes into the organization, pioneered the changes and provides motivation and inspiration to each employee to be creative and innovative, bring renewal in the management performance, brave and responsible for leading and controlling the organization.

Every company has its own rules for later adhered to the employees in order to carry out work discipline. But the discipline would be better if it grows from each employee individual without prioritizing the existing rules, it is from within itself. In addition to transformational leadership, the discipline and performance determinant supporting factors in the company is organizational communication. The organization's goals can be achieved if the communication in a process that allows members of organization to exchange information using the language and symbols used. Communication plays a very important role in a social interaction; therefore it is influential in the working world. Workplace is a social community that focuses on the role of communication, so that the work activity can be optimized. The existence of communication is very useful for the survival and progress of an organization. Communication within an organization is needed to improve the organization, which will also affect the activities of organizations such as work efficiency, employee satisfaction and more. Human in his life had to communicate, it means in need of other people and require groups or communities to interact.

According to Hardjana (2016) organizational communication is the communication that occurs between the organization and its environment, which defines the organization and determines the conditions of existence and direction of movement. Communication within a company will be successful if the leader and the subordinates able to interact well, so that what need to be conveyed can be understood from its real intention to potentially forge a good working relationship in achieving the desired objectives. Goals and objectives that need to be achieved by the company will be accomplished with a high level of discipline. Fathoni (2009) states discipline is the most important operative function of human resource management because the better the discipline of employees, the higher the performance that can be achieved. Without a good discipline, it is difficult for the organization to achieve optimal results. Also without a good discipline, it is certain that there is no ideal figure of leader or employees as expected by the public and companies. One way that can be done by the organization is to inculcate discipline start from leadership, by giving a good example to subordinates so that the employee's performance can be improved. Work discipline is the most important function of human resource management and closely related to resource management for the company.

Work discipline is a portion that will determine the performance of a person. Employees that are discipline in work will tend to do all their activities in accordance with the applicable rules and regulations and be responsible for their obligations. To create a good performance, work discipline within the employees is necessary. In an organization, a coaching for employees is needed to prevent violations of the provisions that have been established, and a leader requires a tool to communicate with employees about the behavior of the employees also how to refine the behavior of the employees to be better. Discipline must grow out of one's personal consciousness and not being forced. High performance from the employee is expected by the company. The more employees that have high performance, the overall productivity of the company will be increased so that the company will be able to survive in the global competition. The employee is required to complete the tasks and responsibilities effectively and efficiently. Performance is the outcome or the level of success in executing tasks during the period. An employee's performance will be better if the employees have high skills, willing to work hard, given a salary in accordance with the agreement, and have hope for a better future. High employee performance will make employees more loyal to the organization. More motivated to work, work with a sense of happiness, feels comfortable and more importantly higher job satisfaction will increase the likelihood of achieving high productivity and performance as well.

According to Thamrin (2012) which states that the performance is a person's success in carrying out the task. Performance is the result of work that can be achieved by a person or group of people in an organization, in accordance with the authorities and responsibilities of each, in an effort to achieve the goals of the organization legally, does not violate the law, and in line with moral and ethical. Employee performance is the achievement obtained in performing a task. The success of the organization depends on the performance of the organizations employees. Therefore, the performance of each unit in the organization should be assessed, so that the performance of human resources within each units in the organization can be assessed objectively. PT Sri Aneka Karyatama (SAK) is a company located in Palembang - South Sumatra, Indonesia. PT Sri Aneka Karyatama (SAK) is a company engaged in construction, engineering, supplier, cleaning services, and many more major businesses. PT SAK established on July 31, 1987. This study focuses on employees of PT Sri Aneka Karyatama (SAK) located on Jl. Major Zen Complex PT Pupuk Sriwidjaja Palembang 30118. PT Sri Aneka Karyatama (SAK) has to provide maximum services to the partners in cooperation with PT SAK and to its clients. Therefore, the company should be able to take advantage of the human resources in the company in a way that the performance of employees may increase significantly. The phenomenon that occurs in PT SAK is that the process of achieving its goals, they cannot be separated from the obstacles. Such constraints suspected comes from the employees who are not all able to give a full service to the partners in collaboration and to its clients.



Poor services to partners who participated in cooperation with PT SAK and the clients are due to lack of cooperation and communication that are not going well between employees and leader where the employees do not dare to deliver what his wishes to the leader. PT SAK always replaces the leader once every three years and the one who lead PT SAK today is a new leader. So the employees still not yet adapt to the new leaders and the employees do not know more about the nature, attitude and leadership of the new leader. However, there are some employees who say that the new leader has a friendly attitude, smiley, can protect employees, encourage employees, like to provide input, and open to receive any input from employees, which would certainly be considered first. In terms of leadership, the leader of PT SAK has transformational leadership criteria. The transformational leadership qualities and personality are shown in the new leader of PT SAK, which have a soul that can arouse or motivate employees.

In terms of organizational communication, employees of PT SAK lack of communication to the superiors and the other fellow employees thus causing obstacles within the company. Lack of employee communications to superiors because employees are reluctant or do not have the courage to express their opinions or desires. Due to the absence of good communication, company will not run properly in accordance with the company's expectations. In terms of work discipline, there are some employees of PT SAK who lack discipline. It can be seen from the absence of employees during working hours because the employees who like to come late and leave early. The problem in this research are: (1) Is there a transformational leadership style influence on the employee performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia?; (2) Is there an organizational communications impact on the employee performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia?; (3) Is there any influence of work discipline on the employee performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia?

The purpose of this research is: (1) To analyze the effect of transformational leadership style on employee performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia; (2) To analyze the effect of organizational communication to employees performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia. (3) To analyze the effect of work discipline on employee performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia.

## **2. LITERATURE REVIEW**

In the era of globalization nowadays, several problems often found that cause many organizations or companies experiencing failures that impact on the management of human resources. Human resources hold a very important role in an organization. To achieve the organizations' goals, it needs to have human resources who have the ability or skill to produce encouraging creativity for the organization or company, so that human resources can be expected to contribute to the organization.

Transformational leadership was a process in which people engage with others, and create a relationships that improve motivation and morality within the leader and follower. These types of leaders have attention to the needs and motives of the followers, as well as trying to help followers reach their best potential. Real transformational leadership is a leadership that is social and concerned with the common good. This socially transformational leader defeats their own interests for the good of others. Transformational leadership emerged as an important approach to leadership, starting with classic works by Northouse (2013) political sociologist. Leadership is quite different with power, because it cannot be separated from the followers' need. Burns distinguishes two types of leadership: transactional and transformational. Sunyoto and Burhan (2015) distinguish transformational leadership with transactional leadership. Leadership theories developed by Ohio State University, Fiedler models, and path-goal theory discusses transactional leadership. Transactional leaders are leaders who sought to educate or motivate the followers towards the achievement of objectives by means clarifying their tasks and their roles. While the transformational leaders are leaders who inspire followers to put aside personal interests for the organization and he can have a tremendous influence on the followers.

A transformational leader change and motivate his followers by: (1) Make them more aware of the task completion importance; (2) Persuade them to put the interests of the team or organization rather than personal interests; (3) Enable their needs to a higher level. Transformational leadership improves more on motivation and performance of followers than transactional leadership. Communication within an organization or company is important, because without good communication organization or company will not be able to run well. According to Gopal and Chowdhury (2014), communication terms come from the Latin word, *communicare* or *communis* meaning the same (common) or belong together.

The term organizational communication is the academic term which basically means communication that takes place in the background of organization. Thanks to its communication, the organization is able to achieve the goals effectively and efficiently. The meaning of communication in general is a process in which a person or persons, groups, organizations, and communities create and use information in order to connect with the environment and other people. The word organization is derived from the Greek, organon, which means instrument. In general, organization is a group of people with a particular purpose. According to Hardjana (2016), organizational communication is the communication that occurs in the organization and the communication that occurs between the organization and its environment that defines the organization and also determines its existence conditions and movement direction. Communication is the determinant of the organization life conditions and the organization driver. This means that the vitality and dynamics of an organizations determined by the organization's internal and external communications, which can briefly be referred as integrative and adaptive communication

Morales et al., (2008) also said that organizational communication have an important role in integrating management functions within an enterprise, namely: (1) Define and disseminate the objectives of the company, (2) Develop a plan to achieve its intended purpose, (3) Conduct organization of human resources and also other resources in an effective manner, (4) lead, guide, motivate and create a climate that lead to the desire of someone to make a contribution, (5) Control the achievement.

Etymologically discipline comes from the English "disciple" means a follower or students of a teacher, leader, or philosopher. Discipline is a specific situation where people who are members of the organization are subject to the regulations that exist with a sense of pleasure. While work is all human activity that is done to reach the assigned goals. According Fathoni (2009) Discipline is the most important operative functions of Human Resource Management because the better the discipline of employees, the higher the performance that can be achieved. Without good discipline, it is difficult for the organization to achieve optimal results. Discipline is a person's awareness and willingness to comply with all company rules and social norms that applied. Lembang et al., (2015) states that work discipline is awareness and willingness to comply with all regulations and social norms that applied in the company. Discipline can be defined when employees come and go home on time, do all the work properly, comply with all company rules and social norms that apply. Discipline must be enforced within company organization, because without the support of a good employee discipline, it is difficult to realize the company's objectives. So discipline is the key to the success of a company in achieving the goal.

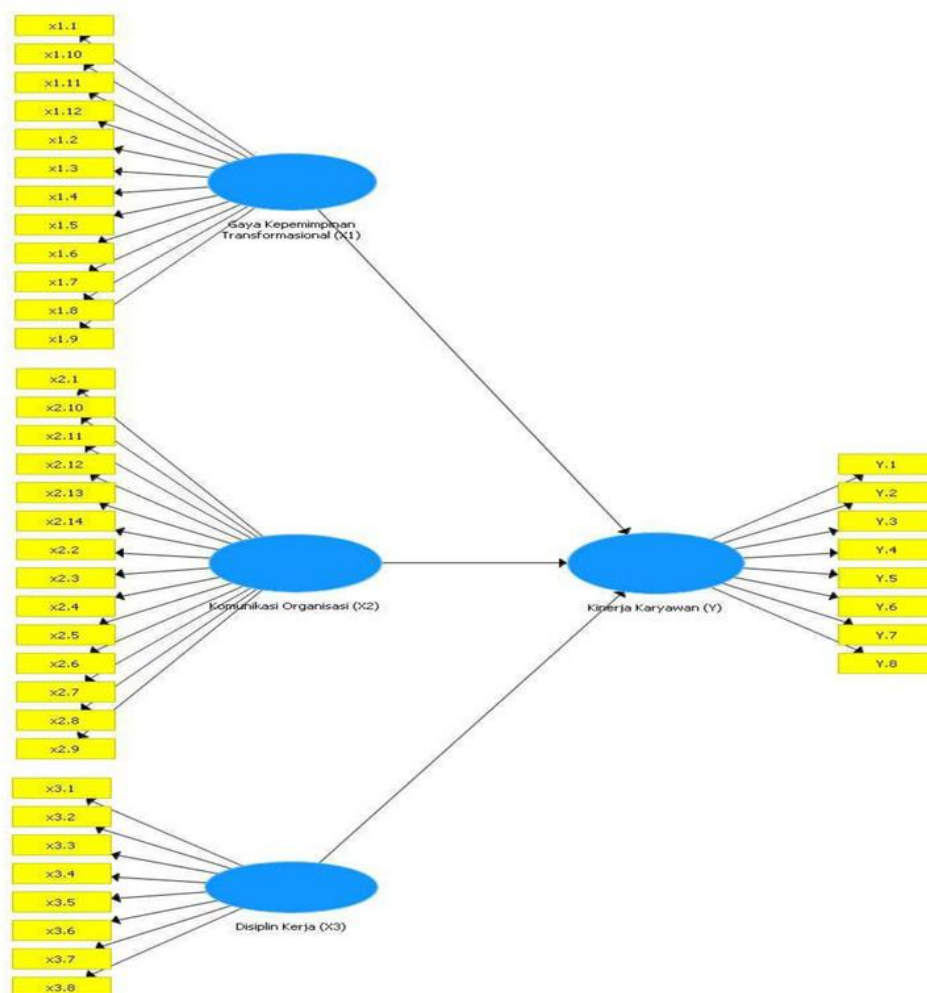
Based on Thamrin (2012) statements, various effects of the changes requires the organization to open themselves to the changing demands and attempt to formulate strategies and policies that in tune with environment changes. This will depend on the organization's ability to adapt to the environment. Meaning, an organization is able to formulate effective strategies and policies to cope with any changes that occur. An organization founded because it has goals that will and must be achieved. In achieving its own goals, any organizations are affected by organizational behavior which a reflection of the behavior and attitude of the actors within the organization. Activities that are most commonly assessed in an organization is the employee's performance, it is how the employee does everything related to an occupation, position or role within the organization. Two types of job duties that included as important elements of performance: functional tasks and behavioral task. Functional tasks related to how well an employee finishing a job, including notably completing the technical aspects of the job. Behavioral tasks related to how well employees deal with interpersonal activities with other members of the organization, including resolving conflict, managing time, empowering others, working in a group, and to work independently. Based on the literature that mentioned above, the research hypotheses are proposing as follow:

H1: Transformational leadership style influence the employee performance

H2: Organizational communication influence the employee performance

H3: Work discipline influence the employee performance

Now, according to the research hypotheses, the conceptual framework of this study is presented in Figure 1.



**Figure 1.**  
**Conceptual Model**

### 3. METHODOLOGY

This research was conducted in the framework of thesis preparation as a requirement to complete a bachelor degree from Economics and Business concentration of Human Resources Department at the University of Mercu Buana, Meruya South - West Jakarta. The research process begins with problems identification in the place that used as the location for research, formulation of the identified problems, theoretical basis collection to solidify the variables, preparation method of data collection, adjustment instrument, until the determination of statistics testing techniques used. In this process the research was conducted in June 2016 until complete. The research took place in PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia at Jl. Major Zen Complex PT Pupuk Sriwidjaja Palembang 30118. And the objects of this study were employees of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia.

The research design used by the author in this study is causal design. Causal design sees the variable relationship with the object observed more to cause and effect, so that in the research there are independent and dependent variable (Sugiyono, 2013). The purpose of this research is to determine the effect of three independent variables



(exogenous), which are transformational leadership style, organizational communication and work discipline, against one dependent variable (endogenous) which is employee performance. In this case study, author aims to determine the influence of transformational leadership style, organizational communication and work discipline on employee performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia located in Jl. Major Zen Complex PT Pupuk Sriwidjaja Palembang 30118. The population in this study were employees of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia, which amounted to 60 employees. The sampling technique used in this study is saturated samples (census) sampling technique which all members of the population used as a sample.

**Table 1. Discriminant Validity Results**

|       | Transformational<br>Leadership Style (X1) | Organizational<br>Communication (X2) | Work Discipline<br>(X3) | Employee<br>Performance (Y) |
|-------|---|--------------------------------------|-------------------------|-----------------------------|
| KK.1  | 0,306                                     | 0,411                                | 0,592                   | 0,740                       |
| KK.2  | 0,495                                     | 0,470                                | 0,654                   | 0,788                       |
| KK.3  | 0,265                                     | 0,410                                | 0,394                   | 0,557                       |
| KK.4  | 0,407                                     | 0,530                                | 0,717                   | 0,698                       |
| KK.5  | 0,407                                     | 0,511                                | 0,769                   | 0,850                       |
| KK.6  | 0,494                                     | 0,550                                | 0,785                   | 0,857                       |
| KK.7  | 0,372                                     | 0,545                                | 0,705                   | 0,643                       |
| KT.11 | 0,877                                     | 0,458                                | 0,537                   | 0,548                       |
| KT.4  | 0,874                                     | 0,369                                | 0,473                   | 0,479                       |
| KT.5  | 0,718                                     | 0,232                                | 0,344                   | 0,293                       |
| KT.7  | 0,703                                     | 0,195                                | 0,168                   | 0,189                       |
| KT.9  | 0,633                                     | 0,281                                | 0,302                   | 0,392                       |
| KO.10 | 0,264                                     | 0,670                                | 0,323                   | 0,324                       |
| KO.12 | 0,125                                     | 0,722                                | 0,399                   | 0,411                       |
| KO.13 | 0,550                                     | 0,623                                | 0,335                   | 0,356                       |
| KO.14 | 0,363                                     | 0,770                                | 0,739                   | 0,682                       |
| KO.8  | 0,298                                     | 0,603                                | 0,448                   | 0,402                       |
| KO.9  | 0,266                                     | 0,853                                | 0,593                   | 0,518                       |
| DK.1  | 0,529                                     | 0,707                                | 0,821                   | 0,795                       |
| DK.2  | 0,366                                     | 0,605                                | 0,798                   | 0,730                       |
| DK.3  | 0,432                                     | 0,566                                | 0,853                   | 0,737                       |
| DK.4  | 0,489                                     | 0,643                                | 0,877                   | 0,812                       |
| DK.5  | 0,350                                     | 0,583                                | 0,838                   | 0,808                       |
| DK.7  | 0,380                                     | 0,501                                | 0,771                   | 0,622                       |
| DK.8  | 0,451                                     | 0,498                                | 0,845                   | 0,767                       |

Source: Processed questionnaires data, 2016

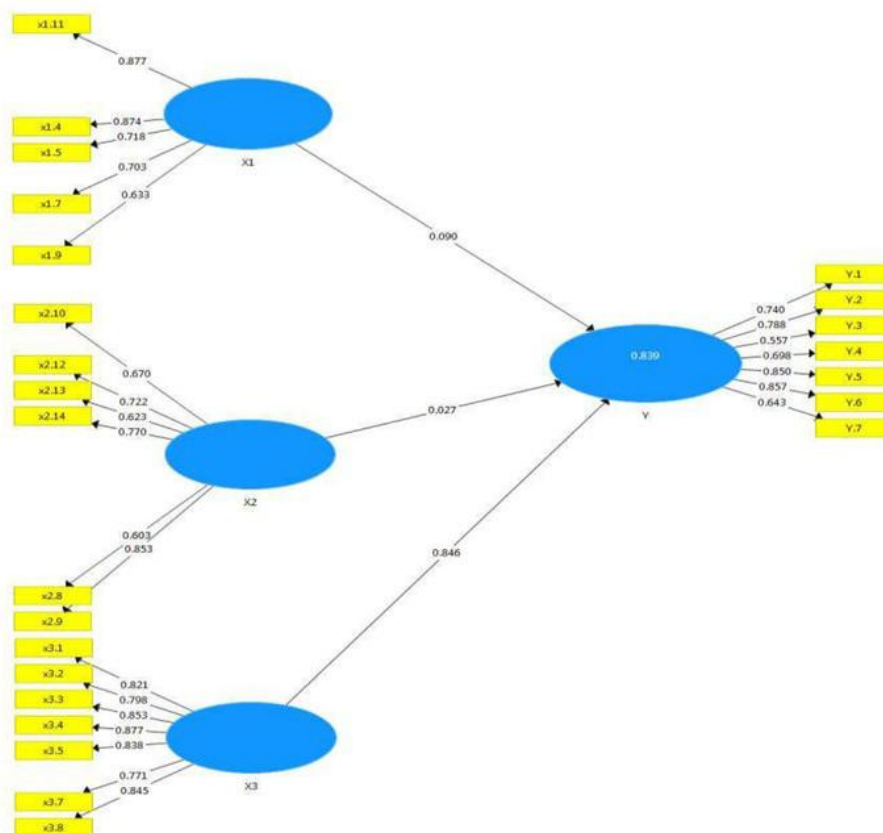
Data collection techniques used in this research are library research and field research. Literature research was conducted to obtain data on the theory that supports the research and field research conducted to determine the condition of the field more clearly and compared it with theories that have been obtained, by observation and survey directly on the object of research using questionnaire distributed to employees of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia. Data analysis Methods of this study using component or variance based structural modeling where the data processing is using the program Partial Least Modeling (Smart-PLS) version 3.0. PLS (Partial Least Square) is the alternative models of covariance-predictive SEM based. PLS is meant to produce casual-predictive analysis in a high complexity situation with low theory support.

#### 4. RESULTS AND DISCUSSION

An analysis method in this research is using Variance Based Structural Equation Modeling with data processing using Partial Least Square (Smart-PLS) version 3.0 program. PLS (Partial Least Square) is an alternative of Structural Equation Modelling (SEM) that can be used to resolve problems within variable relationship that are complex but only have small samples data, remembering SEM minimal samples data is 100.

Confirmatory factor analysis was conducted between independent and dependent variable. In this research model, there are three independent variables, which are transformational leadership style, organizational communication and work discipline and the dependent variable is employee performance. Therefore, the confirmatory factor analysis conducted between the independent and the dependent variable.

Table 1 show that the construct correlation of transformational leadership style with KT.11 indicator is higher than the correlation indicator of other transformational leadership style. Organizational communication construct correlation with KO.13 indicator is higher than the other organizational communication correlation. Work discipline with the construct correlation DK.1 indicator is higher than the correlation indicator of other Work Discipline. As for employee performance, construct correlation with KK.2 indicators is higher than the correlation of other employee performance indicators.



**Figure 1.**  
**Line Diagram of Structural Model (Modified)**

An indicator is valid if it has a value of loading factor > 0.5 intended to the construct. The output of SmartPLS for loading factors provides the following results:



**Table 1. Factor Loading Results (Modified)**

|       | Transformational<br>Leadership Style (X1) | Organizational<br>Communication (X2) | Work<br>Discipline(X3) | Employee<br>Performance (Y) |
|-------|---|--------------------------------------|------------------------|-----------------------------|
| KK.1  |   |                                      |                        | 0.740                       |
| KK.2  |   |                                      |                        | 0.788                       |
| KK.3  |   |                                      |                        | 0.557                       |
| KK.4  |   |                                      |                        | 0.698                       |
| KK.5  |   |                                      |                        | 0.850                       |
| KK.6  |   |                                      |                        | 0.857                       |
| KK.7  |   |                                      |                        | 0.643                       |
| KT.11 | 0,877                                     |                                      |                        |                             |
| KT.4  | 0,874                                     |                                      |                        |                             |
| KT.5  | 0,718                                     |                                      |                        |                             |
| KT.7  | 0,703                                     |                                      |                        |                             |
| KT.9  | 0,633                                     |                                      |                        |                             |
| KO.10 |   | 0.670                                |                        |                             |
| KO.12 |   | 0.722                                |                        |                             |
| KO.13 |   | 0.623                                |                        |                             |
| KO.14 |   | 0.770                                |                        |                             |
| KO.8  |   | 0.603                                |                        |                             |
| KO.9  |   | 0.853                                |                        |                             |
| DK.1  |   |                                      | 0.821                  |                             |
| DK.2  |   |                                      | 0.798                  |                             |
| DK.3  |   |                                      | 0.853                  |                             |
| DK.4  |   |                                      | 0.877                  |                             |
| DK.5  |   |                                      | 0.838                  |                             |
| DK.7  |   |                                      | 0.771                  |                             |
| DK.8  |   |                                      | 0.845                  |                             |

Source: Processed questionnaires data, 2016

From Table 2 above can be seen the modified validity test with the confirmatory factor analysis that shows there are indicators with standardized loading factor value  $> 0.60$ . It shows that all indicators can be considered appropriate or valid.

Discriminant validity of the measurement model (outer model) with reflexive indicators assessed based on its cross loading measurements with the construct. If the construct correlation with greater measurement unit than the other constructs, then it indicates that the latent constructs predict the size of that block are better than the size of the other blocks. Another method to see the discriminant validity is to look square root of average variance extracted (AVE) value. Recommended value is above 0.5. Here are the values of AVE in the study:

**Table 2. Average Variance Extracted (AVE)**

|  | Average Variance Extracted (AVE) |
|--|----------------------------------|
| Transformational Leadership Style (X1) | 0,589                            |
| Organizational Communication (X2)      | 0,507                            |
| Work Discipline (X3)                   | 0,688                            |
| Employee Performance (Y)               | 0,548                            |

Source: Processed questionnaires data, 2016

From Table 3 it can be seen that all constructs have the AVE value  $> 0.5$ . Lowest AVE value amounted to 0.507 on the construct of organizational communication.

Reliability is a measure of the internal consistency and the indicators of a construct that indicates the degree to which each of these indicators indicate a construct or a common latent factors. Reliability testing is done by looking at the value of Composite reliability and Cronbach's Alpha. Results of composite reliability will be considered good if it has a value  $> 0.7$ . Here are the composite reliability values on the output:

**Table 3. Reliability Test Results**

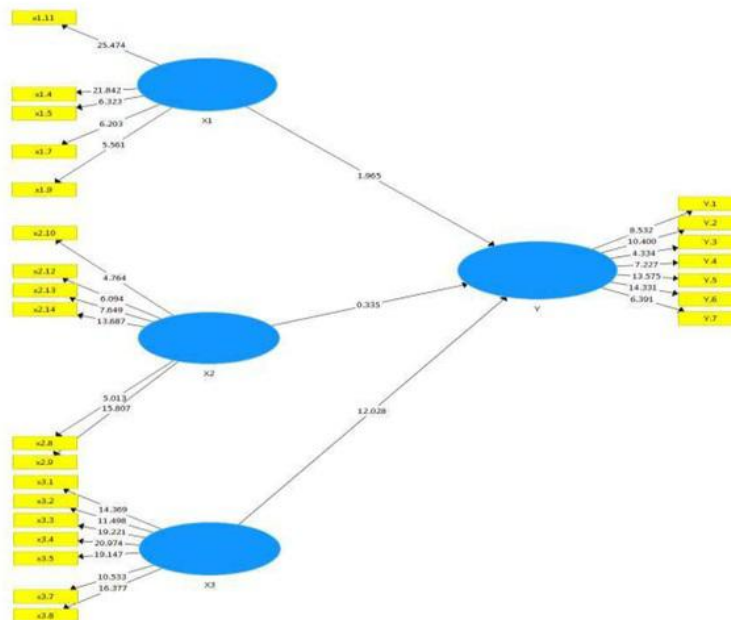
|  | Composite Reliability | Cronbach's Alpha |
|--|-----------------------|------------------|
| Transformational Leadership Style (X1) | 0,876                 | 0,829            |
| Organizational Communication (X2)      | 0,859                 | 0,806            |
| Work Discipline (X3)                   | 0,939                 | 0,924            |
| Employee Performance (Y)               | 0,893                 | 0,859            |

Source: Processed questionnaires data, 2016

The results of a reliability test in Table 5 shows that the value of each variable on the composite reliability result is  $> 0,7$ , it can be said the independent and dependent variables are reliable. The results of Cronbach's Alpha in Table 4.9 shows that the value of Cronbach's Alpha for all constructs are  $> 0,7$  and the lowest value is equal to 0,806 on the construct of organizational communication. Based on the validity and reliability test result of the measurement model, it can be concluded that all variables are valid to measure its latent variables, and also the reliability of measurement model is good. This suggests that indicators are reliable in compiling exogenous construct.

Inner model test is a model development based on concepts and theories in order to analyze the relationship between independent and dependent variables which have been outlined in the conceptual framework. From these analysis results, it can be seen that the influence model of transformational leadership style, organizational communication and work discipline on the employee performance provides the value of R-Square of 0,839 that can be interpreted that the construct variability of the employee's performance can be explained by the transformational leadership style, organizational communication and work discipline as much as 83,9%, while 16,1% is explained by other variables outside studied.

Hypothesis test is done on the basis of data processing result using PLS (Partial Least Square) program. The results of these tests will show whether all the lines that were analyzed shows significant results consider from its original sample and t-statistic. As for the t-statistic, it can be seen from the result of the t-statistic significant value which should be  $> 1,64$ . There are three hypotheses in this study and complete discussions are as follows:



**Figure 2.**  
**Hypothesis Test Result (Boostrapping)**

It is shown in Table 5 that the relationship of transformational leadership style on employee performance is significant with a t-statistic value of 1,965 ( $> 1,64$ ) and the original sample value is positive in the amount of 0,090 which indicates that the direction of transformational leadership style on employee performance relationship is positive.

**Table 4. Hypothesis Test Result**

|   | Original Sample<br>(O) | Sample Mean<br>(M) | Standard Error<br>(STERR) | T Statistics<br>(O/STDEV) | P Values |
|---|------------------------|--------------------|---------------------------|---------------------------|----------|
| Transformational Leadership style (X1) → Employee Performance (Y) | 0,090                  | 0,087              | 0,046                     | 1,965                     | 0,050    |
| Organizational Communication (X2) → Employee Performance (Y)      | 0,027                  | 0,033              | 0,018                     | 0,335                     | 0,738    |
| Work Discipline (X3) → Employee Performance (Y)                   | 0,846                  | 0,847              | 0,700                     | 12,028                    | 0,000    |

Source: Processed questionnaires data, 2016

Thus the H1 hypothesis in this study can be concluded true, that the transformational leadership style has a positive and significant impact on employee performance.

As for the influence of organizational communication on employee performance, it is not significant with the value of t-statistic 0.335 ( $< 1.64$ ) and the value of its original sample is 0,027. This result showed a positive effect but not significant influence to the performance of employees. Thus the H2 hypothesis in this study can be concluded as rejected that the organizational communication has no significant effect on employee performance. It means organizational communication does not affect the employee's performance because the result is not significant. Meanwhile, the influence of work discipline on employee performance is significant with t-statistic value of 12,028 ( $> 1,64$ ) and the value of the working discipline original sample is 0,846 that shows work discipline influence employee performance in a positive and significant way. Thus the H3 hypothesis in this study is true because from the result it can be concluded that work discipline have positive and significant impact on employee performance.

1) **Effect of Transformational Leadership Style on Employee Performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia:** In terms of the leadership, the leader of PT SAK already has the transformational leadership criterion, which are the leader of PT SAK has the character and personality that may affect employees so that employees can be more innovational and creative in performing a task also he has spirit that can arouse or motivate employees so the employees can achieve high level performance. Transformational leadership style is an ideal influence, that leader able to affect the employees in an organization. Inspirational motivation is a leader able to motivate employees to achieve objectives of the company or organization. Intellectual stimulation is a leader who can boost employees creativity and innovation. Individual consideration is a leader who can help and solve all the problems that happen to employees in an organization. Thus, the transformational leadership style has positive effect on the employee performance of PT Sri Aneka Karyatama (SAK) Palembang, Sumatera - Selatan, Indonesia. This is based on the positive value of transformational leadership style original sample (0,090), and a significant t-statistical (1,965)  $> 1,64$ . Transformational leadership has a positive and significant effect on employee performance. In accordance with previous studies (Ananto, 2013) stating partially transformational leadership contributed 27.98% on the employee performance.

2) **Effect of Organizational Communication on Employee Performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia:** In terms of organizational communication, employees of PT SAK lack of communication to the superiors and others among fellow employees thus causing obstacles within the company. Lack of employee communications to superiors caused by employees feel reluctant or do not dare to express their opinions or desires. Due to the absence of good communication, organization or company will not run properly in accordance with the company's expectations. Organizational communication is a process in which a person or



persons, groups, organizations, and communities create and use information in order to connect with the environment and other people. Organizational communication affect the performance of employees at PT Sri Aneka Karyatama (SAK) Palembang, Sumatera - Selatan, Indonesia. This is in accordance with the original sample of positive organizational communication value which is 0,027 and the t-statistic is not significant 0,335 which is smaller than 1,64 ( $0,335 < 1,64$ ). Organizational communication affect positively but not significant on employee performance. In other words, organizational communication does not affect the performance of employees because the results were not significant. This result is in accordance with previous studies.

3) Effect of Work Discipline on Employee Performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia: In terms of work discipline, there are some employees of PT SAK who lack of discipline. It is seen from the absence of employees during working hours due to employees who like to come late and go home early. Work discipline is a specific situation where people who are members of the organization obey the regulations that exist with a sense of pleasure. Influence of work discipline of PT Sri Aneka Karyatama (SAK) Palembang, Sumatera - Selatan, Indonesia can improve employee performance. Without a good work discipline then the performance of the employees is less optimal and will decline. The result of the study shows this by the positive value of work discipline original sample 0,846, and t-statistic that is significant with the value of 12,028 that greater than 1.64. Work discipline has a positive and significant effect on employee performance. This result also in accordance with previous studies by Soleha et al, 2012 which states work discipline variable partially provides contribution of 0.83 or 18.30% on employee performance.

## 5. CONCLUSION

This study aims to determine the effect of transformational leadership style, organizational communication and work discipline on employee performance. Based on these results, we can conclude several things about the performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia employees: (1) transformational leadership style have positive and significant effect on the employee performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra , Indonesia; (2) Organizational communication does not affect the employees performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia; (3) Work discipline have positive and significant effect on the employee performance of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra , Indonesia.

### *Suggestion*

Based on these results, there are some things conveyed by the author:

for PT Sri Aneka Karyatama (SAK):

1) Leader of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia needs to improve the transformational leadership style in leading the company as the leader able to explore the potential of employees and so that the employees can be motivated by the positive things that indicated by the leader. Leader could read the potentials of employees when communicating. After the leaders saw the potentials on the employee, the leader can train them to enhance and direct the employees' potential according to his ability and give the employee freedom to hone their abilities.

2) Leader of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia should create better also more effective and efficient in terms of organizational communication. This is in order to establish cooperation between employees so between employees or superiors with subordinates can coordinate well in order to achieve the company's goals. Communications that are well constructed, can run the system created by the company yields to the work agreed upon between superiors and subordinates can be understand by both part.

3) Leader of PT Sri Aneka Karyatama (SAK) Palembang - South Sumatra, Indonesia needs to continue the improvement of the employees discipline because discipline employee in work will tend to do all their activities in accordance with the applicable rules and regulations and be responsible for its obligations. Discipline reflects employee characteristics so it can be use to assess the personality of the employee to be able to complete the job in hand.

The author recommends further research to use other independent variables such as compensation, loyalty, motivation, organizational culture ,etc. besides transformational leadership style, organizational communication

and work discipline that can affect the employees performance. This is an attempt to determine the influence contribution of the other variables, outside transformational leadership style, organizational communication and work discipline. Also, it is suggested for further research sampling the population must be more than 60 respondents.

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