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## **The Effect of Digital Leadership and Transformational Leadership on Employee Performance**

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### **Abstract**



Human resources are the most meaningful aspect because they are the main foundation for the success of a company, the Company needs a qualified, competitive and superior workforce to achieve its goals. Performance is very important for management to evaluate performance in achieving company goals and planning for the future. This study aims to determine how much influence digital leadership and transformational leadership have on employee performance. The type of research used is quantitative research and uses random sampling. The population in this study was 140 employees with a sample of 100 employees. The data analysis method in this study uses the Smartpls software application with various tests carried out, including the R Square test and Path Coefficient. Based on the results of the r suare test and path coefficient, it can be said that the digital leadership variable has a positive influence on the performance of PT Denso Manufacturing Indonesia employees, the transformational leadership variable has a positive influence on the performance of PT Denso Manufacturing Indonesia employees.

**Keywords:** Digital Leadership , Transformational leadership, Employee Performance.

### **Introduction**

In an organization, human resources are the most important item to achieve organizational goals (Sulhan et al., 2023). Both leaders and employees are needed by the organization to solve the problems it has. Performance is very important for management to evaluate performance in achieving company goals and future planning (Sanjiwani & Suana, 2016). One of the steps to maintain or improve employee performance can be done by evaluating employee performance and making a series of improvements to always improve the quality of these employees so that the company grows and excels in competition, or at least can survive. Companies that are ready to compete must have effective management. According to Rayyan Aqila Praditya (2022) Leadership and its implementation have been running and occupying every organized human society. According to Sarros & Santora (2001), Transformational Leadership is a leadership style that raises the awareness of followers by showing high values and ideals such as freedom, justice and equality.

To improve employee performance in effective management requires the support of capable and competent employees in their fields. A culture of cooperation and professionalism can be built because transformational leaders will facilitate their employees to dialogue, discuss,

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and plan work together. Transformational leadership always starts with a vision that reflects common goals, and is explained to all employees clearly and simply, always trying to raise employees' awareness of the value and importance of their tasks and work for the organization. According to Nopriadi Saputra and Riant Nugroho (2021) Digital transformation is not only in companies but also at the individual level and the public sector.

The big challenge for managers is to engage in these changes, while trying to keep the business running, facing a different and uncertain future. The digitalization of companies will increase the importance of digital channels of corporate marketing and sales. It will also drive work-from-home and technology product consumption as more people will interact using hybrid communication mechanisms that can be accessed from anywhere, and not exclusively in the company's physical environment or from their homes (Almeida et al., n.d.). Where a leader invites employees by acting right, achieving commitment and providing motivation to achieve common goals (Sudarmanto, 2009). This type of leadership is included in Transformational Leadership. Because transformational leadership is a leader who is able to inspire his employees to prioritize the progress of the organization over personal interests, provide good attention to employees and be able to change the awareness of his employees in seeing old problems in a new way (Robbins, 2001). In this regard, several characteristics of leaders are discussed to ensure optimal environmental management.

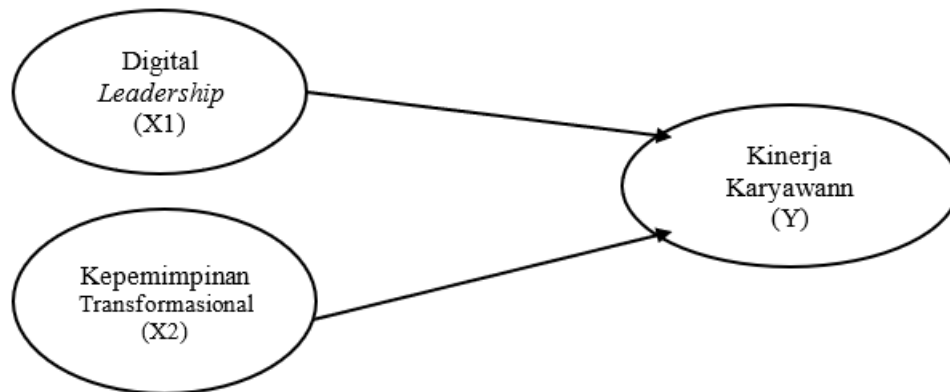
Digital Leadership has an important leadership role in ensuring and driving transformation and driving change in Industry 4.0 (Purwanto et al., 2021). Previous studies have found that digital leadership can influence innovation, including developing industry models. The relationship between digital leadership and customer experience shows that leadership has a significant influence on customer experience (Mohamad Januar Bagus Indranata & Siti Safaria, 2023). Digital leadership is not just introducing the use of e-mail, websites, and social media as part of daily work, but more importantly utilizing data as an important asset. According to Digital leadership is a leader who is able to utilize information technology to achieve common goals in an organization (Howell et al., 2014).

## Method

The type of research used is quantitative research. Where quantitative research is a research method based on the philosophy of positivism, used to research on certain populations or samples, data collection using research instruments, data analysis is quantitative / statistical, with the aim of testing predetermined hypotheses (Soegiyono, 2012). The variables to be tested are digital leadership variables, transformational leadership and employee performance at PT Denso Manufacturing Indonesia. Where for a population of 140 and the sample obtained was 100 respondents. The technique used is random sampling or random by using the distribution of questionnaires to employees of PT Denso Manufacturing Indonesia. The questions in the questionnaire usually refer to the variables to be tested so that they will produce values that match the answers of the respondents.

## Research Design

**Figure 1 Research Design**



## Metode Analisis Data

Data analysis in this study used smart PLS software with the data tested in this study including R-square, Path Coefisien.

## Results and Discussion

### R Square Test

It is a way to assess how much endogenous constructs can be explained by exogenous constructs. An R Square value of  $> 0.67$  indicates that the model is strong, a value of  $> 0.33$  indicates that the model is moderate, a value of  $> 0.19$  indicates that the model is weak. (Chin 1998 in (Ghozali and Latan, 2015)).

**Table 1 R Square Test Result Data**

	R Square	R Square Adjusted
<b>KK</b>	0.701	0.695

Based on table 1.1 above, it can be explained that the Employee Performance variable has an R Square value of 0.701 and an Adjusted R Square of 0.695, meaning that simultaneously the exogenous constructs X1 and X2 have an influence on Y with a value of 69.5%. From this data, the value of R Square Adjusted of 69.5 can be said that the influence of all exogenous constructs X1, X2 and Y is strong.

As one of the variable tests is the transformasional leadership variable which has an R Square value of 0.385 and an Adjusted R Square of 0.379, it can be explained that the model is included in the moderate model which has an influence of 37.9% and the rest is influenced by other elements.

### Uji Path Coefiesient

It is a technique for analyzing causal relationships, where the independent variables ( $x_1, x_2$ ), affect the dependent variable ( $y$ ) not only directly but also indirectly. The provision is when the P-Value value is less than 0.05, it is said to have an effect, and vice versa.



**Table 2 Data from Path Coefisient Test Results**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Value s
<b>DL -&gt; KK</b>	0.289	0.296	0.099	2.932	0.004
<b>KT -&gt; KK</b>	0.609	0.608	0.084	7.299	0.000

Based on Table 1.2 above, it can be explained that the digital leadership variable has a direct effect on employee performance with a P Values value of 0.004 which is smaller than 0.05. and the transformational leadership variable has a direct effect on employee performance with a P Values value of 0.000 which is less than 0.05.

Based on the results of several tests conducted on the effect of Digital Leadership on Employee Performance such as the results of the  $r$  square adjusted of 69.5%, where this value is stated to have a positive effect, then from the results of the path coefisient where it is known that the P Values are 0.004, therefore it can be stated that these variables have a partial effect. This research is also relevant to previous research conducted by (Ilham Maulana, 2021) with the title The Effect of Organizational Culture and Digital Leadership Style on Motivation and Its Impact on Employee Performance Pt. Hexa Dental Indonesia in Bogor which states that the digital leadership style variable has a positive and significant effect on employee performance. In addition to the research above, there is another study that shows that digital leadership has a significant effect on employee performance, this research was conducted by Agus Purwanto, et al (2021) entitled "The Role of Organizational Citizenship Behavior (OCB), Transformational and Digital Leadership on Performance Through Mediation of Organizational Commitment in Family Business", they revealed that the results of data analysis show that in the direct relationship OCB has a positive and significant effect on business performance variables, digital leadership has a significant effect on performance variables.

Based on the results of several tests conducted on the effect of Transformational Leadership on Employee Performance such as the results of the adjusted  $r$  square of 69.5%, where this value is stated to have a positive effect, then from the results of the path coefisient where it is known that the P Values are 0.000, therefore it can be stated that these variables have a partial effect. This research is also relevant to previous research conducted by (Supardi & Aulia Anshari, 2022) with the title Effect of Transformational Leadership and Organizational Culture on Employee Performance which states that the transformational leadership variable partially has a positive and significant effect on employee performance. Another previous study conducted by Gerald Joseph Harjono (2015), entitled "The Effect of Transformational

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Leadership and Self Efficacy on Employee Performance of PT Air Manado", the results of this study Transformational leadership has a positive effect on the performance of employees of PT Air Manado. This is evident from the results of transformational leadership research which has a positive and significant effect on employee performance. The better the transformational leadership is carried out, the employee performance will increase. Previous research conducted by Roy Johan Agung Tucunan and Wayan Gede Supartha (2014) entitled "The Effect of Transformational Leadership on Employee Motivation and Performance". The results of this study indicate that the results of the analysis prove that there is a significant and positive influence between transformational leadership on employee performance as indicated by the standardized direct effect value of 0.385. Thus the results of this analysis provide information that transformational leadership has a significant and positive effect directly on employee performance. The positive sign indicates that the stronger the understanding and implementation of transformational leadership, the stronger the employee performance.

However, transformational leadership indirectly affects employee performance through employee motivation. The implication is that employee performance will be better if transformational leadership values are stronger and supported by higher employee motivation.

## Conclusion

Based on the results of data analysis, data processing and data analysis carried out on Digital Leadership Variables, Transformational Leadership on Employee Performance of PT Denso Manufacturing Indonesia, it can be concluded that the digital leadership variable has a positive influence on the performance of PT Denso Manufacturing Indonesia employees, for it can be said that if you apply digitalization of leadership well, it will be in line with good employee performance. The transformational leadership variable has a positive influence on the performance of PT Denso Manufacturing Indonesia employees, so it can be said that if it is applied and consistent in running it, it will be directly proportional to employee performance. Digital leadership and transformational leadership variables have a simultaneous positive influence on the performance of employees of PT Denso Manufacturing Indonesia.

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