

## INCREASING THE EMPLOYEES' PERFORMANCE THROUGH TRANSFORMATIONAL LEADERSHIP AND ORGANIZATIONAL CULTURE AT PT. PERKEBUNAN NUSANTARA V RIAU

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### ABSTRACT

*The research is conducted at PT. Perkebunan Nusantara V (PTPN V) Riau. It has some objectives such as to examine and analyze (1) the effect of transformational leadership and organizational culture on employee performance, (2) the effect of transformational leadership and organizational culture on organizational commitment, and (3) the effect of organizational commitment on employee performance. The population taken consists of 146 people covering middle managers. The sampling was done by means of census on the entire population. The testing and analysis of the data was done by using structural equation modeling (SEM) with AMOS 7 program. The results indicate that transformational leadership and organizational culture have a positive and significant effect of employee performance. In addition, the transformational leadership and organizational culture also have a positive and significant effect on the organizational commitment. In general, it provides evidence that the organizational commitment and significant positive have effect on employee performance.*

**Key words:** *Transformational Leadership, Organizational Culture, Organizational Commitment and Employees' Performance.*

## PENINGKATAN KINERJA KARYAWAN MELALUI KEPEMIMPINAN TRANSFORMASIONAL DAN BUDAYA ORGANISASI DI PT. PERKEBUNAN NUSANTARA V RIAU

### ABSTRAK

*Penelitian ini dilakukan pada PT. Perkebunan Nusantara V (PTPN V) Riau. Tujuan penelitian untuk menguji dan menganalisis pengaruh kepemimpinan transformasional dan budaya organisasi terhadap kinerja karyawan, pengaruh kepemimpinan transformasional dan budaya organisasi terhadap komitmen organisasi, pengaruh komitmen organisasi terhadap kinerja karyawan. Populasi terdiri atas 146 orang manajer menengah. Penyampelan dilakukan secara sensus yaitu seluruh populasi dijadikan sampel. Pengujian dan analisis data menggunakan model persamaan structural (SEM) dengan program AMOS 7. Hasil penelitian menunjukkan bahwa, kepemimpinan transformasional dan budaya organisasi berpengaruh secara positif dan signifikan terhadap kinerja karyawan. Selain itu kepemimpinan transformasional dan budaya organisasi juga berpengaruh positif dan signifikan terhadap komitmen organisasi. Secara umum, penelitian ini membuktikan bahwa komitmen organisasi berpengaruh positif dan signifikan terhadap kinerja karyawan.*

**Kata Kunci:** *Kepemimpinan Transformasional, Budaya Organisasi, Komitmen Organisasi dan Kinerja Karyawan.*

## INTRODUCTION

It has been noted that in any organization, employees are considered the most important asset, because of their role as the subjects of policy implementation and organization operation. They play a major role in running the organization. When their performance is good, it will also increase organizational performance. Therefore, their performance must be increased so that they can contribute to overall organizational performance.

There are some factors that can affect the employees' performance. One of them is leadership. In addition, the leadership factor should be paid attention to affect a lot of people through communication, instruction or command, which cause another person to act or respond and create positive change, (Mullins 2005). As such, the leadership of the organization should be viewed very often as the primary responsibility of a company. In this case, the company or organization should do some ways to utilize all the resources of the company to take advantage of the existing opportunities and avoid the threats posed by environmental change (Judge.2003). For example, Bennis (2000), states that there is no single factor which is so beneficial to the organization of the effective leadership, especially if the economic situation is less encouraging. If sudden changes may occur in the company, even in public, leadership is good needed.

In connection with the factor of leadership, it is important to get this concept through definitions. Leadership is defined as the ability to give direction to subordinates to which way they have to go.

Similarly, Wirjana (2006) argues that a true leader must always be aware of the risks and be ready to react. In such a situation, it is the fact that the circumstance often changes and therefore, difficult to predict. In this case, transformational leadership is considered as the most appropriate leadership theory. Transformational leaders are charismatic, inspirational. They have a vision and strong capital to continually increase effi-

ciency, productivity, and innovation the efforts, in order to improve the competitiveness of agribusiness enterprises (Rivai 2004).

In addition, transformational leadership is a leadership style that seeks to transform the values accompanied by the subordinates to support the vision and goals of the organization. By such values, the leader is expected to improve the relationship between employees. Thus, it results in the climate of having trust among employees (Stone and Patterson 2004).

The emphasis of the group's interest as compared to private interests is crucial, by considering a good and conducive working environment as a major concern in the implementation of this leadership style. Furthermore, it is obvious that the needs of subordinates are not merely the material. Therefore, the leader must be able to encourage their employees to have a need for a higher need according to the capacity of employees (Gill et al. 2010).

PT. Perkebunan Nusantara V (PTPN V), is one of the state-owned enterprises (SOEs) operating the plantations in Indonesia. This is as a result of the consolidation of development ex-PT. Perkebunan II, PT. Perkebunan IV, and PTPN V in Riau Province. They manage cultivation of oil palm and rubber. Since PTPN V was formed by the government, the organization is likely to instantly become bureaucratic, and has the structure of a decentralized organization with authority.

However, in practice, the delegation of authority is less effective because of the growing culture of the paternalism. Furthermore, PTPN V requires a restructuring or privatization. In the context of restructuring, leadership is also a key factor. The restructuring will be more successful if started from the leader. Given the need for restructuring, this state-owned company needs to have leaders with excellent leadership qualities (Nugroho 2005).

For the purpose of achieving the best performance, the directors PTPN V Riau

should try to do important breakthrough, building the company's vision to become a world class company (BUMN Track 2008). Bass and Avolio (2003) states the creation of this vision is followed by the application of leadership for making changes in all aspects. Transformational leadership in this case is to articulate the vision for the future of the organization for realistic and intellectually stimulating subordinates, and pay attention to the differences distinction owned by employees.

Furthermore, transformational leadership is a leadership which is change-oriented, in which; the vision is not only formulated but also implied. In addition, it has indicators such as the idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation. The opinion is supported by Robbins (2006) who argues that one of the agents of change is a comprehensive and relevant to current business conditions that is the theory of transformational leadership.

Politis (2001), Shelley et al. (2004), and Pounder (2008) found that transformational leadership has a significant and positive impact on employee performance. On the contrary, Sudarmasto (2005) argues that transformational leadership does not have a significant influence on employee performance. According to him true leaders are to make a change from the low performance to acceptable performance, or achievement of optimal performance. To meet this goal, they need a model of leadership that can make a change and respond to those expectations.

Besides the above arguments, the leaders must be able to affect the performance of transformational leadership. The organizational culture can also greatly affect the behavior of the members of the organization because of the value system of the organization's culture can be used as the basis of human behavior in organizations. This organization is oriented to the achievement of specified performance or results.

Organizational culture is formed by those involved in the organization (from

owners, leaders, to the employee), with reference to the organization's ethics, work rules and the type of organizational structure. Culture will develop well when implemented consistently from the head down to the employees. Thus, when it takes place, it will cause a sense of comfort conducive. As a result, they are committed to the organization.

Flamholtz and Narasimhan (2005) assert that there is a positive and significant effect relationship between the culture of the organization and employee performance. This is in line with the arguments by Henri (2006) stating that there is a positive and significant relationship between organizational culture and employee performance.

The employee performance will not be optimally achieved if they are not supported by a high organizational commitment to the achievement of the vision, mission, and goal of the organization. High commitment will encourage employees to strive and fight as much as possible for the betterment of the organization. They employees who have joined the organization require a commitment must also be supported by the organization's own commitment to the employees. This will create a good working environment.

Organizational commitment will create a sense of belonging to the workers of the organization. Robbins and Judge (2008) define commitment as a situation where an individual who is with the organization and the goals and the desire to maintain their employees in the organization. Tobing (2009) proved that there is a positive and significant effect of organizational commitment with transformational leadership. Meanwhile, organizational culture also has positive and significant impact on organizational commitment (Lok and Crawford 2004).

This study aims to test and analyze the effect of transformational leadership and organizational culture on employee performance. It also tests and analyzes the effect of transformational leadership and organizational culture on organizational commit-

ment. Last of all, it aims to tests and analyzes the effect of organizational commitment on employee performance.

### **THEORETICAL FRAMEWORK AND HYPOTHESES**

The performance is what has been done by a person in accordance with the responsibilities and expected outcomes Gibson (2006). It is associated with success in carrying out the job complied with their duties in order to achieve organizational goals. In addition, it is the level of efficiency and effectiveness, and innovation in achieving the results by management and divisions within the organization.

Gibson, Ivancevich, and Donnelly (2001) argue that performance refers to the level of success in performing the tasks and the ability to achieve the goal which has already been set. The performance is said to be good and successful when the desired goals can be well achieved. Someone who has a good performance will always seek what is done in an effective, efficient and quality. In this case the reference is not to work hard, but how to work smart.

Furthermore, Armstrong and Baron (2005), assert that the performance is not just about what one achieves, but also how to achieve it, that is the strategy. Meanwhile Mangkunegara (2009) defines performance as the work done by a person in accordance with the duties and functions. Besides that, Furthermore Robbins (2006) confirm that the performance is the result or the person's overall success rate for a certain period in the task, compared to a range of possibilities, such as standardized work, targets / objectives or criteria. Hasibuan (2006) suggests that performance can be achieved by one's work in carrying out the tasks assigned to him based on the skills, experience and sincerity as well as time.

In order to achieve the vision and carry out the mission effectively, especially in PTPN V companies that have a level of competition of being more intense, full of uncertainty, they need leaders who are able

to combine their capabilities with the application of leadership styles or approaches. These approaches must be relevant to the organization's internal condition. If the situational leadership model is merely focused accordance with the conditions for maintaining the stability, the model of an agent of change in the organization is a model of transformational leadership (Stone et al. 2004).

Thus, transformational leadership is a leadership which change-oriented, where the vision of the organization is not only formulated but also implied (Bass and Avolio 2003). In relation to transformational leadership, Stone et al. (2004) stated that transformational leaders transform the personal values of followers to support the vision and goals of the organization by fostering an environment where relationships can be formed and by establishing a climate of trust can be shared.

In operation, Gill et al. (2010) interprets transformational leadership as leadership and the performance which is beyond expectations. Furthermore, Gill et al. (2010) asserted that transformational leadership is a process of influencing. The major changes in the attitudes and assumptions of organization must be by the members so that they can build commitment to the organization's mission or objectives.

Another factor is motivation which is inspirational motivation. It is the ability of leaders to inspire subordinates to move, enrich, and enthuse even glamorize them. The consideration of individual is the ability and the responsibility of leadership in providing subordinate satisfaction and boost productivity, tends friendly, informal, close and treat subordinates with leadership and provide advice, help and support for the development of self-subordinate.

Other factor is intellectual stimulation that is the ability to use intellectual stimulation to evoke the spirit of subordinate employees. It is supported by Robbins (2006) who states that the agents of change are comprehensive and relevant to current busi-

ness conditions that is the theory of transformational leadership.

The influence of transformational leadership on performance indicates that leadership is a key factor to influencing the process of the leading the followers. The leader should encourage the process of improving his followers in order to achieve company goals.

In this case, Bass and Avolio (2003) argued that transformational leadership can improve employee performance because the leaders really want to make a change from the low performance to performance acceptable or unacceptable performance to optimal performance.

The above argument is supported by Conger et al. (2000) who found a positive and transformational leadership for predicting the employee performance improvement. Meanwhile, Jung and Avolio (2000) found that transformational leadership model is able to provide solutions in the understanding of what makes a leader create a great influence to his followers and making performance improved on an ongoing basis.

Organizational culture, in fact, has a good value for the progress of an organization. This includes wider and deeper aspects and it becomes the basis for the creation of an ideal organizational climate. The issue of organizational culture recently has become a very interesting review especially in the working conditions of uncertainty. Cultural organization is even a system of shared meaning held by members that distinguishes the organization with another organization (Robbins 2006). Chatab (2009) also stated that organizational culture as a system of roles, activities and process flow called organization or system / pattern of employment) and involves some as executor task, designed to implement the goals.

Furthermore Rivai (2004) asserts that organizational culture is a standard for employees about acceptable behavior well and that is unacceptable. It is a common consensus to achieve goals and measure good or bad behavior of the employees of a com-

pany. This understanding provides the premise that every individual involved will together try to create working conditions and working environment that is ideal to create a supportive atmosphere for achieving the optimal goal to achieve increased employee productivity.

Organizational culture, in essence, affects the performance, in which the presence of the initiative, teamwork and the continuous monitoring of employee performance can be improved in accordance with the objectives of the organization (Robbins 2006). Luthans (2005) states that organizational culture indicators include the following:

1. The regularity of the behavior that is done such as the use of the same language or terminology;
2. Norms, such as the standard of behavior that exist in an organization or community;
3. The dominant value, such as high product quality, high efficiency;
4. Philosophy, such as how workers are treated in the policy;
5. Rules, such as the guidance for new employees to work within the organization;
6. Climate organizations, such as the way the members of the organization interact with internal and external customers or layout settings to work (physically)

Flambholtz and Narasimhan (2005) argue that organizational culture significantly influences the employees' performance. This is also in line with the findings of the research by Henri (2006), Suhana (2007) that organizational culture has positive and significant impact on employee performance. Based on such arguments two hypotheses are stated as follows.

H1: There is a positive and significant effect of transformational leadership on the employee performance.

H2: There is a positive and significant effect of organizational culture on the employee performance.

It can be stated that transformational leadership has the ability to match the vision of the future with subordinates, and heightens the need for subordinates to a higher

level than what is required. Therefore, a vision should be moved by persuasion and inspiration, not with judgment and coercion. In this case, effective leaders use a combination of charming rhetoric, metaphors, slogans, symbols and rituals, which will cause a high commitment to the organization.

Commitment to the vision is closely related to trust followers to leaders. Organizational culture is influenced by perceptions of the existing members of the organization. If employees feel that the existing culture within the organization where work is quite conducive and fun for him to work, this will make the employee feel comfortable. Research conducted by Jandeska and Kraimer (2005), showed that the positive effect on organizational culture organizational commitment.

Luthans (2005) argues that organizational commitment is an attitude that reflects employee loyalty to the organization and ongoing process. Its members express concern for the organization and the success and continued progress. Robbins and Judge (2008) define commitment as a situation where an individual sided with the organization and the goals and the desire to maintain membership in the organization.

Employees who are committed to the work will look at the business and performance of the employees gave the organization has a positive meaning for individual well-being and welfare organizations. An organizational commitment is an attitude about employee loyalty to the organization, and feels a sense of organization, with partisanship and involvement in the organization so that employees work optimally. According to Luthans (2005) the indicator of organizational commitment consists of three components as the following.

1) Affective commitment, associated with emotional, identification and involvement of employees in an organization. The key to this commitment is the want to.

2) Normative Commitment, is a commitment that an employee feelings of obligation that he has to give to the organization. He felt

compelled to endure because of loyalty. The key to this commitment is the obligation to stay in an organization.

3) Continuance commitment, a commitment that is based on employee perceptions about the losses that will be faced when he left the organization. The key to this commitment is the need to survive (need to).

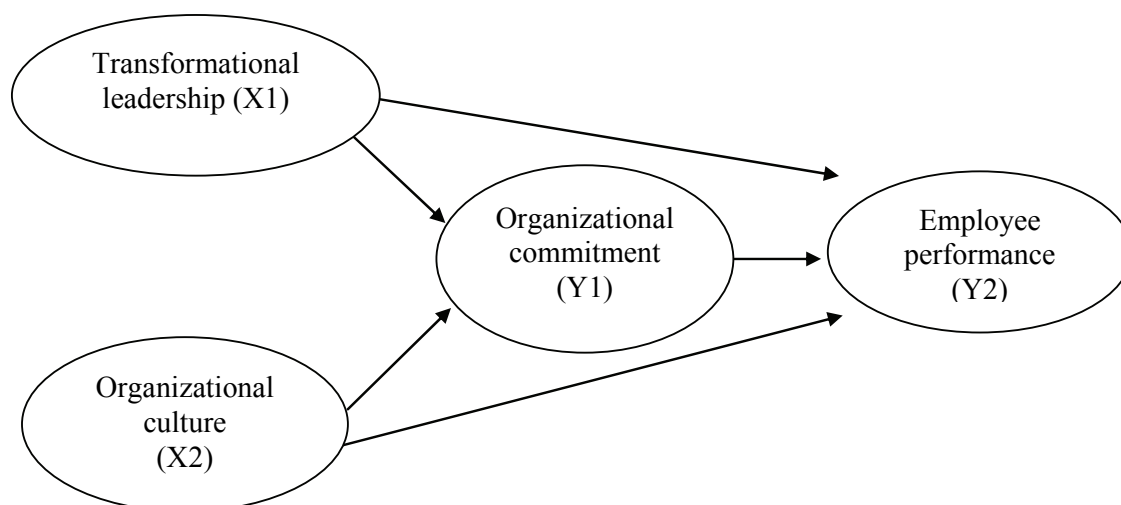
Tobing's Research (2009) found that transformational leadership significantly affects organizational commitment. The results of this study are reinforced by Foortmann et al. (2003), that transformational leadership has a significant effect on organizational commitment.

It is principally that a leader must be able to give rise to subordinate organizational commitment with the confidence of subordinates to leaders. Faith is not only dependent on the skill of the leader, but it also depends on the consistency of the leaders in statements and actions. In carrying out the commitment of employees, they cannot be separated from the cultural organizations that are implemented in the organization. Organizational culture is influenced by the perception of members of the organization.

For example, when employees feel that the existing culture within the organization where work is quite conducive and fun for him to work, they will feel comfortable. Research conducted by Jandeska and Kraimer (2005), Lok and Crawford (2004) showed that there is positive effect on organizational culture organizational commitment. Commitment can be formed when a person has just become part of the organization, through socialization and good orientation.

Therefore, when employees have to understand the ins and outs of the company, what the company's vision and mission through socialization and orientation program, they will accelerate the unification in which an individual will get in touch with the organization. Commitments are established will direct employees to work in accordance with the company's expectations and individual expectations, prompting create better performance.

**Figure 1**  
**Research Framework Model**



Suliman (2002), Suhana (2007) found that organizational commitment significantly and positively is related to employee performance. Commitment leads to some specific behavioral outcomes. First, highly committed employees have a strong desire and continue to stay in the organization. Even the target of such behavior should be manifested in the maintenance employees.

Commitment is hypothesized to be related to performance in the sense that employees are committed to doing business in the greater work. The research by Suliman (2002), Suhana (2007) is in line with the research results of Carmeli and Freund (2004), and in accordance with the findings of Fernando and Marshall (2005) that organizational commitment and significant and positive effect on employee performance. In connection with the above arguments, the hypotheses are stated as the following.

H3: There is a positive and significant effect of transformational leadership on organizational commitment.

H4: There is a significant and positive effect of organizational culture on commitment Organization.

H5: There is a significant and positive effect of organizational commitment on the employee performance.

### **Research Framework**

As described in the previous section with some of the arguments, the model of this research can be drawn as in Figure 1.

In Figure 1, it demonstrates a positive effect of a variable on another variable, which is preceded by the transformational leadership which has a positive effect on employee performance. Furthermore, it is the effect of organizational culture on employee performance. It is also related to the interrelationship with other variables that influence positively the commitment that is variable transformational leadership and organizational culture. Finally, it deals with a positive effect of organizational commitment on employee performance.

### **RESEARCH METHOD**

This research was conducted at PT. Perkebunan Nusantara V (PTPN V), Riau. It consists of 146 mid-level managers taken by means of the census method, namely the selection of the sampling technique in which the entire population sampled (Umar 2003). According to Ferdinand (2006), the sample is a subset of the population, made up of some members of the population while the sample size plays an important role in the estimation and interpretation of the results of structural equation modeling (SEM). Next is that the appropriate sample size for the

**Table 1**  
**Validity and Reliability Scores**

<b>Indicators</b>	<b>Code</b>	<b>Standard Loading</b>	<b>Construct Reliability</b>
<b>Transformational Leadership (TL)</b>	<b>TL</b>		0.978
Idealized effect	tl1	0.803	
Inspirational motivation	tl2	0.888	
Intellectual Stimuli	tl3	0.709	
Individual consideration	tl4	0.759	
<b>Organization Culture (BO)</b>	<b>OC</b>		0.909
Behavior regularity	oc1	0.734	
Norms	oc2	0.764	
Dominant Values	oc3	0.652	
Philosophy	oc4	0.731	
Rules	oc5	0.715	
Organization Climate	oc6	0.743	
<b>Organizational Commitment (OCm)</b>	<b>OCm</b>		0.879
Affective	ocm1	0.688	
Normative	ocm2	0.675	
Continuation	ocm3	0.655	
<b>Employee Performance (EP)</b>	<b>EP</b>		0.884
Behavior	ep1	0.669	
Results	ep2	0.756	

analysis of SEM is 100-200.

Such a method above means that the sample number of 146 respondents is considered qualified for data analysis using structural equation modeling (SEM). The instruments used in the data collection a questionnaire, the items of questions correspond to the variables such as transformational leadership, organizational culture, organizational commitment, and employee performance. Thus, the indicators of the research cover 15 indicators adopted from Bass and Avolio (2003), transformational leadership, made up of four indicators such as the idealized effect, inspirational motivation, intellectual stimuli, and individual consideration. Armstrong and Baron (2005), about the employee's performance consist of two indicators of work behavior and results.

Luthans (2005) provides indicators of organizational commitment consisting of three indicators, namely affective, normative and continuation. Luthans (2005) on organizational culture consists of six indicators such as behavioral regularities, norms,

dominant values, philosophies, rules, organizational climate.

The questions in the questionnaire were measured using Likert scale. The scale is used to measure the attitudes, opinions and perceptions of a person or a group of social phenomenon (Sugiyono 2006). Thus, the response categories are determined based on a scale of 5 levels ranging from strongly disagree category (score 1) to strongly agree category (score 5), and began to answer very dissatisfactory (score 1) to answer very satisfactory (score 5).

The data were taken through the statement items for testing the validity and reliability by using a standardized loading factor values and construct reliability values. Testing the validity, reliability and testing models of research were conducted by Structural Equation Modeling (SEM) by using data processing program Amos version 17.0.

#### **DATA ANALYSIS AND DISCUSSION**

Based on the test results, the validity of the indicators or the items of research questions and construct reliability can be presented in



**Table 2**  
**Size of Goodness of Fit and Results of Model Testing**

Criteria	Cut-of Value	Model Results	Description
Chi square	small	148.359	Close to good model
p-value	$\geq 0.05$	0.065	Close to good model
GFI	$\geq 0.90$	0.978	Good model
AGFI	$\geq 0.90$	0.956	Good model
TLI	$\geq 0.90$	0.973	Good model
CFI	$\geq 0.90$	0.982	Good model
RMSEA	$\leq 0.08$	0.058	Good model

Table 1.

As seen in Table 1, it can be confirmed that the items in the variable statement of transformational leadership, organizational culture, organizational commitment and employee performance, all are considered valid, because it has the value of standardized loading factor of 0.5. Thus, it can also be stated that the process reliability testing for the construct reliability lead to the conclusion that the statement of the items for each variable is said to be reliable This is due to the value of the construct reliability of the results of the calculation which is at a higher value than the required minimum of 0.60 (Ferdinand 2006).

As based on such above explanation, the whole items statements and indicators or variables are considered valid and reliable. Therefore, they can be used to analyze the research using the research model proposed. Furthermore, by using the SEM approach, the analysis and modeling studies were also carried using data processing program AMOS 7.0.

It is sated that comparative measurements using SEM approach is important and the results of model testing are presented in Table 2.

In Table 2, it can be seen that the results of the Chi Square is said to be high. However, it still has significance probability which is higher than 0.05, meaning that it empirically reveals no difference between the models and the data. The TLI is greater than 0.90 illustrating the parsimony of comparative index between the proposed model and the null model which is

in fact, good.

The next is related to the results of RMSEA which is less than 0.08, indicating good criterion to measure the deviation of the value of the parameter covariance matrix population model. The GFI values are analogous to R<sup>2</sup> in regression which can produce a good value, because it is higher than 0.90. This value indicates the proportion of variance in the population covariance matrix is estimated. The value of GFI AGFI that has been adjusted to the degrees of freedom model of the research is at a good interval, because it is higher than 0.90.

The overall, based on the size of the SEM, it can be expressed using the modified model which can produce a good one. Therefore, the main model analysis can proceed by using the significance and degree of the effect of exogenous (independent) variable on the endogenous variables (dependent). This can be seen in Table 3.

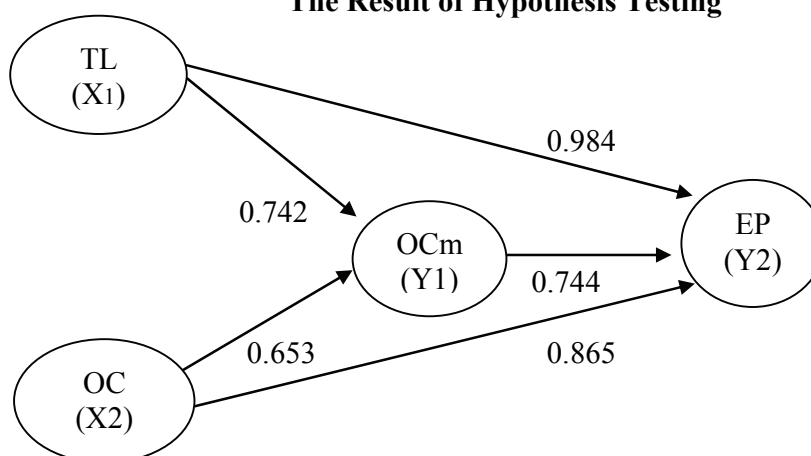
As presented in Table 3, it can be seen there are 5 tests of the exogenous variables which have significant and positive effects on the endogenous variables ( $p < 0.05$ ). These are transformational leadership toward employee performance and organizational culture towards employee performance. In this case, transformational leadership is toward organizational commitment and organizational culture and organizational commitment to further to employee performance.

All the five test result also show that, the higher the value of each exogenous variable (independent) cause the endogenous variable (dependent) increase. It can be generalized

**Table 3**  
**Recapitulation of the Model Significance**

No	Hypotheses	Description	Estimate	p – value	Conclusion
1	H1	EP ← TL	0.984	0.000	Proved
2	H2	EP ← OC	0.865	0.003	Proved
3	H3	OCm ← TL	0.742	0.002	Proved
4	H4	OCm ← OC	0.653	0.000	Proved
5	H5	TL ← OCm	0.744	0.000	Proved

**Figure 2**  
**The Result of Hypothesis Testing**



that the empirical analysis of the research hypotheses such as i.e. H1, H2, H3, H4, and H5 has been fulfilled. .

Besides Table 3, the results of hypothesis testing are presented in Figure 2.

### Discussion

Transformational leadership has a significant and positive effect on employee performance, indicating the higher qualities of transformational leadership at the level of middle managers themselves, which is the higher the performance of employees. Thus, it can be concluded that there is enough empirical evidence to accept hypothesis 1, stating that transformational leadership has positive and significant effect on employee performance.

The findings above are consistent with research Conger et al. (2000) who found that transformational leadership has positive and significant effect on employee performance. This is proved in the research too, in which the model calculation of significance is

0.984. Furthermore, these findings are also consistent with Politis (2001), Shelley et al. (2004) and Pounder (2008) who also found that transformational leadership has a significant and positive effect on employee performance.

Again, the findings of this study also show that organizational culture has a positive and significant effect on employee performance. It is obvious that the culture of the organization, at the level of leadership in the company PTPN V Riau, has a positive and significant effect on employee performance. Thus, it can also be concluded there is enough empirical evidence to accept hypothesis 2 (H2), the significant positive relationship between the two variables, which means that the better the organizational culture, the higher the employee performance.

Other results also show the compliance with the findings of research conducted by Flamholtz and Narasimhan (2005), Henri (2006) who asserts that there is a positive

and significant relationship between organizational culture and employee performance. With regard to the influence of transformational leadership variables toward organizational commitment, the study indicates that there is a positive and significant effect of transformational leadership on organizational commitment.

Such the findings indicate that the higher the transformational leadership, the higher the organizational commitment of employees at the company PTPN V Riau. so the conclusion there is enough empirical evidence to accept the hypothesis 3 (H3). That is, transformational leadership has a positive and significant effect on organizational commitment. These results are also consistent with research conducted Fortmann et al. (2003), Tobing (2009), proving that there is a positive and significant effect of organizational commitment on transformational leadership. This is evidenced by the results of the model calculation of significance of 0.742.

In addition, this study suggests that organizational culture has a significant and positive effect on organizational commitment. As stated, the higher the organizational culture, the higher the organizational commitment. As such, there is enough empirical evidence for the conclusion to accept the hypothesis (H4) stating that organizational culture has a positive and significant effect on organizational commitment. This is consistent with the research conducted by Jandeska and Kraimer (2005) and Lok and Crawford (2004), suggesting that there is a positive effect of organizational culture on organizational commitment.

This study also indicates that organizational commitment has a significant and positive effect on employee performance. The higher the organizational commitment is the higher the employee performance. Therefore, it can be concluded that there is enough empirical evidence to accept hypothesis 5 (H5) stating that organizational commitment has a positive and significant effect on employee performance. It is also

consistent with the findings of Suliman (2002), Suhana (2007), Carmeli and Freund (2004), Fernando and Marshall (2005) showing that organizational commitment and significant positive affect the employee performance.

In the field of human resource management, in general exogenous (independent variable) has positive and significant effect on the endogenous variables (dependent). The relationship between variables indicates that this study provides some support for previous studies.

### **CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS**

This study is considered consistent with the previous studies with the same concern on the variables used. The relationship between transformational leadership and employee performance shows a positive and significant effect. Theoretically, it is consistent with theories. The leaders at the secondary level have to execute to get leadership model that has been very well designed.

With the approach through transformational leadership, the company be able fulfill the achievement of company's objectives. Organizational culture within the company in PTPN V Riau must be paid attention because it has a positive and significant influence on the employee's performance. Therefore, to improve the employees' performance, the company should take steps complied with the factors that affect organizational culture and employee performance.

This study provides evidence that transformational leadership has positive and significant effect on organizational commitment. Transformational leadership is leadership, motivating employees to do something to achieve a certain commitment. It is clear that in order to get a commitment as expected, the first step by the company is to implement transformational leadership.

Organizational culture is also important for creating organizational commitment. Thus, the implementation should also further

enhance organizational commitment. This is due to the fact that there is a positive and significant effect of organizational commitment on the employee performance.

The implications of the above assertions are appropriate for the field of human resource management, particularly with regard to transformational leadership, organizational culture, organizational commitment and employee performance.

However, the researcher admits that this study also has limitations. This was conducted on the organization that is at the company of PTPN V Riau. This it can be done in other companies for making complete and accurate results to the whole problem. The object of research is done only on PTPN V's in Riau province, in the future is expected to be carried out on other such PTPN III in North Sumatra and Lampung PTPN VII or all PTPN contained in Sumatra, for wider consideration.

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