

The Relationship between Transformational Leadership and Employee Performance at a Manufacturing Company in South Sumatra

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ABSTRACT

This study aims to determine the relationship between transformational leadership and employee performance among employees at manufacturing companies in South Sumatra. Transformational leadership was studied as an independent variable, encompassing four dimensions: idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration. Employee performance is studied as a dependent variable, with a focus solely on task performance in this study. The data was acquired from a sample of 140 employee respondents at a South Sumatra manufacturing company through a questionnaire consisting of three main sections (Parts A, B, and C), which included a combined total of 30 items and closed-ended questions. Google Forms was used to collect the data, and version 29 of the Statistical Package for Social Science (SPSS) was used for data analysis. Descriptive analysis was conducted to calculate the mean score level, and Spearman's correlation analysis (r) was used to examine the relationship between transformational leadership dimensions and employee performance. Results indicated that employees in the manufacturing company in South Sumatra demonstrated a moderate level of transformational leadership style, which was associated with improved employee performance. The findings revealed a significant and positive relationship between transformational leadership and employee performance. Based on the results, it is evident that several aspects of this transformational leadership can be beneficial to all parties involved, including employers, employees, and future researchers.

Keywords: Employee Performance, Manufacturing Company, Transformational Leadership

1. INTRODUCTION

In a company, leadership plays a crucial role, particularly in enhancing the performance of the workers themselves and organising efforts to collaborate and work through issues that arise. Companies exist to achieve specific goals; thus, their success depends heavily on how well their employees perform in attaining those goals. It is therefore not surprising that leaders continually seek ways to enhance employee performance (Rana et al., 2019). Transformational leadership is a leadership approach in which leaders motivate and empower their followers to maximise their potential while aligning with organisational goals. This style particularly emphasises the importance of a compelling vision and clearly defined roles in driving performance and engagement (Jiang et al., 2017). Transformational leadership should be adopted in Indonesian manufacturing companies to ensure the production of optimal products and services that serve the best interests of stakeholders.

In such circumstances, leaders are required to show charisma, sensitivity to social situations, and wisdom. Compared to other leadership styles, transformational leadership emphasises

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continuous growth, rather than focusing solely on delivering results and achieving targets (Jiang et al., 2018). These leadership values are particularly important in a multicultural labour pool, where effective communication is essential for fostering collaboration. With numerous means of communication available to subordinates in the twenty-first century, transformational leadership provides a more effective strategy for leaders to maximise the potential of a diverse workforce while promoting long-term development (Bonsu, 2018). This is because transformational leadership improves satisfaction and can subsequently clarify the purpose and direction of a company (Prabowo et al., 2018). Thus, maintaining and developing employee performance is important for manufacturing companies in Indonesia. Transformational leadership can be a valuable strategy and tool for managers to utilise in achieving continuous development (Jiang et al., 2017). A key mediator between transformational leadership and employee performance is job satisfaction. This demonstrates how transformational leadership, when supported by work happiness, affects employee performance.

Research by Teoh et al. (2022) identified workplace challenges, including work pressures and ineffective leadership, which negatively impact worker performance. The manufacturing industry operates in a highly competitive environment where leadership plays a critical role in shaping employee performance and overall organisational success. However, many companies face challenges related to ineffective leadership, which can lead to decreased employee motivation, job dissatisfaction, and reduced productivity (Susilo, 2018). Transformational leadership, which emphasises inspiration, motivation, and innovation, has been widely studied; yet, its impact on employee performance within the Indonesian manufacturing sector remains underexplored.

One of the key leadership challenges is the deficiency of idealised influence, where leaders fail to establish genuine connections with employees due to a lack of shared goals or vision. According to Jacobs (2019), nearly 75% of workers reported that their boss was the most stressful person in their lives, highlighting the absence of idealised influence, which can negatively impact employees' emotions and cognitive engagement. Additionally, a low level of individual consideration further exacerbates the issue, as some leaders prioritise their interests over their subordinates' well-being, failing to acknowledge their unique needs and concerns. As noted by Harris and Jones (2018), many leaders are unwilling to admit their mistakes or address unfairness, which contributes to unprofessional behaviour and workplace dissatisfaction.

Furthermore, insufficient intellectual stimulation among managers can contribute to negative workplace attitudes, decreased efficiency, and reduced overall productivity. Yasin et al. (2014) found that ineffective leadership in Pakistani companies led to significantly lower contributions to the country's Gross Domestic Product (GDP), with organisations lacking strong leadership underperforming by 35% compared to their competitors. This exemplifies how the absence of intellectual stimulation among leaders can limit employee performance. Lastly, insufficient inspirational motivation can further hinder employee performance. Observations and discussions with leaders in Aceh suggest that low work motivation, primarily due to ineffective leadership, has significantly contributed to poor performance (Iis et al., 2022). When leaders fail to inspire and support employees, it weakens human resource investments and prevents organisations from achieving their goals. From a theoretical perspective, employee performance in this study is underpinned by Goal Setting Theory (Locke & Latham, 1990), which posits that specific and challenging goals, when communicated, direct attention, increase effort, and foster persistence, thereby enhancing performance. Transformational Leadership Theory complements this view by emphasising that leaders who demonstrate idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration can align employee goals with the organisational vision, inspire commitment, and encourage innovation, ultimately driving superior performance outcomes (Bass & Avolio, 1994). In light of these challenges, this study aims to investigate the relationship between employee performance and transformational

leadership in a manufacturing company located in South Sumatra. Although considerable research has been conducted on this relationship in various industries and nations (Hee et al., 2018; Top et al., 2020), there has been limited research specifically on manufacturing companies in developing countries, such as Indonesia. Most existing literature is based on Western or developed contexts, which may not accurately reflect the cultural, organisational, and leadership dynamics found in Indonesian workplaces (Budur, 2018).

This study fills that gap by using empirical data from a manufacturing company in South Sumatra. This area is vital to Indonesia's industrial sector, yet it remains underrepresented in academic research. The practical relevance of this study lies in its ability to help leaders implement more effective leadership strategies tailored to the local context. Ultimately, the findings are expected to enable leaders to enhance employee performance and foster long-term organisational success.

1.1 Research Questions

To guide the direction of this study, the following research questions were formulated:

- What is the level of transformational leadership style displayed by leaders in a manufacturing company in South Sumatra?
- What is the level of employee performance among employees in a manufacturing company in South Sumatra?
- Is there any significant relationship between transformational leadership and employee performance among employees in a manufacturing company in South Sumatra?

1.2 Research Objectives

In conducting this research, the researcher aimed to achieve these three objectives:

- To identify the level of transformational leadership displayed by leaders in a manufacturing company in South Sumatra.
- To identify the level of employee performance in a manufacturing company in South Sumatra.
- To determine the relationship between transformational leadership and employee performance among employees in a manufacturing company in South Sumatra.

2. LITERATURE REVIEW

2.1 Transformational Leadership

Transformational leadership is a leadership style that inspires and motivates followers to improve their performance and personal development. This leadership style is commonly associated with excellent organisational outcomes. According to Burns (1978), a transformational leader aims to inspire their people to change and have a great experience. The four characteristics of leader behaviour that make up inspirational motivation, idealised influence, intellectual stimulation, and individualised consideration are generally grouped to constitute the concept of transformational leadership (Bass, 1985).

One of the dimensions of transformational leadership is idealised influence. According to Buil et al. (2019), idealised influence or 'charisma' describes leaders who operate as outstanding role models for their followers, are self-assured, have high levels of self-esteem, and uphold high moral and ethical standards. The second characteristic of transformational leadership is inspirational motivation. This aspect of transformational leadership involves setting high

standards for subordinates' performance, demonstrating their dedication to all organisational objectives, and fostering a sense of teamwork through increasing excitement and optimism (Effendi, 2021). The third one is intellectual stimulation. According to its definition, it is the pursuit of thoughtful, deliberate, and careful problem-solving action based on the followers' capacities (Hashim, 2019). To accomplish the organisation's purposes and goals in such circumstances, innovative ways are explored. Intellectual stimulation helps followers to create new solutions to old problems. The last one, individualised consideration, refers to a leader who values each subordinate's requirements, skills, and preferences and provides customised cultivation and guidance tailored to each subordinate's circumstances (Mi et al., 2019). The transformational leader offers personalised attention to followers based on their individual needs for achievement and growth (Avolio & Bass, 2002).

Bass and Avolio (1994) identified four dimensions of transformational leadership: idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration. With these four elements of transformational leadership, leaders can motivate their followers to exceed their comfort zones, achieve greater success in pursuing group objectives, and consistently perform above expectations.

2.2 Employee Performance

Employee performance is a critical aspect of organisational success, referring to the extent to which individuals achieve work-related goals and meet established standards. It encompasses various dimensions, including work quality, efficiency, adherence to deadlines, and collaboration with colleagues (Sudiardhita et al., 2018). According to Hee et al. (2018), employee performance is assessed based on the outcomes achieved rather than the specific actions taken to reach them, as external factors such as workplace conditions and leadership influence individual performance levels.

The significance of employee performance is particularly pronounced in industries such as manufacturing, where productivity and efficiency have a direct impact on profitability and competitiveness. A highly engaged and well-led workforce contributes to increased production output, improved product quality, and overall operational success (Mohamed et al., 2018). However, challenges such as work-related stress, lack of motivation, inadequate compensation, and ineffective leadership can hinder performance, ultimately reducing organisational efficiency (Teoh et al., 2022).

Measuring employee performance involves assessing key indicators such as task completion rates, adherence to quality standards, and teamwork effectiveness (Sudiardhita et al., 2018). In the manufacturing sector, specific metrics such as production volume, defect rates, and compliance with safety regulations provide tangible insights into employee contributions. Additionally, organisations often rely on supervisor evaluations, peer reviews, and self-assessments to gauge individual and team performance levels (Top et al., 2020).

Given its pivotal role in organisational success, particularly in the competitive manufacturing industry, understanding the factors that influence employee performance is essential. Indonesia's manufacturing sector, as a key driver of the national economy, faces increasing global competition, necessitating strategic efforts to enhance workforce productivity (Putri, 2021). Another key aim of this study is to determine the relationship between transformational leadership and employee performance, providing insights that may guide organisations in developing effective leadership strategies to optimise workforce potential.

2.3 The Relationship between Transformational Leadership and Employee Performance

The impact of transformational leadership on employee performance is well established; it encourages workers to exceed expectations, align with organisational objectives, and advance both professionally and personally. Though numerous studies have demonstrated a generally positive correlation between transformational leadership and employee performance, a thorough examination of how each of the four distinct dimensions of transformational leadership (idealised influence, individualised consideration, inspirational motivation, and intellectual stimulation) affects employee performance is still lacking, especially when it comes to manufacturing sectors in developing nations like Indonesia.

Idealised influence is a reflection of leaders who effectively convey the organisation's mission, act as role models, and maintain high ethical standards. Research has demonstrated that encouraging trust and dedication has a favourable correlation with worker performance (Sundi, 2013; Hoxha & Heimerer, 2019; Top et al., 2020; Dialoke & Ogbu, 2018; Wijaya et al., 2022). Despite these consistent findings, the majority of studies have been conducted in the fields of public service, education, or the military. As a result, little is known about how idealised influence functions in the target-driven, structured manufacturing context.

Individualised consideration entails recognising each employee's unique needs and providing tailored support. According to research, this factor improves performance by raising employee engagement and happiness (Top et al., 2020; Dialoke & Ogbu, 2018; Sundi, 2013; Nugroho et al., 2020). Some results, nevertheless, are conflicting. For example, Ndisya (2016) found a negative relationship between employee performance and individualised consideration, suggesting that the efficacy of this dimension may differ depending on the organisational setting. Additionally, insufficient research has been conducted on the use of individualised leadership in labour-intensive manufacturing environments, where leaders may be responsible for managing sizable teams.

Inspirational motivation enables leaders to inspire and energise employees by articulating a compelling vision. Its significant favourable impact on employee performance has been repeatedly shown by empirical research (Ndisya, 2016; Teoh et al., 2022; Top et al., 2020; Dialoke & Ogbu, 2018; Sundi, 2013; Wakit & Yuliana, 2021; Abdullatif et al., 2023). Although this effect has been demonstrated in educational institutions and service industries, further research is necessary to fully understand its impact on manufacturing, where jobs are frequently repetitive and process-driven.

Intellectual stimulation refers to the encouragement of innovation, creativity, and critical thinking. Performance outcomes are typically improved by leaders who question presumptions and encourage problem-solving (Sundi, 2013; Ndisya, 2016; Top et al., 2020; Dialoke & Ogbu, 2018; Nugroho et al., 2020). Despite the existence of positive correlations, some studies observe only a slight effect (Top et al., 2020), and there remains limited information in the manufacturing sector, where operational procedures often hinder flexibility and innovation. Given that, the below hypotheses are postulated.

- Hypothesis 1: There is a relationship between idealised influence and employee performance.
- Hypothesis 2: There is a relationship between individualised consideration and employee performance.
- Hypothesis 3: There is a relationship between inspirational motivation and employee performance.
- Hypothesis 4: There is a relationship between intellectual stimulation and employee performance.

In conclusion, while the existing literature generally supports the positive impact of transformational leadership on employee performance, notable inconsistencies and contextual gaps remain, particularly in terms of individual leadership dimensions and their impact on manufacturing companies in developing countries. This study aims to fill these gaps by examining the individual effects of each transformational leadership dimension on employee performance in a manufacturing company in South Sumatra, Indonesia.

2.4 Goal-Setting Theory

Goal-setting theory is also known as a motivation theory, as it clarifies why specific individuals are more productive at work than others (Locke & Latham, 2013). Employees' efforts and performance in the organisation will be influenced by the goals they set or choose (Fried & Slowik, 2004). Several organisational psychology studies on job-related task performance led to the development of Goal-Setting Theory (Locke & Latham, 2002). According to this concept, setting goals enhances performance and productivity by 11 to 25%; therefore, this strategy is highly effective for improving performance and productivity (Gkizani & Galanakis, 2022). Moynihan et al. (2012) claim that transformational leadership promotes the use of performance by making corporate goals clearer and cultivating a positive work environment. One of the most important leadership skills that leads to effective performance management is goal-setting (Jennings & Haist, 2004). This is presented by Jung and Rainey (2007), who claim that managers can use goal-clarifying techniques to create more successful performance systems. Thus, transformational leadership promotes clarity, which in turn fosters even greater performance. Fostering goal clarity creates the ideal environment for purposeful performance (Moynihan et al., 2012). In terms of practice, the findings of a previous study on transformational leadership revealed that to attain high performance, goal-setting and task accomplishment at work must go hand in hand with constructive and positive social relationships (Xenikou & Simosi, 2006). These objectives will motivate employees to work diligently, contribute their best effort, and improve their performance to achieve their goals.

2.5 Conceptual Framework

The authors develop a research framework, as shown below, to examine the relationship between transformational leadership and employee performance variable, based on the literature review conducted.

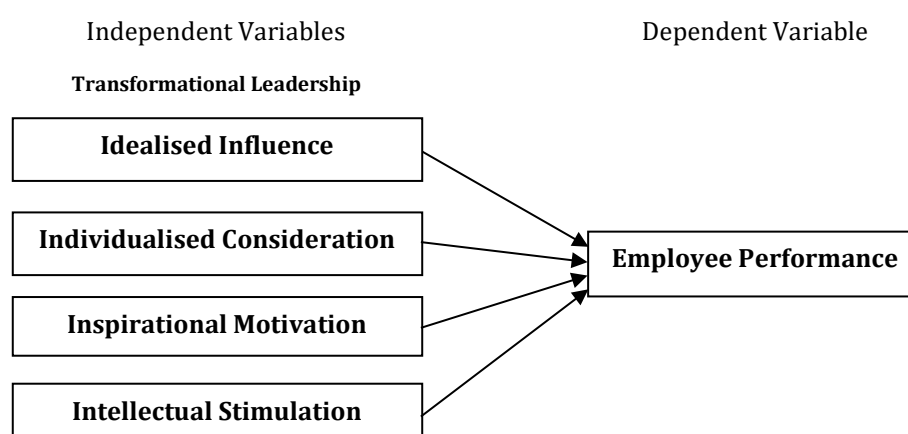


Figure 1. Research Framework

3. RESEARCH METHODOLOGY

The purpose of this study is to identify the relationship between transformational leadership and employee performance. Descriptive analysis and inferential statistics were employed in the investigation. A questionnaire created using the Google Forms platform was used to collect the data. This study employed a quantitative correlation approach. The study included 222 employees from a single manufacturing company in South Sumatra. A single-company design was adopted to facilitate a more controlled and context-specific inquiry, which aligns with Creswell's (2014) assertion that case-based research enables a thorough understanding of interactions within bounded systems. This technique also reduces variability caused by differences in organisational cultures, leadership structures, or external influences, due to privacy requirements set by the company. Thus, non-probability sampling, specifically convenience sampling, was used as the sampling method for this study. The author referred to the table developed by Krejcie and Morgan (1970) to determine the number of samples required to accurately represent the target population. As a result, approximately 140 employees accessible to the author were needed to answer the questionnaire. This study employed a structured questionnaire to collect data, incorporating two validated instruments: the Transformational Leadership Questionnaire, adapted from Bass and Avolio (2000), and the Individual Work Performance Questionnaire (IWPQ). To assess employee performance, only the task performance dimension of the IWPQ was utilised, as it directly aligns with the study's objective of evaluating employees' job-related effectiveness. The IWPQ comprises three dimensions: task performance, contextual performance, and counterproductive work behaviour, but contextual performance and counterproductive work behaviour were excluded as they extend beyond the primary focus of this research.

Both instruments demonstrated strong internal reliability, as measured by Cronbach's alpha. The reliability scores for the transformational leadership dimensions were idealised influence (.94), inspirational motivation (.90), intellectual stimulation (.86), and individualised consideration (.87), while the task performance dimension of employee performance recorded a reliability score of .84. A pilot study was conducted with 30 employees from other manufacturing companies in Indonesia to assess the reliability and validity of the questionnaire. The pilot test ensured that the instrument was both stable and internally consistent, with face validity and internal consistency analysis applied. The questionnaire consisted of three sections: demographic data (e.g., age, gender, education level, years of experience), transformational leadership dimensions (20 items), and employee performance (task performance dimension) (5 items). A five-point Likert scale was used for all transformational leadership items, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Meanwhile, task performance items were measured on a similar five-point scale, from 1 (Seldom) to 5 (Always). To determine the level of transformational leadership and its impact on employee performance, descriptive analysis was conducted. The interpretation of the mean score was adapted from Landell (1997), and Table 1 represents the mean score levels for transformational leadership dimensions and employee performance.

Table 1 The Level Mean Score for the Tested Variables

Ratio	Level
1.00-2.33	Low
2.34-3.66	Moderate
3.67-5.00	High

Source: Landell, 1977

Meanwhile, the correlation between these variables was analysed using Spearman's correlation. This method was chosen as the data did not meet normality assumptions, as confirmed through a normality test using skewness and kurtosis values. Spearman's correlation is a non-parametric measure that evaluates the strength and direction of relationships between two variables. The

Spearman correlation method was employed to examine the relationship between transformational leadership dimensions and employee performance, as the variables in this study do not have a normal distribution. The variable's p-value, which is less than .001, indicates the significance of the results for these two variables. According to Ratner (2009), correlation coefficients range from -1 to +1, where values closer to -1 indicate a strong negative correlation, values near 0 suggest no correlation, and values closer to +1 indicate a strong positive correlation. By adopting this rigorous methodological approach, this study aims to provide empirical insights into how transformational leadership influences employee performance within the manufacturing sector, offering valuable contributions to leadership development and organisational performance enhancement.

Table 2 Interpretation of Correlation Coefficient

Coefficient Range	Interpretation
± (.00 - .20)	Negligible correlation
± (.21 - .39)	Weak correlation
± (.40 - .69)	Moderate correlation
± (.70 - .89)	Strong relationship
± (.90 - 1.00)	Very strong correlation

Source: Nursiwan and Hanri, 2023

4. RESEARCH FINDINGS

The research reveals that employees in the chosen company exhibit a high degree of transformational leadership, which is associated with improved employee performance. Moreover, research has shown that transformational leadership has a significant relationship with employee performance.

4.1 Demographics of the Respondents

As presented in Table 3, it can be seen that most respondents are between 31 and 40 years old (45.7%), and almost all of them are male (90.0%). Nearly all respondents are married (79.3%), while 20.7% are unmarried. Then, roughly half of the respondents have a high school education level (47.1%). The majority of the respondents have worked in the company for 11-20 years (41.4%).

Table 3 Demographics of the Respondents

Table 3: Demographics of the Respondents			
Demographic Information (n=156)		Frequency (f)	Percentage (%)
Age	21-30	43	30.7%
	31-40	64	45.7%
	41-50	30	21.4%
	51-60	2	1.4%
	> 60 years old	1	0.7%
Gender	Male	126	90.0%
	Female	14	10.0%
Marital Status	Married	111	79.3%
	Not Married	29	20.7%
Education Level	High School	66	47.1%
	Diploma	26	18.6%
	Degree	46	32.9%
	Master	2	1.4%
	Doctoral	0	0
Years of Working in the Company	<1 year	14	10.0%
	1-5 years	37	26.4%
	6-10 years	26	18.6%
	11-20 years	58	41.4%
	>20 years and above	5	3.6%
Total		140	100.0

4.2 Mean Level of Transformational Leadership

The first objective of this study is to identify the level of transformational leadership style among employees in a manufacturing company in South Sumatra. The overall mean score for each transformational leadership dimension and the overall mean score for the transformational leadership variable were displayed in Table 4.

Table 4 Level of Transformational Leadership Dimensions

Dimension	N	Mean	Level
Idealised Influence	140	4.11	High
Inspirational Motivation	140	3.93	High
Intellectual Stimulation	140	3.91	High
Individualised Consideration	140	3.94	High
Total	140	3.98	High

Through descriptive analysis, it was discovered that the dimensions of idealised influence had the highest mean score of the four ($\mu = 4.11$), followed by inspirational motivation ($\mu = 3.93$), intellectual stimulation ($\mu = 3.91$), and individualised consideration ($\mu = 3.94$). Furthermore, the overall high mean score ($\mu = 3.98$) reinforces that transformational leadership characteristics are strongly exhibited.

4.3 Mean Level of Employee Performance

The results of the descriptive analysis indicate that the employee performance dimension is limited to task performance. The effectiveness of the company's personnel is detailed in Table 5. With a mean value of 4.21, the level of employee performance variables is relatively high. This demonstrates that the respondent had a high level of employee performance.

Table 5 Level of Task Performance Dimensions

Dimension	N	Items	Mean	Level
Task Performance	140	1	4.16	High
		2	4.26	High
		3	4.26	High
		4	4.14	High
		5	4.22	High
Total Average Mean Score			4.21	High

This suggests that employee performance in the South Sumatra manufacturing company is liable and accountable. By guaranteeing that their efforts would be suitably recognised, this further demonstrates that the respondents are aware of their performance. Employee performance will thus continue to improve, contributing to the establishment of organisational excellence.

4.4 Relationship between Transformational Leadership and Employee Performance

This part discussed the relationship between each dimension of transformational leadership and employee performance among employees in a manufacturing company in South Sumatra, Indonesia. Moreover, a significant and positive relationship exists between transformational leadership and employee performance, characterised by moderate levels of correlation. Therefore, this moderate correlation suggests that transformational leadership may have an impact on employee performance among responders. Table 6 below presents the analysis results.

Table 6 Relationship Between Transformational Leadership Dimensions and Employee Performance

No.	Alternative Hypotheses	Significant Value	Correlation Coefficient	Result
H ₁	There is a relationship between idealised influence and employee performance.	<.001	.466**	Accepted
H ₂	There is a relationship between individualised consideration and employee performance.	<.001	.561**	Accepted
H ₃	There is a relationship between inspirational motivation and employee performance.	<.001	.526**	Accepted
H ₄	There is a relationship between intellectual stimulation and employee performance.	<.001	.518**	Accepted

5. DISCUSSIONS

This section presents the findings of each study in relation to its research objectives. The discussion and recommendations are valuable in assisting leaders of manufacturing firms to implement effective strategies.

5.1 Level of Transformational Leadership among Employees

According to the results of the descriptive analysis, the idealised influence dimension had the highest mean, indicating that the respondents in the study perceive their leaders as having a significant idealised influence over their work. This suggests that their leader inspires and empowers them to produce exceptional outcomes. The majority of manufacturing employees in South Sumatra agreed that this often stems from respect, admiration, and trust in their leaders, which reflects the leader's ability to become a role model (Top et al., 2020). This aligns with the findings of Hosna et al. (2021), which confirmed that strong idealised influence enhances employee commitment and performance in industrial environments. The second-highest average was for individualised consideration, which indicates that leaders in the manufacturing company adapt their approach based on the individual needs of employees. This shows that many respondents agree their leaders act as mentors and are attentive to employees' needs for support and development. These findings are consistent with those of Teoh et al. (2022), who noted that when leaders address both personal and professional needs, it boosts employee confidence and productivity. Inspirational motivation ranked third, revealing that most respondents feel encouraged and find purpose in their work through their leader's vision. This supports prior research by Top et al. (2020) and Teoh et al. (2022), who found that leaders who clearly articulate goals and foster team spirit can improve work outcomes by strengthening employee enthusiasm. The fourth-highest mean was for intellectual stimulation. While this was the lowest-ranked transformational leadership dimension in the study, it still falls within the high mean category. This suggests that leaders do encourage problem-solving and creativity, although perhaps not as frequently. This is reflected in the findings of Dialoke and Ogbu (2020) and Teoh et al. (2022), which highlight that intellectual stimulation plays a significant role in fostering innovation and critical thinking, both of which are essential but sometimes underutilised aspects in routine-based manufacturing environments.

5.2 Level of Employee Performance among Employees

The results indicate that employees at the manufacturing company demonstrate high performance, as seen in their efficiency, goal alignment, and task creativity. These outcomes may be attributed to strong transformational leadership, clear work structures, and employee

motivation. This finding aligns with those of Top et al. (2020) and Hosna et al. (2021), who observed that transformational leadership has a positive influence on motivation and work outcomes across various industries. Work discipline also emerged as a contributing factor, with committed employees who follow company rules tending to perform better. As noted by Dialoke and Ogbu (2020), strong leadership combined with organisational discipline creates a foundation for sustained productivity. These findings underscore the importance of nurturing leadership development, innovation efforts, and structured performance reviews to continually enhance employee performance and maintain a competitive advantage in the manufacturing sector.

5.3 Relationship between Transformational Leadership and Employee Performance among Employees

The results of the Spearman analysis indicate that all dimensions of transformational leadership exhibit a positive and moderate relationship with employee performance, reinforcing the notion that leadership style plays a crucial role in shaping workforce effectiveness. Idealised influence, which refers to a leader's ability to inspire trust and serve as a role model, is positively associated with employee commitment and motivation. This aligns with Bass and Avolio's (1994) assertion that transformational leaders gain employees' respect by demonstrating integrity and ethical behaviour. Inspirational motivation, characterised by a leader's ability to articulate a compelling vision, also correlates with performance, as employees are more likely to be engaged when they understand how their work contributes to broader organisational goals (Dialoke & Ogbu, 2018). Intellectual stimulation, which encourages creativity and critical thinking, has a significant impact on employees who are open-minded and willing to explore new ideas, ultimately enhancing their innovation and problem-solving capabilities (Bass, 1990). Lastly, individualised consideration, which involves addressing employees' unique needs and providing mentorship, is linked to higher accountability, teamwork, and time management, as employees feel valued and supported in their professional growth (Sharma & Kirkman, 2015). These findings suggest that different dimensions of transformational leadership uniquely influence various aspects of employee performance, underscoring the need for leaders to adopt a multidimensional approach to effectively foster productivity in manufacturing companies.

6. CONCLUSIONS AND RECOMMENDATIONS

This study concludes that the transformational leadership style has a significant and positive impact on employee performance within the manufacturing sector in South Sumatra. The empirical findings demonstrate that leaders who adopt transformational behaviours such as articulating a clear vision, fostering individualised consideration, and stimulating intellectual growth can effectively enhance employee performance. These behaviours not only inspire motivation and commitment but also align closely with Goal-Setting Theory, which posits that clear and challenging goals improve individual effort, focus, and persistence (Locke & Latham, 2002). By providing direction, clarifying objectives, and motivating employees toward purposeful action, transformational leaders create the conditions for improved task performance, as outlined in the theory. Consequently, the results reinforce the importance of integrating transformational leadership practices with structured goal-setting mechanisms as a strategic approach to developing human capital. Organisations are therefore encouraged to invest in leadership development initiatives that cultivate transformational competencies, ensuring a high-performing and resilient workforce capable of sustaining long-term competitiveness.

Based on the study's findings, the manufacturing company can enhance employee performance by strengthening transformational leadership practices. Leaders should serve as role models by demonstrating a strong work ethic, commitment to quality, and dedication to organisational goals, inspiring employees to adopt similar values. Additionally, fostering visionary leadership by

clearly communicating the company's strategic direction can enhance employee engagement and alignment with business objectives. Encouraging innovation in manufacturing processes through knowledge sharing, recognising creative contributions, and providing resources for process improvements can further enhance productivity. Regular performance evaluations should be implemented to provide constructive feedback and recognition, enabling employees to understand their strengths and areas for improvement. Moreover, investing in targeted training programmes that focus on leadership development, technical skills, and teamwork can equip employees and managers with the necessary competencies to sustain high performance. By integrating these strategies, the company can create a dynamic and motivated workforce, ultimately strengthening its operational efficiency and long-term competitiveness.

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