



## Transformational Leadership Role in Human Resource Effectiveness

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

**Keywords:** effectiveness, leadership, human resources, transformational

### 1. INTRODUCTION

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

Leadership effectiveness in making organizational members will contribute greatly to utilizing the organization's resources to carry out joint efforts [8]. The leadership performance in the private sector is higher than that of public sector organizations. The leadership role in private sector banks is significantly higher in all ten competencies than public sector banks. The leadership role in private sector hospitals is significantly higher on strategy, communication, relationships, delegation, and self-confidence than in public sector hospitals. The leadership role in public sector airlines is significantly higher in strategy, knowledge, learning, influence, relationships, integrity, and self-confidence than in private-sector airlines [9]. Transformational Leadership (TL) is used by a leader who can motivate his staff to provide more work inspiration, morale, self-confidence, and leadership. Transformational leaders will seek to build the success of staff, followers, or customers. They can lead to change, innovation, and entrepreneurial skills in their companies. Transformational leadership describes leaders who develop their followers' potential for inspiration, intellectual stimulation, and empowerment, helping develop innovative work behaviors [10]. Transformational leadership is more likely to encourage innovative work behavior because it directly influences

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

**2. METHODOLOGY**

*A. Research Design*

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

*B. Population and Sample*

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

**3.RESULT AND DISCUSSION**

To achieve the result, we analyze the respondent based on gender. The results of the descriptive analysis are showed in Table I.

Table I. Data on the Gender of Respondents

M/F	Frequency	%	Valid %	Cumulative %
Male	94	47,0	47,0	47,0
Female	106	53,0	53,0	100,0
Total	200	100,0	100,0	

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

Table II. Respondent Professional Data

Job desk	Frequency	%	Valid %	Cumulative %
Manager	72	36,0	36,0	36,0
Director	62	31,0	31,0	67,0
Senior administrator	66	33,0	33,0	100
Total	200	100	100	

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

Table III. Respondent Data based on Education Background

Education	Frequency	%	Valid %	Cumulative %
Grade 12 Certificate	41	20,5	20,5	20,5
Diploma	47	23,5	23,5	44,0
Undergraduate	29	14,5	14,5	58,5
Graduate	37	18,5	18,5	77,0
Post graduate	46	23,0	23,0	100,0
Total	200	100,0	100,0	

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

Table IV. Construct Reliability and Convergent Validity Results

Variable	Cronbach's $\alpha$	CR	AVE	MSV	ASV
Transformational leadership	0.926	0.953	0.871	0.940	0.871
Codification strategy	0.904	0.940	0.838	0.928	0.838
Personalization strategy	0.907	0.942	0.844	0.925	0.844
Human capital effectiveness	0.891	0.933	0.822	0.925	0.822



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

Table V. Normality Test Result

Variable	Transformational leadership	Codification strategy	Personalization strategy	Human capital effectiveness
Skewness	-0.526	-0.595	-0.529	-0.557
Kurtosis	-1.035	-0.692	-0.927	-0.908

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

Table VI. Hypothesis testing

Variable	Estimate	Adjusted R <sup>2</sup>	p	Label
Codification strategy ← transformational leadership	0.959	0.919	0.000	Accepted
Personalization strategy ← transformational leadership	0.937	0.877	0.000	Accepted
Human capital effectiveness ← codification strategy	0.498	0.905	0.000	Accepted
Human capital effectiveness ← personalization strategy	0.479	0.905	0.000	Accepted

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

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

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

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

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

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

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

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

**4. CONCLUSIONS**

The study of Transformational Leadership Role in Human Resource Effectiveness has successful. Based on the result discussion above, it can be concluded that (1) transformational leadership with a knowledge codification strategy has a significant and positive relationship.

(2) the personalization strategy with the effectiveness of human resources has a significant and positive relationship, (3) transformational leadership and knowledge personalization strategies have a significant and positive relationship, (4) modification strategy with human capital effectiveness has a significant and positive relationship, and (5) it is hoped that private companies in Indonesia can learn and apply transformational leadership styles.

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