



# Effect of Change in Management, Organizational Culture and Transformational Leadership on Employee Performance PT. Adhya Tirta Batam

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**Received:** 23 August 2018

**Accepted:** 22 October 2018

**DOI:** <https://doi.org/10.32479/irmm.7081>

## ABSTRACT

A company that can survive and thrive (going concern) is a company that can empower various Human Resources potential optimally in achieving their best performance thus increasing the ability to be better than other organizations. The purpose of this study was to examine the Effect of Change Management, Organizational Culture and Transformational Leadership on Employee Performance PT. Adhya Tirta Batam (PT. ATB), using path analysis method in a quantitative approach. The sample of this research was 233 employees of PT. ATB. The results of this research indicate that there is a direct effect of Management Change on Employee Performance which is worth 17.7%, there is a direct effect of Organizational Culture on Employee Performance which is worth 17.8%, there is a direct effect of Transformational Leadership on Employee Performance which is worth 20.6%, there is an indirect effect of Change Management on Employee Performance through Transformational Leadership that is worth 3.8%, there is indirect effect of Organizational Culture on Employee Performance through Transformational Leadership which is 5.1%. Thus it can be explained that the most direct influence on Employee Performance is Transformational Leadership.

**Keywords:** Change Management, Organizational Culture, Transformational Leadership, Employee Performance

**JEL Classifications:** M12, M54, N75

## 1. INTRODUCTION

The key to choosing the right approach to management change is knowing how the organization functions. As a social system that consists of jobs, people, formal and informal systems, these organizations by default are resistant to change, therefore it needs to be designed to neutralize the effects. As discovered by Scuotto and Morellato (2013) that management of technological change has affected employee performance because it simplifies the work to be done and also makes the work more efficient.

Changes in technology serve as an organizational culture that focuses on the work environment of employees, build and maintain an organizational culture by assuming that employees

are an important part of the company, employees feel valued so that they can express themselves freely and gain momentum to help customers and others with joy, creating energy and positive influence on employee performance. As discovered by Baker and Sinkula (2009) that the culture of freedom of innovation, the process of completing detailed, results-oriented work, oriented towards people paying attention to communication with individuals, group or team collaboration, the proactive and actively participate will contribute to employee performance.

Transformational leadership through direction and influence that employees follow through excellent attitudes and behavior of leaders, quality leadership skills always evaluate the relationship between leadership style and level of organizational commitment, job satisfaction, and employee work involvement.

As a result of the research by Gupta and Sharma (2016) that positive attitudes and good behavior from superiors are very helpful in changing employee behavior and performance. The positive mind set, exemplary behavior of leaders on the process of change has been able to catalyze employees to participate, choosing to contribute without coercion to do their job. Transformational leadership style that has an indicator: Charismatic, considerate, and intellectual has succeeded in developing and communicating a new vision to achieve company goals, paying attention to the needs of subordinates, aligning subordinate goals and leaders, groups, and organizations and moving followers to exceed the expected performance. The implementation of good leadership, spiritual example, and good moral has an important role in supporting the implementation of leadership, so that it can contribute significantly to leadership and company performance. Organizational leaders create a psychological safety atmosphere for all individuals to engage in new behavior and test new management flow and organizational culture. Employees need to be involved to verify the validity of new beliefs, examine the consequences for themselves as individuals and explore how they can contribute to change management efforts. The power of transformational leadership will improve employee performance as evidenced by the attitude of employees who respect and trust qualified leaders with a clear vision that can increase employee morale.

Management of PT. ATB always tries to motivate employees to improve their performance which has an impact on customer satisfaction. But there are problems in the management of employees who assume that performing well will not necessarily get a direct influence with the increase in remuneration and promotion opportunities. Employees are not directly involved in overcoming barriers to working as a small group to achieve corporate goals; Employees do not have collective beliefs, values, attitudes, trust and openness and are afraid of moral rewards; Employees are seen as part of a production factor that is unable to adapt to environmental changes; employees are not able to make change into a culture together to make change entrenched in the company's new culture and use small changes to total change.

The purpose of this study was to analyze the direct effect of Change Management on Employee Performance, to analyze the direct influence of Organizational Culture on Employee Performance, to analyze the direct influence of Transformational Leadership on Employee Performance.

## 2. LITERATURE REVIEW

### 2.1. Employee Performance

According to Gupta and Sharma (2016), performance in English is called job performance or actual performance or level of performance, which is the level of success of employees in completing their work. Performance is not an individual characteristic, such as talent or ability, but a manifestation of ability in the form of real work or is the work achieved by employees in carrying out tasks and jobs that come from the company. Thus according to Sutanto and Kurniawan (2016); Walter et al. (2006), performance is the achievement achieved by someone in carrying out the tasks and work given to him.

Harwika, 2016 states that performance is the extent to which a person has implemented the company's strategy, both in achieving specific goals related to individual roles and/or by showing competencies that are stated relevant to the company. Performance is a multidimensional concept that includes three aspects, namely attitude, ability, and achievement.

Based on this description, performance is an embodiment of work that has been produced or carried out by employees. These results are well recorded so that the level of achievement of the performance that should be and things that happen can be evaluated properly. While (Bin Shmailan, 2016) state that performance is basically what employees do or do not do. Performance management is the overall activity carried out to improve the performance of a company or organization, including the performance of each individual and work group in the company that is influenced by factors: (1) Individual ability: Includes talents, interests and personality factors. The skill level is the raw material that is owned by someone in the form of knowledge, understanding, ability, the possibility of an employee having a better performance, if the employee's performance has a good skill level, the employee will produce good results. (2) Efforts that are poured out: The effort that is devoted to the employee is when his work, presence, and motivation. The level of effort is a picture of motivation shown by employees to complete good work. Therefore, if the employee has a level of skill to do the work, he will not work well if there is only a little effort. The level of skill is a reflection of the ability carried out, while the level of effort is a mirror of something done. (3) Organizational environment: In the organizational environment, the company provides facilities for employees among them are training and development, equipment, technology and management.

A measure of performance that can be expressed as performance indicators. According to Riansari et al. (2012) performance indicators are (1) quantity of work, (2) quality of work, (3) knowledge about work, (4) creativity, (5) cooperation, (6) awareness that can be trusted, (7) initiative, and (8) personal quality. To apply new ideas or technologies to work processes that are intended to significantly improve efficiency and effectiveness.

The purpose and assessment of performance according to Innovation (2012) is basically to fulfill two things, namely: (a) To improve employee performance by helping them to realize and use all their potential in realizing organizational goals. (b) To provide information to employees and leaders as a basis for making work-related decisions.

Employee performance is the performance displayed by an employee in carrying out work duties that are his responsibility with the following indicators: (1) Achievement of targets; (2) contribution to key values; (3) integrity; (4) ethics; (5) responsibility; (6) having commitment; (7) can cooperate; (8) having personal skill (skills); (9) customer oriented; (10) good conduct and (11) eager to self-improved management of changed.

Change management is the process of continuously updating the organization with regard to direction, structure and ability to

serve the ever-changing needs of the market, the customer and the workers themselves. Management changed activities must take place at a high level, considering the pace of change faced will be greater than the previous period, as according to Gervais (2016) that in general, change is often interpreted as a condition different from the previous conditions. That is, changes occur because they arise from a process that occurs later. Change describes before and after the event occurs, both related to physical changes, ideas, and ideas, the results of which may be positive (growth), negative (stagnation), or collapse (collapse). The purpose of change management is to provide business solutions (organizations) that are needed successfully, in an organized manner and through impact management methods on the individual organizations involved.

According to Das et al. (2012) that “effective managers need to view their activities in terms of managing change as an integral responsibility, and not just as a passing activity.” Managers, besides having to deal with managing change, must also develop approaches to develop and implement innovation. Innovative products, innovative processes and innovative practices have become habitual, and not exceptions and managing changes and innovations intertwined have become important responsibilities of 21<sup>st</sup> century managers.

Change management takes place gradually, in certain parts, is a reaction to internal and external events, short and long term, gradually, continuously, so that the organization can survive and adjust to changes. Like (Skorková, 2016) divided into six stages and eight steps of change as follows:

1. Generating a sense of urgency: The leadership formulates changes based on a detailed study of the factors that influence change, indicating the existence of weaknesses or major problems faced by the organization at present and the risks if not addressed immediately.
2. Creating a change-guided coalition - Good cooperation is needed from a number of guides, with four key characteristics for the changed-guided coalition, namely: (a) Positional power (b) Expertise (c) Credibility and (d) Leadership.
3. Developing vision and strategy with the characteristics of: (a) Imaginable - gives a picture of the desired future. (b) Desirable: Shows the long-term interests of members, customers and stakeholders. (c) Feasible - Goals must be realistic and achievable. (d) Focused - must be clear in the direction of decision making. (e) Flexible: It must be flexible enough for individuals to adjust to changes in conditions. (f) Communicable - Easily communicated, it can take 5 min to explain the purpose of the vision.
4. Communicate vision changes with key elements are: (a) Simplicity - all grandiose terms must be removed. (b) Metaphor, analogy and example - A good picture and parable will be very helpful. (c) Multiple forums - large and small meetings, memos, print media, formal and informal meetings need to be done. (d) Repetition - ideas will pervade if often echoed. (e) Leadership by example - leadership behavior that is inconsistent with vision, will greatly disrupt communication. (f) Take and give - two-way communication will be more effective than one direction.

5. Empower employees for broad based action – (a) Make vision communication to members. (b) Make sure the structure is suitable to support the vision. (c) Give training needed by members. (d) Align information and HR systems with vision. (e) Confrontation of supervisors who sabotage change efforts.
6. Bring up a short-term victory by doing: (a) Giving appreciation to agents of change. (b) Helps adjust strategies with vision. (c) Ignore cynical questions that are not important. (d) Keep the leadership involved. (e) Maintain momentum.
7. Consolidating achievements and producing more changes is done by: (a) more change, not less - The coalition makes use of the credibility that has been obtained from short-term results, to deal with the problem of subsequent changes. (b) More help - additional personnel are brought in, promoted to help deal with subsequent changes. (c) Leadership from senior management - senior leaders to continue to maintain the focus of change, and a sense of urgency do not weaken. (d) People management and leadership from below - The leadership of the lower level must be developed in leadership and managerial skills to be able to resolve changes. e. Reduction of unnecessary interdependencies - To facilitate changes both short and long term, reduce interdependence.
8. Instilling a new approach in culture - institutionalizing work behavior and improving performance with the concept of: (a) Culture change come last, not first - In almost all changes to new norms and values appear at the end of the transformation process. (b) Results matter - New changes can usually be accepted by culture after they clearly can work and are better than the old way. (c) Requires a lot of talk - Without verbal instruction and support, people are reluctant to acknowledge the goodness of new practices. (d) May is involved in turnover - Sometimes a way to change culture requires replacing key personnel. (e) Makes decision on succession crucial - If the promotion process is not changed to fit the new practice, the old culture can reappear.

Kotter stated that it was very important to pay attention to all stages, not only to see certain aspects and the stages that were easiest to do. The process of change depends very much on the nature of the change, the current state of the organization, the readiness of the employee for the change. But Kotter argued that the change process should have gone through all the stages and eight steps in question see in Table 1.

**Table 1: Kotter change management model**

Stages	Steps
Pre approval	Generating a sense of urgency Creating a change-guided coalition
Diagnosis and scoping Idea/concept Development Design and development	Developing vision and strategy Communicate vision changes Empower employees for broad based action
Implementation	Bring up a short-term victory Consolidating achievements and producing more changes Instilling a new approach in culture
Post implementation review	

Management changed is a process whereby the organization moves from its current state towards a desired future to increase the effectiveness of its organization with the aim of finding new ways or improving the use of resources and the ability of the organization to create value and improve desired outcomes. With the following indicators: (1) Generating a sense of urgency; (2) creating a change guide coalition; (3) developing vision and strategy; (4) develop several choices to overcome problems or opportunities; (5) communicating the vision of change; (6) empowering employees for broad based action; (7) celebrating short-term victories; (8) consolidate the results of the changes that have been achieved and continue the subsequent changes; (9) strengthening (institutionalizing) work behavior in accordance with what is planned; (10) maintain or maintain (benefit) changes.

## 2.2. Organizational Culture

Organizational culture is the values and norms that govern the behavior of group members which implies what is important or upheld by an organization or organizational efforts to regulate the expected behavior of its members. With this view, organizational culture is relative from one organization to another, depending on the values and norms developed (Harwiki, 2016).

In everyday people's lives, it cannot be separated from the cultural ties that are created by the community concerned, both in families, organizations, businesses and nations. Culture distinguishes people from one another in how to interact and act to accomplish a job.

According to Lecturer (2018) organizational culture is a shared perception shared by members of other organizations. A rule or obligation that must be fulfilled by an employee if it has been converted into culture, it will facilitate management in managing the existing employees with minimum warning actions to employees.

Nitzsche et al. (2014) defines organizational culture as "...a pattern of basic assumptions that a group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, which is represented in a system of defining shared values what is important, and norms, defining appropriate attitudes and behaviors, that guide each individual's attitude and behaviors." With four characteristics: (1) Mutual understanding among group members; (2) the interaction of members of a group; (3) are implicit or explicit; and (4) based on history and tradition.

According to Eisenberger and Stinglhamber (2011) there are 7 organizational culture characteristics: (1) Innovation and risk taking. (2) Attention to detail. (3) Results orientation. (4) Individual Orientation. (5) Orientation towards the Team. (6) Aggressiveness. (7) Stability.

## 2.3. Transformational Leadership

Transformational leadership is a charismatic leader and has a central role and strategy in bringing the organization to achieve its goals, has the ability to harmonize the vision of the future with its subordinates, and enhance subordinate needs to a higher level than what they need, as according to Geier (2016) that transformational

leadership is the leadership style used by a manager if he wants a group to widen the boundary and have a performance beyond the status quo the organization achieves a series of completely new organizational goals.

Transformational leadership according to Aga et al. (2016) is shown through three behaviors, namely (1) influence of idea (2) inspired motivation (3) individual considerations and (4) intellectual stimulation. Furthermore states implicitly that transformational leadership becomes: (1) Inspirational motivation, (2) integrity, (3) innovation, (4) impression management, (5) individual consideration, and (6) intellectual stimulation.

Banks et al. (2016) states that transformational leaders have the following characteristics: (1) They identify themselves as a means of change, (2) they are brave, (3) they trust others, (4) they are the drivers of value, (5) they are learners all time, (6) they have the ability to face complexity, ambiguity, and uncertainty, (7) they are visionary.

Transformational leadership is a process to achieve collective goals through the unification of mutually beneficial motives possessed by leaders and subordinates in order to achieve the desired changes with the following indicators: (1) Charismatic behavior; (2) inspired motivation; (3) particular concern for the needs of subordinates; (4) the ability to stimulate the emergence of a new perspective; (5) behavior.

## 3. METHODOLOGY

This research is a quantitative research with PT ATB unit analysis, using the Path Analysis method, with a population of 560 employees. The Slovin formula is used to determine the number of samples, with a tolerance margin of error of 5%, so the sample size is 233 employees.

## 4. RESULT AND DISCUSSION

### 4.1. Validity and Reliability

During the testing phase, 30 respondents were taken. Validity of the research instruments using Pearson product moment correlation test. Empirically in testing this instrument, the level of significance is set at  $\alpha = 0.05$ , with a sample of 30, the degree of freedom is 28. Thus the value obtained in table  $r$  is 0.361. If an item has a recounted value  $> r$  table, then it is declared valid, and *vice versa* if the table  $< r$  table, is declared invalid, so invalid items are dropped or considered null.

Based on Table 2, it can be seen that all variables have a Cronbach's alpha value  $>$  table, so all variables are declared reliable and can proceed for data collection.

### 4.2. Linear Test and Significance Regression

Linearity and significance test regression was carried out using SPSS software where the constants and coefficients of the linear regression equation were obtained from column B in the coefficient table and the positive effect is seen from the ANOVA

**Table 2: Validity and reliability test result**

Variable	Validity test result		Reliability test result	
	Valid questions	Invalid questions	Alpha cronbach value	Assumption of reliability
Change management	53	4	0.967	Perfect
Organizational culture	40	9	0.947	Perfect
Transformational leadership	30	1	0.965	Perfect
Employee performance	33	2	0.956	Perfect

**Table 3: Linearity and regression significant test results**

Variable	Linearity test			Linearity result	Significancy test		Significant result
	F count	F table	Sig.		F count	F table	
X1→Y	0.08	1.48	0.175>0.05	Linier	19.73	3.88	Significant
X2→Y	0.12	1.45	0.170>0.05	Linier	21.4	3.88	Significant
X3→Y	0.07	1.54	0.185>0.05	Linier	23.6	3.88	Significant
X1→X3	0.09	1.48	0.175>0.05	Linier	15.89	3.88	Significant
X2→X3	0.13	1.45	0.170>0.05	Linier	22.88	3.88	Significant
X1→X2	0.60	1.47	0.174>0.05	Linier	8.87	3.88	Significant

table in column F where F count > F table and P value significance value <0.05 Table 3.

The linear test of the regression equation is determined by ANOVA Table where the relationship between variables meets linear assumptions if the deviation value of linearity F count is 0.05, the linear regression equation. While the regression significance test is obtained from the regression line in the ANOVA table where F count > F table and P = 0 <0.05, the regression equation is stated to be very significant.

### 4.3. Research Result

Based on Table 4, the results of the calculation of Pearson correlation obtained the value of  $r_{y1} = 0.281$ ,  $r_{y2} = 0.291$ ,  $r_{y3} = 0.304$ ,  $r_{13} = 0.254$ ,  $r_{23} = 0.248$ ,  $r_{12} = 0.289$ .

Based on Table 5 SPSS output, for sub-structure 1, the influence of management change on transformational leadership  $P_{13} = 0.182$  and the influence of organizational culture on transformational leadership is  $P_{23} = 0.248$ .

The results of the Table 6 tests are consistent with Geier (2016) that transformational and transactional leadership has a significant and positive effect on employees' normative commitment to change; and in line with the findings of Aga et al. (2016). Transformational leaders play an important role in choosing and planning appropriate change management approaches. Transformational leadership as a form of specific leadership behavior that is very effective in terms of organizational change (Martin, 2016; Wang et al., 2016).

The test results are also in line with the findings of Grant (2012); Gupta and Sharma (2016) Transformational Leadership has enabled structural change as an initial intervention to mobilize and strengthen transformations of change into organizational culture. Transformational leadership style built by foundation-based organizations it is this way of implementing good work that is very strong in coloring the organizational culture of senior employees,

**Table 4: Result of Pearson correlation**

	X1	X2	X3	Y
X1				
Pearson Correlation	1	0.289**	0.254**	0.281**
Sig. (2-tailed)		0.000	0.000	0.000
N	233	233	233	233
X2				
Pearson Correlation	0.289**	1	0.248**	0.291**
Sig. (2-tailed)	0.000		0.000	0.000
N	233	233	233	233
X3				
Pearson Correlation	0.254**	0.248**	1	0.304**
Sig. (2-tailed)	0.000	0.000		0.000
N	233	233	233	233
Y				
Pearson Correlation	0.281**	0.291**	0.304**	1
Sig. (2-tailed)	0.000	0.000	0.000	
N	233	233	233	233

\*\*Correlation is significant at the 0.01 level (2-tailed)

which in turn forms the organizational culture (Bass and Avolio, 2013; Kao and Tsai, 2016). Transformational leadership is needed to create, develop and change organizational culture.

Based on Table 7 SPSS output, for sub-structure 2, the influence of management change on employee performance  $P_{Y1} = 0.177$  and the influence of organizational culture on employee performance  $P_{Y2} = 0.178$  and the influence of transformational leadership on employee performance  $P_{Y3} = 0.206$ .

Table 8, these findings are consistent with the research of Lecturer (2018) Walter et al. (2006), who suggested that the application of information technology and training improve employee performance.

Table 9 and Figure 1, these findings are in accordance with the empirical research of Jones et al. (2011) which suggests that

**Table 5: Coefficient substructure 1**

Coefficients <sup>a</sup>		Unstandardized coefficients		Standardized coefficients	t	Sig.	Collinearity statistics	
Model		B	Std. error	Beta			Tolerance	VIF
1	(Constant)	64.553	9.956		6.484	0.000		
	Change management	0.145	0.051	0.182	2.819	0.005	0.916	1.091
	Organizational culture	0.175	0.046	0.248	3.832	0.000	0.916	1.091

<sup>a</sup>Dependent variable: Transformational leadership

**Table 6: Coefficient substructure 1**

Path	Path coefficient (P)	T counted	P value	t table $\alpha=0.05$	Result
X1→X3	0.182	2.819	0.000	1.97	Significant
X2→X3	0.248	3.832	0.000	1.97	Significant

**Table 7: Coefficient sub structure 2**

Coefficients <sup>a</sup>		Unstandardized coefficients		Standardized coefficients	t	Sig.	Collinearity statistics	
Model		B	Std. error	Beta			Tolerance	VIF
1	(Constant)	56.676	10.587		5.353	0.000		
	Change management	0.140	0.051	0.177	2.752	0.006	0.886	1.129
	Organizational culture	0.126	0.046	0.178	2.738	0.007	0.861	1.161
	Transformational leadership	0.206	0.064	0.206	3.199	0.002	0.879	1.137

<sup>a</sup>Dependent variable: Employee performance

**Table 8: Results of sub structure 2**

Path	Path coefficient (P)	T counted	P value	t table $\alpha=0.05$	Result
X1→Y	0.177	2.752	0.006	1.97	Significant
X2→Y	0.178	2.738	0.007	1.97	Significant
X2→Y	0.206	3.199	0.002	1.97	Significant

management of technological change has affected employee performance because it simplifies the work to be done and also makes the work more efficient.

These findings are in accordance with the empirical findings of which states that organizational culture is the basis of employee performance to be able to grow and develop. Value is the core of the culture or basis and organizational beliefs that form the "heart" of organizational culture. Employees and establish standards of achievement in an organization values. It also provides daily general direction and code of conduct for all employees. There is an assumption that the success of the company is because its employees succeed in identifying, encompassing, and acting on organizational values and values that are organizational culture will positively influence employee performance.

In line with (Harwiki, 2016), the existence of an organizational culture will make it easier for employees to adjust to the company's environment, and help employees to act in accordance with the values that exist in the company as a guide to behave in carrying out their duties and work. Performance results from employees reflect how the conditions of an organization are the influence of the principles carried out by employees through the organizational culture and aspects of responsibility carried out by transformational leadership accordingly or not to be applied. Organizational culture

arises from the beliefs of members of the organization, especially from the founder of the organization or leader; because it is the basis of the formation of an organization that is reflected in the vision and mission of the organization or company.

Reissner and Pagan (2013) - Organizational culture adhered to by employees will spur regular work so that it will ultimately improve the performance and goals of the company.

Innovation (2012) - Culture of freedom of innovation, the process of completing detailed, results-oriented work, oriented towards people paying attention to communication with individuals, group or team collaboration, work aggressiveness will contribute to employee performance.

Gupta and Sharma (2016) - The attitude of workers who respect and trust qualified leaders who have a clear vision that can increase employee morale.

Geier (2016) - Transformational leadership is positively accepted by Egyptian employees as reflected in the level of satisfaction and higher commitment.

So overall the empirical causal model is obtained as follows:

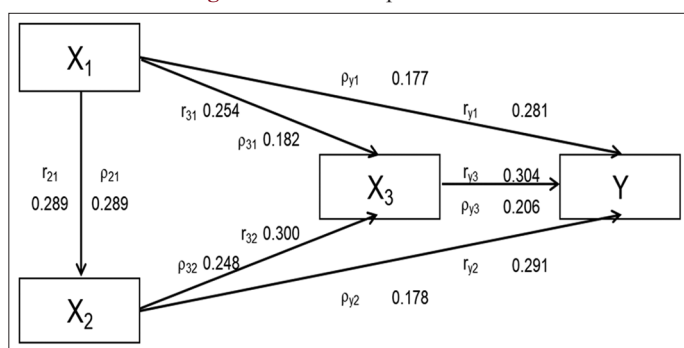
## 5. CONCLUSION

There is a direct positive influence of management change on employee performance. management's decision to form the company's vision, mission and core values is effective in determining performance standards and improving employee performance.

**Table 9: Summary of test results of statistical hypotheses**

No	Hypotheses	Statistic test	Path coefficient	T count	Result	Conclusion
1	to analyze the direct effect of change management on employee performance	Ho: $\beta_{41} \leq 0$ H1: $\beta_{41} > 0$	0.177	2.75**	Ho denied, H1 accepted	There is a positive direct effect
2	To analyze the direct influence of organizational culture on employee performance	Ho: $\beta_{42} \leq 0$ H1: $\beta_{42} > 0$	0.178	2.74**	Ho denied, H1 accepted	There is a positive direct effect
3	To analyze the direct influence of transformational leadership on employee performance	Ho: $\beta_{43} \leq 0$ H1: $\beta_{43} > 0$	0.206	3.20**	Ho denied, H1 accepted	There is a positive direct effect
4	To analyze the direct effect of change management on transformational leadership	Ho: $\beta_{31} \leq 0$ H1: $\beta_{31} > 0$	0.182	2.82**	Ho denied, H1 accepted	There is a positive direct effect
5	To analyze the direct influence of organizational culture on transformational leadership	Ho: $\beta_{32} \leq 0$ H1: $\beta_{32} > 0$	0,248	3.83**	Ho denied, H1 accepted.	There is a positive direct effect
6	To analyze the direct effect of change management on organizational culture	Ho: $\beta_{21} \leq 0$ H1: $\beta_{21} > 0$	0.289	4.59**	Ho denied, H1 accepted.	There is a positive direct effect

\*Signifikan pada  $\alpha=0.05$  (t table=1.97). \*Signifikan pada  $\alpha=0.01$  (t table=2.60)

**Figure 1: Causal empirical model**

Application of technology management smart water management system simplifies work and improves employee performance; with the implementation of GIS and pressure management system technology, employees immediately find out where the location of the leak so that employees can directly repair it; mobile apps and e-channel technology applications (Billing, Collection and Customer Service) simplify work processes and improve employee performance; SCADA technology application, real time monitor in one control, by knowing in real time the field conditions improve employee performance; changes to the water distribution system through gravity system technology successfully filled the tank up to 80%, increased operating efficiency and improved employee performance.

There is a direct positive influence on organizational culture on employee performance. The core values of the company which contain: Hard work, reliable, respectful, caring and honest can improve employee performance; leaders and employees always maintain and comply with regulations and enforce a clear code of ethics so as to improve performance above the target; by and large, employees have a work ethic and are diligent and continuously innovate by consistently developing and implementing more effective technologies to contribute to employee performance; Employees always give full dedication and integrity in carrying out their duties and responsibilities and can prioritize common

interests and goals rather than personal and group interests into a culture that improves employee performance; leaders and employees always maintain and comply with regulations and enforce a clear code of ethics, creating trust that improves employee performance.

There is a direct positive influence of transformational leadership on employee performance. Transformational leadership involves employees in the change process. Management has managed to improve employee performance; transformational leadership consistently inspires and motivates in arousing subordinates' passion to achieve the best performance in their development performance to improve employee performance; positive attitude and good behavior of transformational leadership are very helpful in changing employee behavior and performance; transformational leadership can sustainably build small group self-confidence to complete tasks in an effort to achieve group goals to improve employee performance; by using international consultant Watson Wyatt to get honest and relevant assessments about the state of the organization, it has succeeded in improving employee performance.

There is a positive direct influence of management of changed on transformational leadership. technological innovation "smart water management system" is the result of transformational leadership thinking in supporting management changes that improve performance to obtain efficient systems and satisfying customer service; transformational leadership has the skills and model in the process of change and uses opportunities for systemic change in the process of change by moving the coalition, actively engaging employees, implementing "stick and carrot" policy; transformational leadership has succeeded in convincing banks to fundraise the construction of other IPAs and Capex without collateral through a rating from (Martin, 2016) ensuring the ability of transformational leadership to return loans has effectively realized the company's change management.

There is a direct positive influence on organizational culture on transformational leadership. Transformational leadership is skilled

in inspiring subordinates to accept company norms to become a standard of behavior in carrying out tasks and evaluating through a performance management system. Transformational leadership inspires subordinates to accept company norms, always ready and brave to take risks in doing work through technological innovations developed. Transformational leadership is skilled in inspiring subordinates to accept company norms to become a standard of behavior in carrying out their duties and dare to take risks in carrying out their responsibilities effectively and efficiently. Transformational leadership is continuously involved in implementing change and as a role model in carrying it out. Transformational leadership is skilled in inspiring subordinates to accept company norms to become a standard of behavior in carrying out tasks and providing opportunities to increase employee responsibility.

There is a positive direct influence of management change on organizational culture. Leaders align culture and change management by facilitating communication and collaboration internally and between divisions and departments through communication day, employee engagement tests and even routinely sending employees to participate in national and international competitions. Leaders and employees together make changes entrenched in the company's new culture and use small changes into total changes by periodically documenting and evaluating through monthly, quarterly, mid-year and annual reports. Actions and behavior of employees and management formally and non-formally can consistently make management change as an organizational culture. Management makes the organizational culture in the form of important corporate values that become an employee's lifestyle on an ongoing basis.

There are indirect positive influences on management of changes to employee performance through transformational leadership. The function of transformational leadership is inseparable and consistently provides inspirational motivation in arousing subordinates' passion to achieve the best performance in their development performance to improve employee performance and management have a role model in the process of change and use opportunities for systemic change in the process of change by moving the coalition, directing guides and evaluate these changes.

There is an indirect positive influence on organizational culture on employee performance through transformational leadership. To improve employee performance, it is necessary to have an organizational culture that is built and maintained through transformational leadership who are skilled in inspiring subordinates to accept company norms to become standards of behavior in carrying out their duties and dare to take risks in carrying out their responsibilities effectively and efficiently.

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