

## Perceived Transformational Leadership, Employee Engagement and Readiness to Change in Employee



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**ABSTRACT:** This research aims to determine the relationship between perceptions of transformational leadership, employee engagement and employee readiness to change. This research involved around 215 employees using the Accidental Sampling Technique. Data was collected using the Readiness to Change scale, transformational leadership scale, and work engagement scale which were distributed online using Google Form. The research data has been tested for assumptions using the normality test, multicollinearity test and the data analysis technique used in this research is multiple regression. The results show that perceptions of transformational leadership and employee engagement both have an influence with a significance value of 0.003 ( $<0.05$ ). Perceptions of transformational leadership have been proven to influence employees' readiness to change with a significance value of 0.017 ( $<0.05$ ). Employee engagement has been proven to influence employees' readiness to change with a significance value of 0.001 ( $<0.05$ ).

**KEYWORDS:** Perceived Transformational Leadership, Employee Engagement, Readiness to Change in Employee

### INTRODUCTION

The era of the industrial revolution 4.0 is an effort to transform towards improvement, which is marked by extraordinary developments in the field of technology. This is a real phenomenon that cannot be avoided. Therefore, every organization needs to have a strategy that supports changes and transformations in accordance with the times, so that the organization is able to adapt and maintain its existence.

Change can be interpreted as a new or different situation from the previous situation (Hultman, 2003). This means that there is a situation that changes or changes over time. Changes in an organization can occur due to internal or external factors. Internal factors are situations that occur within the company such as changes in leadership, while external factors are situations that occur outside the company, for example changes in rapidly developing technology. Based on the results of a survey conducted in 2013 by Towers Watson, a company in the field of risk and financial management involving 276 large and medium-sized companies in North America, Europe and Asia. The results:

1. Entrepreneurs feel that 55% of change management initiatives meet their initial goals, but only 25% feel sustainable benefits over time.
2. 87% of respondents were trained by their superiors to "manage change," but only 22% felt the training was truly effective.
3. 68% of senior managers said they "got the message" about the reasons for organizational change, but that number dropped to 53% for middle managers and 40% for those in the field.

A survey conducted by McKinsey & Company (2008) of executives from around the world revealed that only one-third of them had successfully implemented change in their organizations. Organizational change is not easy to do. Organizations that successfully implement change are supported by readiness both in terms of operations and human resources. According to Delplacess (2005), individual readiness for change is a positive driving factor for organizational success in implementing change. Individual readiness for change in an organization will impact their perceptions, feelings, and mindsets towards the changes made by the organization and will be seen in the attitudes and behaviors of the individuals. The more prepared individuals in an organization are to change, the greater the likelihood that the change will be successful.

Research literature related to change states that readiness to change is one of the most significant factors in the success of implementing organizational change (Armenakis et al., 1993; Weeks et al., 1995; Clegg and Walsh, 2004; Jones et al., 2005; Holt et al., 2007; Sikh, 2011). Readiness to change is basically a stage of the concept proposed by Lewin which is in the unfreezing stage, it creates a perception among organizational members that the current condition of the organization is on an inappropriate path so that organizational members perceive the change as necessary and very likely to succeed (Armenakis et al., 1993; Hendro, 2019). Readiness is a reflection of the beliefs, attitudes and intentions of organizational members that depend on the extent to which change

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is needed and the organization's capacity to implement change successfully (Armenakis et al., 1993). Shea et al, in Novia (2019) stated that employees who have high readiness to change will show perseverance and cooperative behavior towards change. Conversely, if employees have low readiness to change, they will view change as something undesirable. This will have an impact on employee behavior that avoids or refuses to participate in the change process.

According to Holt (2007) in Hendro (2019), readiness to change is a comprehensive attitude that is simultaneously influenced by content, process, context, and individuals to agree, accept, and adopt specific plans that aim to change the current situation. Employees need to be prepared for change. This requires an understanding of the methods that can be used to foster readiness to change.

Guy & Beauman (2005) in Efi (2018) argue that the key to a successful organization in making changes is organizational competence, alignment and employee engagement. Shaw (2005) explains that employee engagement plays a role in the successful implementation of organizational change, especially large-scale changes that involve all elements of the organization. Employee engagement or work attachment is the emotional connection that employees feel towards their organization which will influence them in their work.

Rasher's work (2010) in Wahyu et al (2020). Employees are the driving factor that must play an active role in facing and implementing organizational change. Employees must be bound by a shared commitment to support organizational change.

Vidal (2007) explains that employee engagement plays a role in the successful implementation of organizational change, especially large-scale changes and involving all elements of the organization. Engaged employees will tend to support the course of organizational change and be ready to change. Employees who have high work engagement will improve business and organizational performance (Robinson et al, 2004 in Gusnanto 2019). Engaged employees will display tough behavior, enthusiasm, loyalty, and an attitude of not giving up easily in carrying out their work. These characteristics are characteristics needed by organizations when they are going to make changes.

Another important role is transformational leadership. According to Fitriana et al (2015), transformational leadership is suitable for bringing about change in an organization. This is because transformational leadership can explain the dimensions of field conditions that are changing in more detail. Transformational leadership also increases innovation by creating a vision and indirectly creating a more explorative environment. Transformational leadership is a leadership that can make employees more open to changes in an organization. Transformational leadership is characterized as a leader who focuses on achieving changes in the values, beliefs, attitudes, behaviors, emotions, and needs of subordinates towards better changes in the future. Transformational leaders are agents of change who strive to carry out a complete organizational transformation so that the organization can achieve maximum performance in the future. Based on previous research conducted by Nadhira et al. (2021), it was stated that there was a relationship between transformational leadership and readiness to change in employees of the Telkom Regional VI Kalimantan office. Several factors that support readiness for change in the success of organizational change are employee engagement and transformational leadership. Both factors play an important role in a change. This is supported by Elizabeth et al.'s research in 2017, which showed that there was a significant positive influence of transformational leadership style and employee engagement with readiness to change in local government coding institutions. Implementation of the change plan requires a leader who has a transformational leadership style, namely being able to help employees understand the goals of change and make employees feel motivated to support the change. On the other hand, in terms of human resources, employees are needed who are always participative in doing work related to organizational progress, in other words, engaged employees will be more participative in doing work related to change. Then the researcher felt the need to examine whether the perception of transformational leadership and employee engagement correlated with readiness to change in employees and whether partially the perception of transformational leadership and employee engagement correlated with readiness to change in employees at PT Mahkota Sukses Indonesia.

Based on the introduction, the research questions in this study are:

1. Does Perceived Transformational Leadership and Employee Engagement correlated with Readiness for change in employees?
2. Does Perceived Transformational Leadership correlated with Readiness for change in employees?
3. Does Employee Engagement correlated with Readiness for change in employees?

## RESEARCH OBJECTIVES

The objectives of the research carried out are:

1. To find out and analyze the correlation between perceptions of transformational leadership and work engagement with readiness to change in employees of PT Mahkota Sukses Indonesia
2. To find out and analyze the correlation between perceptions of transformational leadership and readiness to change in employees of PT Mahkota Sukses Indonesia
3. To find out and analyze the correlation between work engagement and readiness to change in employees of PT Mahkota Sukses Indonesia

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## LITERATURE REVIEW

### A. READINESS FOR CHANGE

According to Holt et al. (2007) readiness to change is a behavior that is influenced by the process of change, changing topics, and individual characteristics in facing changes that simultaneously and comprehensively play a role in a change. Readiness to change in individuals or groups is seen from how far they have a tendency to accept, adapt and agree in facing future changes.

Research conducted by Holt et al. (2007) shows that readiness for change is multidimensional, influenced by employee beliefs that:

#### a. Appropriateness

This dimension explains aspects of individual beliefs that there are logical reasons for change and the need for perspective change, and focuses on the benefits of change that are in line with company goals.

#### b. Confidence in one's ability to change (Change Efficacy)

This dimension explains the individual's ability to implement change, where individuals feel they have the skills and are able to carry out tasks related to change.

#### c. Management Support

This dimension explains the individual's belief or perception that leaders and management will support and commit to the planned change.

#### d. Benefits for individuals (Personal Benefit)

This dimension explains the personal benefits that will be obtained if the change is implemented.

The dimensions above use a multidimensional approach so that they help organizations to have a deeper understanding of how employees respond to change, and can identify key factors that influence employee readiness for change.

### B. Perceived Transformational Leadership

According to Bass & Riggio (2006), transformational leadership is a leader who involves employees to commit to realizing the company's vision and goals together, challenges them to solve problems in an innovative and solution-oriented way, develops potential and leadership capacity through coaching, mentoring and support.

Transformational leadership according to Bass & Riggio (2006) has dimensions consisting of the first dimension is the influence of idealism, leaders have charisma that can influence others, make employees believe in working in the work environment, and make employees have the desire to imitate the behavior of the leader. The second dimension is inspirational motivation, Leaders with transformational leadership provide motivation and inspire. Employees feel enthusiastic and optimistic about their ideas because leaders involve employees in developing creativity and innovation to realize the company's goals and vision. The third dimension is intellectual stimulation, Leaders with transformational leadership are able to create creative ideas and encourage employees to be creative and innovative in solving problems. Intellectual stimulation refers to leaders who are able to take risks, challenge existing assumptions. The fourth dimension is Individual consideration, Leaders observe and support employees to develop their potential and leaders understand the needs of their employees and can act as mentors or coaches. This dimension is the result of refinement of the previous dimensions after research was conducted. So that the dimensions can better measure transformational leadership.

### C. Employee Engagement

Schaufeli, et al (2006) define engagement as a positive, satisfying, work-related attitude characterized by vigor, dedication, and absorption. Kr eitner and Kinicki (2007) state that employee engagement is a person's connection, satisfaction, and enthusiasm for their work. According to Schaufeli and Bakker (2010:13) the dimensions of Employee Engagement are:

a. Vigor is the character of employees who have high energy, have the will to work, do not tire easily and are able to face difficulties.

b. Dedication is the character of employees who have a strong connection to their work, are enthusiastic, inspiring and have pride, and like challenges

c. Absorption is the character of employees who enjoy their work, concentrate fully on work and are inseparable from their work, and feel that time passes quickly while working

## METHOD

This study uses quantitative research methods. Quantitative research methods are used for research on certain populations or samples, through research instruments for data collection, and analyzed using statistical tests that aim to test the established hypothesis (Sugiyono, 2018). Quantitative research focuses on processing numerical data where the data has been collected, then analyzed using statistical data analysis methods (S. Azwar, 2019).

Population is a group of subjects that have certain characteristics to distinguish them from other groups of subjects (S. Azwar, 2019). The population of this study was employees who worked, totaling 245 employees. The sample is part of the

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population that refers to the same number and characteristics (Sugiyono, 2013). The researcher used the sampling technique using Accidental Sampling, namely the technique of drawing samples by chance. The sample used was 200 employees.

### RESULT

After receiving the returned questionnaire, the author input the data and questionnaire results. After that, the author carried out data processing using the statistical calculation tool SPSS 21 for Windows. The results of the processing were carried out using the SPSS 21 for Windows program, after the classical assumption requirements were met, the researcher used the Multiple Regression Test.

#### 1. F Test

Simultaneous Test is conducted to determine whether the independent variables simultaneously affect the dependent variable. The basis for decision making in the F test is if the significance value is  $<0.05$  then the hypothesis is accepted and vice versa. The hypothesis in this study is:

H1: There is a Relationship between Perception of Transformational Leadership, Employee Engagement, and Readiness to Change in Employees.

**Table 8. Simultaneous Test Result Data (F Test)**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	562.252	2	281.126	5.826	.003 <sup>b</sup>
	Residual	10230.307	212	48.256		
	Total	10792.558	214			

a. Dependent Variable: Readiness for Change

b. Predictors: (Constant), Employee Engagement, Perceived Transformational Leadership

source: SPSS 21 for Windows

From the data above, a significance value of 0.003 ( $<0.05$ ) is obtained, which means the hypothesis is accepted. It is concluded that the Perception of Transformational Leadership and Employee Engagement jointly influence Readiness to Change (H1 Accepted).

#### 2. Partial Correlation Test

Partial Test (t) is conducted to see how variables X1 and X2 affect variable Y partially. In accordance with the research hypothesis, namely:

H2: Perception of Transformational Leadership has a positive effect on employee Readiness to Change

H3: Employee Engagement has a positive effect on employee Readiness to Change

The basis for decision making in the partial test (t) is by looking at the significance value (Sig). If the significance value (Sig)  $<0.05$  then there is an influence of the independent variable (X) on the dependent variable (Y) or the hypothesis is accepted and vice versa.

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	63.023	4.843		13.014	.000
	Transformational leadership	.026	.026	.067	1.003	.017
	Employee Engagement	.328	.100	.218	3.263	.001

a. Dependent Variable: Readiness for change

source: SPSS 21 for Windows

Based on the table above, the significance value of the Transformational Leadership Perception Variable (X1) is 0.017 ( $<0.05$ ), so the hypothesis is accepted (H2 Accepted). This means that Transformational Leadership has an effect on employee readiness to change. The regression coefficient value on the transformational leadership perception variable is 0.067, meaning that the transformational leadership variable has a positive effect on employee readiness to change. So that the higher the level of transformational leadership perception, the more ready the employee is to make changes. In the Employee Engagement Variable,

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a significance value of 0.001 ( $<0.05$ ) is obtained, so the hypothesis is accepted. This means that Employee Engagement has an effect on employee Readiness to Change (H3 Accepted). The regression coefficient value on the work engagement variable is 0.218, meaning that the employee engagement variable has a positive effect on employee readiness to change. So that the higher the employee engagement, the higher the readiness to change.

### 3. R Square Test

Tabel Data Hasil Uji R Square

Uji R Square	R Square	Std Error of the Estimate	Keterangan
Perceived Transformational leadership dan Employee Engagement dengan Readiness for change	.52	6.947	The influence of X1 and X2 on Y is 52%

\*X1: Perceived Transformational leadership; X2: Employee Engagement; Y: Readiness for Change

Source: SPSS 21 for Windows

based on the results of the R Square test, it was found that simultaneously the influence of the variables of Transformational Leadership Perception, and Employee Engagement on Readiness to Change in employees was 52%. The remaining 48% was influenced by other variables not examined in this study.

## DISCUSSION

Based on the results of the data analysis above, it was found that the regression of the Perception of Transformational Leadership and Employee Engagement on Readiness to Change in Employees produced a significant correlation. This proves the first hypothesis, namely the Perception of Transformational Leadership, Employee Engagement correlates with Readiness to Change in employees of PT Mahkota Sukses Indonesia. Furthermore, based on the results of the R Square test, it was found that simultaneously the influence of the variables Perception of Transformational Leadership, and Employee Engagement on Readiness to Change in employees was 52%. The remaining 48% was influenced by other variables not examined in this study. The results of the first hypothesis support the research conducted by Elizabeth et al (2017) which showed that there was a significant positive influence of transformational leadership style and employee engagement with readiness to change in local government coding institutions. The implementation of the change plan requires a leader who has a transformational leadership style, namely being able to help employees understand the goals of change and make employees feel motivated to support the change. On the other hand, in terms of human resources, employees are needed who are always participative in carrying out work related to organizational progress, in other words, engaged employees will be more participative in carrying out work related to change. So that transformational leadership and work engagement affect employee readiness to change.

Furthermore, it was found that there is a positive and significant relationship between the perception of transformational leadership and readiness to change in employees of PT Mahkota Sukses Indonesia. This means that the higher the perception of employee transformational leadership, the more ready the employee is to make changes. This is in line with research conducted by Nadhira et al. (2021) which states that there is a relationship between transformational leadership and readiness to change in employees. This means that transformational leadership is suitable for bringing about change in an organization (Fitriana et al, 2015). This is because transformational leadership can explain various dimensions of field conditions that are changing in detail, including increasing innovation by creating a vision and creating a more exploratory work environment.

Next, it was found that there is a positive and significant relationship between employee engagement and readiness to change in employees of PT Mahkota Sukses Indonesia. This means that the higher the employee's commitment to a company, the more ready the employee is to make changes. This is in accordance with research from Vidal (2007) which explains that employee engagement plays a role in the successful implementation of organizational change, especially large-scale changes and involving all elements of the organization. Engaged employees will tend to support the course of organizational change and be ready to change. Employees who have high work engagement will improve business and organizational performance (Robinson et al., 2004 in Gusnanto 2019). Employees are the driving factor who must play an active role in facing and implementing organizational change. Employees must be bound by a shared commitment to support organizational change.

## CONCLUSION

Based on the results of the study, it can be concluded that the perception of transformational leadership and employee engagement partially or together affect employee readiness to change. Therefore, to implement a major change, a leader with a transformational leadership style is needed and employees who have high engagement are needed. When employees are led by

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transformational leaders, the leader will encourage and support employees in making changes. On the other hand, employees who have high engagement will always be participatory in doing work related to the progress of the company.

### IMPLICATION

Based on the conclusions that have been explained, the suggestions that can be used as considerations in helping to improve employee readiness to change are as follows:

1. For the Company
  - a. Have a clear reason for making changes and the leadership communicates the changes to all employees so that each employee understands the importance of the changes for the progress of the organization
  - b. Support and facilitate all needs related to the changes made so that there are no obstacles when making changes
  - c. Invite all employees to participate in the changes that will be made.
  - d. Give awards to employees who excel
2. For research respondents

For employees of PT Mahkota Sukses Indonesia, they should increase their commitment to the company by:

  - a. Building communication and creating a pleasant and comfortable work environment
  - b. Providing suggestions and input on organizational activities or programs
  - c. Loving the work being done
3. For Other Researchers
  - a. For further researchers, they should conduct research on employee readiness to change but using other dependent variables. This is done in order to add to the literature related to employee readiness to change.
  - b. Further researchers can conduct research with other subject characteristics because the characteristics of the subjects in this study cannot be generalized. So as to obtain an overview of the relationship between perceptions of transformational leadership and employee engagement with readiness to change in employees with different subject characteristics.

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