

RESEARCH ARTICLE

The Relationship between Transformational Leadership Elements and Employee Attitudes: A Study of Indonesian Startups

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ABSTRACT

The relationship of transformational leadership (individual consideration and intellectual stimulation) on employee attitudes (job performance, organizational commitment, self-efficacy, and job involvement) are investigated in this study. This study includes 311 participants from different startups categories such as food & beverages, agriculture, retail, service, and manufacture. Data is collected using Google Forms and evaluated using multiple linear regression. Findings showed that different elements of individual consideration and intellectual stimulation have particularly various effects on employees' attitudes. The results of this study will be valuable to startups or companies which adopt individual consideration and intellectual stimulation as their variables to understand employees better and to create a manager training program that aligns with the findings.

KEYWORDS

Individual Consideration, Intellectual Stimulation, Job Performance, Job Involvement, Self-efficacy, Organizational Commitment

HIGHLIGHTS

- ❖ Intellectual stimulation shows a significant effect on an employees' job performance, organizational commitment, and job involvement.
- ❖ Individual consideration shows a significant effect on employees' job performance and organizational commitment.
- ❖ Results provide insights into designing effective leadership training in startups.
- ❖ Transformational leadership elements influence employees' attitudes in varying degrees.

INTRODUCTION

In recent years, the business landscape has witnessed the rise of various new organizational forms, among which startups have become particularly prominent (Soderstrom & Weber, 2020). A startup is defined as a company in its early stages of operation, typically founded by entrepreneurs seeking to develop innovative products or services that address market demands (Barshikar & Majumdar, 2022; Prashantham, 2021). Startups play a crucial role in driving economic growth by fostering innovation, introducing new solutions, and expanding job opportunities (Sevilla-Bernardo et al., 2022; Fornaro & Luomaranta, 2016).

Unlike traditional firms, startups are designed for rapid scalability, making them key contributors to global economic dynamism (Baskoro et al., 2022).

Nowadays, the number of startups around the world keeps on increasing over the years (Baskoro et al., 2022). Currently, startups are categorized into different subcategories such as agriculture, mining, construction, manufacturing, transportation & public utilities, wholesale trade, retail trade, finance insurance, services, public administration, etc. Every one of these categories is important for the growth of entrepreneurial activities and they are widely recognized as an important factor in order to provide more job opportunities for others (Fornaro & Luomaranta, 2016).

Currently, the growth of startups in Indonesia is among the greatest and quickest in the world. In 2004, there were only 50 Startups. However, in 2022, there are currently around 2.422 startups in Indonesia (Baskoro et al., 2022). There are several reasons as to why it is very popular right now. According to Statista (2022), the main development of investments in Indonesian startups is driven by an increasing number of larger investment deals. More than 200 Indonesian firms have raised at least \$1 million through investments. And the number of foreign direct investments in Indonesia has increased significantly. Indonesia is in sixth place in terms of the largest number of startups in the world, based on startup ranking data. "Unicorns" are companies which have achieved valuation of at least \$1 billion (Fan, 2016). The fact that the number of unicorns in Indonesia expanded from four to eight is also regarded to be one reason why the number of startups in Indonesia continues to rise (Suryono et al., 2019).

Leadership is a critical determinant of organizational success, particularly in startups where agility and innovation are paramount (Zhao & Ren, 2022). Effective leadership requires a combination of experience, adaptability, and the ability to inspire and collaborate with employees (Greenwood, 1996). Given the competitive and rapidly evolving nature of startups, leaders must navigate challenges such as technological disruption, regulatory changes, and shifting workforce expectations (Landis et al., 2014). Among various leadership theories, transformational leadership particularly its dimensions of inspirational motivation and intellectual stimulation have been widely recognized for its positive impact on organizational performance (Gooty et al., 2009; Gumusluoglu & Ilsev, 2009; Walumbwa et al., 2008; Zaech & Baldegger, 2017).

This study focuses on Indonesian startups due to their rapid growth and untapped potential. By examining how inspirational motivation and intellectual stimulation influence employee attitudes, this research aims to provide actionable insights for startup managers. Understanding these dynamics can enhance employee performance, engagement, and organizational commitment, ultimately contributing to more effective leadership strategies. The findings may also inform tailored managerial training programs, enabling leaders to foster a more motivated and innovative workforce.

MATERIAL AND METHODS

MATERIALS

Software

The research utilizes SPSS as the primary tool for data analysis. SPSS is used to implement the linear regression method, which is a quantitative technique that allows researchers to examine the linear connection between the dependent and independent variables (Schroeder et al., 2016). This study implemented Multiple Linear Regression (MLR) as it studies the connection between multiple independent variables and dependent variables (Uyanık & Güler, 2013).

METHOD

Quantitative Research Method

The quantitative research method employed in this study involved systematically collecting numerical data through structured questionnaires distributed to respondents in Indonesia. These questionnaires used Likert-scale items to measure both independent variables which are the intellectual stimulation and individual consideration—as well as the dependent variables such as job performance, organizational commitment, self-efficacy, and job involvement. Respondents' answers were numerically coded, allowing for precise statistical analysis. The data collected were analyzed using the SPSS software.

Research Framework

This proposed research framework (Figure 1) included the effect of transformational leadership elements on employees' attitudes, namely their performance, involvement, commitment, and self-efficacy.

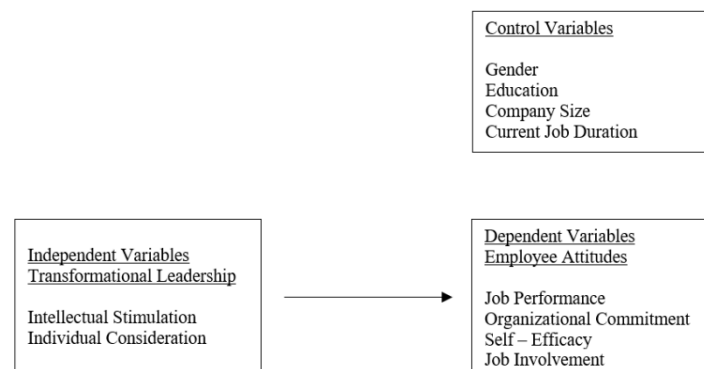


Figure 1. Research framework

Based on the research framework, the hypotheses are as follows:

- H0: Intellectual Stimulation and Intellectual Consideration does not affect the employee's job performance, organizational commitment, self-efficacy, and job performance.
- H1: Intellectual Stimulation affects the employee's job performance.
- H2: Intellectual Stimulation affects the employee's organizational commitment.
- H3: Intellectual Stimulation affects the employee's self-efficacy.
- H4: Intellectual Stimulation affects the employee's job involvement.
- H5: Individual Consideration affects the employee's job performance.
- H6: Individual Consideration affects the employee's organizational commitment.
- H7: Individual Consideration affects the employee's self-efficacy.
- H8: Individual Consideration affects the employee's job involvement.

Survey Development

This study focused on transformational leadership theory as the base leadership theory used to measure the employee's attitudes, as it was found to create a positive impact on startups (Zhao & Ren, 2022). This study includes 311 participants from different startup categories such as food & beverages, agriculture, retail, service, and manufacturing. Commonly, transformational leadership inspires and motivates employees to reach their full potential, fostering innovation, establishing solid relationships leading to job satisfaction and employee commitment, enhancing performance, and facilitating growth (Peterson et al., 2009; Shafique & Kalyar, 2018). Therefore, startup companies in Indonesia were chosen in this study as its sample and the patterns could be explored in comparison to other countries.

This study utilized google forms to collect the data with 4 parts in a questionnaire. The first part was the consent form where the respondents read and agreed to the indicated statements. The second part was

the demographic information collection. The third part questioned the presence of a manager's transformational leadership elements on the employees. The fourth part was regarding the employees' attitudes. The Likert scale was employed to measure the agreement level of someone, commonly utilized in surveys to assess attitudes and perceptions, spanning from strongly agree to strongly disagree, making comparison efficient (Creswell & Creswell, 2018; Jebb et al., 2021).

Descriptive Statistics

Descriptive statistics which presented the mean, standard deviation, frequency distribution, percentage, and chi-square value, organized data summaries by demonstrating how variables throughout a sample or population are related (Kaur et al., 2018). These are used to increase understanding of the research topic by summarizing and characterizing the data, detect correlations between variables, and identify outliers along with missing data (Kaur et al., 2018).

Reliability Analysis

Reliability analysis assessed a parameter or indicator's consistency and stability across time across several samples (Kennedy, 2022). Reliability testing is essential to ensure the quality and validity of research findings, as unreliable measures can lead to inaccurate or inconsistent results. Therefore, internal consistency and stability of measurements could be evaluated, and the degree to which a measure yields consistent results over time or across different items could be measured. The reliability test may be implemented to evaluate the reliability of research measures and ensure the obtainment of desired constructions (Gadermann et al., 2012).

Correlation Analysis

Correlation analysis can be used to examine the connection involving two or more variables (Schroeder et al., 2016). The goal is to determine the impact of the independent variable to the dependent variable (Montgomery et al., 2021). Correlation analysis reflects the connection involving two or more variables to reveal the nature of relationships between variables. The terms "partial", "moderate", and "strong" indicated the strength of the relationship between the two variables. Coefficients ranged from -1 to +1, with a coefficient of -1 indicating a perfect negative relationship, 0 showing no relationship, and +1 demonstrating a perfectly positive relationship (Kurtz, 2009). Moreover, this study used the bivariate correlation analysis test to analyze the relationship between variables to examine the relationship between two continuous variables (Haining, 1991).

Linear Regression Analysis

Linear regression assumes a linear connection between the dependent and independent variables (Schroeder et al., 2016). This study implemented Multiple Linear Regression (MLR) as it studies the connection between multiple independent variables and dependent variables (Uyanık & Güler, 2013).

RESULTS

Table 1. Descriptive Statistics of Respondents

Variable	Characteristics	Frequency (N = 311)	Percentage	Chi-Square Test
Gender	Female	129	41.5	9.032 (p < 0.005)
	Male	182	58.5	
Education Attainment	Middle & High School	120	38.5	89.177 (p < 0.001)
	Bachelor	162	52.1	
	Master's and beyond	29	9.3	
Company Size	Under 15	20	6.43	168.823 (p < 0.001)
	16 - 50	56	18	
	51 – 100	86	27.7	
	101 – 200	137	44.1	
	Above 200	12	3.9	
Duration at Current Company	1 – 6 Months	78	25.1	49.113 (p < 0.001)
	7 – 12 Months	77	24.8	
	1 – 2 Years	81	26	
	3 – 5 Years	60	19.3	
	More than 5 Years	15	4.8	

The descriptive statistics of the respondents showed that there were 182 males involved and 129 females. Most of the respondents have completed their bachelor's degree. In addition, 137 of the respondents are working in a company with 101 - 200 employees in it. The duration of employment at their current company varies. All the chi-square values have been proven to be statistically significant, with most of them having a p-value of below 0.001. Therefore, it showed that the variables throughout a sample or population are related.

Table 2. Reliability Test

Variables	Composition (Number of Questions)	Cronbach Alpha
Individual Consideration	Guiding and Coaching	0.706
	Individual Treatment	
Intellectual Stimulation	New ways of looking	0.621
	Re-examine Assumptions	
Employee Attitudes	Job performance (4 questions)	0.662
	Organizational commitment (4 questions)	0.594
	Self-efficacy (4 questions)	0.637
	Job involvement (4 questions)	0.467

Table 2 shows the result of the reliability test for all variables. Every variable is measured using 4 questions. First, we measure the transformational leadership's components Cronbach's Alpha. Based on

Ahdika (2017) study, the Cronbach's Alpha value of 0 – 0.2 is considered as less reliable, 0.2 – 0.4 is rather reliable, 0.4 – 0.6 is quite reliable, 0.6 – 0.8 is reliable, and 0.8 – 1 is very reliable. Therefore, every variable is considered reliable and quite reliable.

Table 3. Correlation Analysis

	Mean	Standard Deviation	Job Performance	Organizational Commitment	Self-Efficacy	Job Involvement	Individual Consideration	Intellectual Stimulation
Job Performance	4.63	0.39	1					
Organizational Commitment	4.63	0.37	.588**	1				
Self-Efficacy	4.50	0.36	.284**	.159**	1			
Job Involvement	4.54	0.33	.374**	.359**	.007	1		
Individual Consideration	4.56	0.42	.451**	.541**	-.042	.369**	1	
Intellectual Stimulation	4.52	0.40	.549**	.544**	.142*	.372**	.598**	1

** . Correlation is significant at the 0.01 level

* . Correlation is significant at the 0.05 level

Table 3 shows the result of the correlation analysis for every variable. Individual consideration and intellectual stimulation have a moderate positive correlation with each other. In addition, job performance, organizational commitment, and job involvement have a moderate positive correlation with other variables. However, self-efficacy has weak correlation with intellectual stimulation, little correlation with job involvement, and negative correlation with individual consideration.

Table 4. Linear Regression of IS and IC on Job Performance and Organizational Commitment

	Job Performance		Organizational Commitment	
	Model 1	Model 2	Model 1	Model 2
Control Variables				
Gender	-.049	.044	-.078	.020
Education Attainment	.308***	.218***	.241***	.167**
Company Size	.304***	.158**	.170**	.015
Duration at Company	-.231**	-.179**	-.045	-.001
Independent Variable				
Intellectual Stimulation		.220***		.361***
Individual Consideration		.347***		.284***
R²	.150	.375	.099	.397

* P	Adjusted R²	.139	.363	.087	.385	<
	ΔR²	.150	.225	.099	.298	
	F	13.488	54.874	8.403	75.013	
	P	<.001	<.001	<.001	<.001	
	ΔP	<.001	<.001	<.001	<.001	

0.05, ** P < 0.01, *** P < 0.001

The linear regression general model of this study consists of two models. First is the model that show the influence of control variables (Gender, education attainment, company size, and duration at the company) on the dependent variable. The second model observes the influence of independent variables (intellectual stimulation, and individual consideration) to the dependent variable.

Table 4 shows the linear regression analysis of intellectual stimulation and individual consideration to job performance and organizational commitment. Both independent variables show a significant positive impact on job performance and organizational commitment. Therefore, H1, H2, H5, and H6 are accepted.

Table 5. Linear Regression of IS and IC on Job Involvement and Self-Efficacy

* P		Job Involvement		Self-Efficacy	
		Model 1	Model 2	Model 1	Model 2
	Control Variables				
	Gender	-.105***	-.086***	-.006	.003
	Education Attainment	.042	.020	-.026	-.071
	Company Size	.071***	.041*	.277***	.267***
	Duration at Company	-.036*	-.029	.175*	.199**
	Independent Variable				
	Intellectual Stimulation		.228***		-.208**
	Individual Consideration		.160*		.176*
	R²	.137	.246	.099	.397
	Adjusted R²	.126	.231	.087	.385
	ΔR²	.137	.109	.099	.298
	F	12.151	1.355	8.403	75.013
	P	<.001	<.001	<.001	<.001
	ΔP	<.001	<.001	<.001	<.001

*P < 0.05, ** P < 0.01, *** P < 0.001

Table 5 shows the linear regression analysis of intellectual stimulation and individual consideration to job involvement and self-efficacy. Intellectual stimulation show a significant positive effect on job involvement. Meanwhile, it shows a moderate significant negative effect on self-efficacy. Therefore, it

indicates that H3 and H4 are accepted. Finally, individual consideration has a partially significant effect on both job involvement and self-efficacy. So, H7 and H8 are also accepted

Intellectual Stimulation and Intellectual Consideration does not affect the employee's job performance, organizational commitment, self-efficacy, and job performance (H0)

Since both independent variables (intellectual stimulation, and individual consideration) shows effect on the dependent variables, the H0 is rejected.

DISCUSSION

The research conducted explored the effects of manager's transformational leadership influence the employee's attitudes to provide important suggestions on the startups in Indonesia, which is currently the sixth country in the world with the most startups companies (Baskoro et al., 2022). Four of the transformational leadership elements were utilized as they are the main factors that demonstrate the manager's behavior at the workplace. Previous investigations suggested that transformational leadership had a positive influence on startups (Walumbwa et al., 2013).

Theoretical Implications

This study provides insights into the relationship of transformational leadership elements on employee's attitudes on startups. The results contribute to the growth of the application of transformational leadership theory in startups. Previous studies stated that transformational leadership has a positive impact on employees' job performance, organizational commitment, self-efficacy, job involvement, and startups. (Keskes, I., 2022; Nguni S., Slegers P., Denessen E., 2006; Eliyana A., Ma'arif S., 2019; Tims M., Bakker et al., 2022; Fitzgerald S., Schutte N, 2010). Therefore, this study had successfully proved that transformational leadership elements such as intellectual stimulation and individual consideration have a positive relationship with the employees' attitudes.

Managerial Implications

The results contribute to the growth of the application of transformational leadership theory in startups. Therefore, a training program is one of the methods available to be given to the employees on startups. For intellectual stimulation, the training program can be designed in the form of a project with a reward to stimulate the employees to increase their attitudes by having a reward and training them to think innovatively (Bonnier, 2008). However, for the training program with individual consideration it can be in the form of a bonding camp to help managers gain a meaningful insight on their employees and to understand the perspective, feeling, and thoughts of their employees (Bakker et al., 2022).

CONCLUSION

This research confirms the substantial impact of transformative leadership behaviors on employee attitudes in Indonesian companies. The results demonstrate that individual consideration and intellectual stimulation significantly impact key employee outcomes, including job performance and organizational commitment. Intellectual stimulation promotes job performance, organizational commitment, and job participation, whereas individual consideration improves job performance and organizational commitment.

These findings have significant implications for startup leaders and managers, emphasizing the necessity of developing transformational leadership qualities to promote favorable employee attitudes. By emphasizing individual consideration, which entails recognizing and resolving the distinct needs of employees, and intellectual stimulation, which fosters innovation and critical thinking, leaders may cultivate

a work environment that improves employee performance, commitment, and engagement. This can, consequently, enhance the overall success and expansion of startups within Indonesia's dynamic business environment.

This study enhances comprehension of leadership dynamics in startups, providing practical insights for formulating effective leadership strategies and training initiatives (Pradipta et al., 2023). The focus on individual attention and cognitive engagement offers a structure for leaders to improve employee perceptions, therefore promoting organizational efficiency and competitiveness within the startup environment. Subsequent research may investigate the intricacies of these correlations across various startup phases and industries, offering more customized insights for leadership development.

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