The Influence of Transformational Leadership and Organizational Culture on Organizational Readiness for Change at PT. Air Minum Giri Menang Mataram Area

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ABSTRACT

The aims of this study are to analyze the influence of Transformational Leadership and Organizational Culture which has a significant effect on Organizational Readiness to Change. Furthermore, this study aims to analyze the simultant effect of Transformational Leadership and Organizational Culture on Organizational Readiness for Change. Research conducted at PT. Air Minum Giri Menang Mataram Area. This type of research is a causal associative quantitative research. The data collection method used by researchers is the census method involving 96 employees. The data collection tool used in this study was a questionnaire. The data analysis tool uses PLS analysis. The results of the study show that Transformational Leadership has a positive and significant effect on Organizational Readiness for Change. Organizational Culture has a positive and significant effect on Organizational Readiness for Change. Transformational Leadership and Organizational Culture have a simultant impact on Organizational Readiness for Change.

Keywords: Transformational Leadership, Organizational Culture, Organizational Readiness for Change

INTRODUCTION

An organization is a group of people who have a working system that strives together to achieve a goal. An organization can be formed if there is a group of people who have goals with a working system. So at the organizational level, readiness to change refers to a mutual agreement with all people in the organization to implement change (Weiner, 2009). This mutual agreement can be achieved if all members of the organization have a strong sense of encouragement together to implement change (Wibowo, 2007).

Organizational readiness to change is influenced by two dimensions, namely individual and organizational dimensions. Factors that influence organizational readiness from individual dimensions include life experiences, life values, traits, and commitment (Saragih, 2015). Job satisfaction, knowledge of the change, and emotional intelligence are also factors in the individual dimension (Alas et al, 2012; Nordin, 2011; Wibowo, 2007).

Organizational readiness is also influenced by organizational dimensions which include employee involvement from the process of introducing a new system to the process of implementing changes, internal organizational capacity, acceptance, leadership, patterns of relations, and work mechanisms between members of the organization (Ochurub, 2012; Straatmann et al., 2016; Nordin, 2011). Aspects of old habits and mindsets also affect organizational readiness to change, where employees who are used to working with old work patterns will tend to be in a comfort zone that makes it difficult for employees to change (Winardi, 2004; Wibowo, 2007).

From the explanation above, specifically transformational leadership can influence organizational readiness to change. Antonakis, Avolio, and Sivasubramaniam (2003) define transformational leadership as a proactive behavior, that increases attention to common interests and helps followers achieve goals at the highest level. Transformational leadership is a leader who encourages his followers to change motives, beliefs, values, and abilities so that the personal interests and goals of followers can be aligned with the vision and goals of the organization (Goodwin, Wofford & Whittington, 2001). Some findings are different from the explanation above, where the research conducted by Asbari et al.

Organizational readiness is also influenced by Organizational Culture (Ochurub, 2012; Nordin, 2011). Organizational Culture is the views, values, and beliefs of organizational members regarding work mechanisms, employee involvement, relationship patterns, and work behavior within the organization (Jones, 2005). Researchers want to examine organizational culture about organizational readiness to change because organizational culture has a very strong influence on organizational cycles including organizational readiness to change (Zammuto and O'Connor, 1992). Meanwhile, different findings were made by Engida, Alemu, & Mulugeta (2022) where their findings show that organizational culture has no significant effect on organizational readiness to change.

Every organization wants to be able to adapt to changes, including PT. Air Minum Giri Menang Mataram Area as a Regional Public Company. The role of a transformative leader is indeed very much needed in the implementation of company changes. Changes can also be implemented because the company has autonomy as a culture or a positive culture in running the company. This Perseroda culture is the right choice to reduce intervention because it is given autonomy. And not hampered by the bureaucracy that often becomes an obstacle.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Leaders in an organization play an important role in managing employees so that they can work effectively and by company goals (Certo & Certo, 2006; Liaw, Chi & Chuang, 2010). Organizations need reliable leaders, who have great competitiveness, have a great and positive influence on employees, have high motivation, and pay attention to employees, so that employees will feel that they are given full trust from leaders, are motivated to do great work, as well as having a sense of awe and respect for their leader, which is synonymous with a transformational leadership style (Yukl, 2009).

Transformational leadership that is more communicative, and participatory, and involves employees in the change process will encourage employees to initiate change and reduce employee reluctance to change (Penava and Sehic, 2014; Nordin, 2011). Previous research conducted by Kejriwal & Krishnan (2004) and Sarros & Santora (2001) found that leaders with a transformational leadership style are believed to be able to lead employees toward major changes in organizations globally.

H1: Transformational Leadership has a significant effect on Organizational Readiness for Change.

Organizational culture has a very vital role in the life cycle of the organization, namely in realizing the company's vision and mission as well as the implementation of the changes proposed by the company. This vital role is due to the organizational culture containing the basic values and beliefs of the members of the organization. This trust influences the company in realizing changes and the vision and mission of the organization. In addition, trust also influences how confident and committed members of the organization are in carrying out organizational changes to increase organizational adaptability (Bhatnagar, 1998). This belief and commitment form the basis for organizational readiness to change (Weiner, 2008; Weiner, 2009).

Based on the Competing Value Framework (CVF) concept, there are two kinds of dimensions that shape various types of organizational culture, namely, internal and external orientation, as well as patterns of relationships, communication, and work situations. This internal or external orientation refers to whether the organization is still focused on the internal organization or the external dynamics of the organization, while the relationship pattern and work situation refer to how much flexibility the company has, both leaders and subordinates, in running the organization. These two dimensions are then divided into four quadrants, namely clan culture, adocracy culture, hierarchy culture, and market culture. Research conducted shows that companies with a hierarchical culture have a low level of organizational readiness for change.

Wibowo (2007), is of the view that companies will be ready to face change if the hierarchical culture is reduced. This happens because the company only focuses on the mechanisms and patterns of very rigid working relationships. Companies that adhere to this culture will tend to find it difficult to be ready to adapt to changes in their external environment. Changes can be implemented not because of a strict work mechanism but because there is strong collaboration between parties within the organization (Wibowo, 2007). Readiness to change, research conducted by Jones (2005) shows that organizational culture has a positive influence on organizational readiness to change.

H2: Organizational Culture has a significant effect on Organizational Readiness for Change.

H3: Transformational Leadership and Organizational Culture have a simultant effect on Organizational Readiness for Change.

Based on the hypothesis proposed, the following research conceptual framework can be presented,
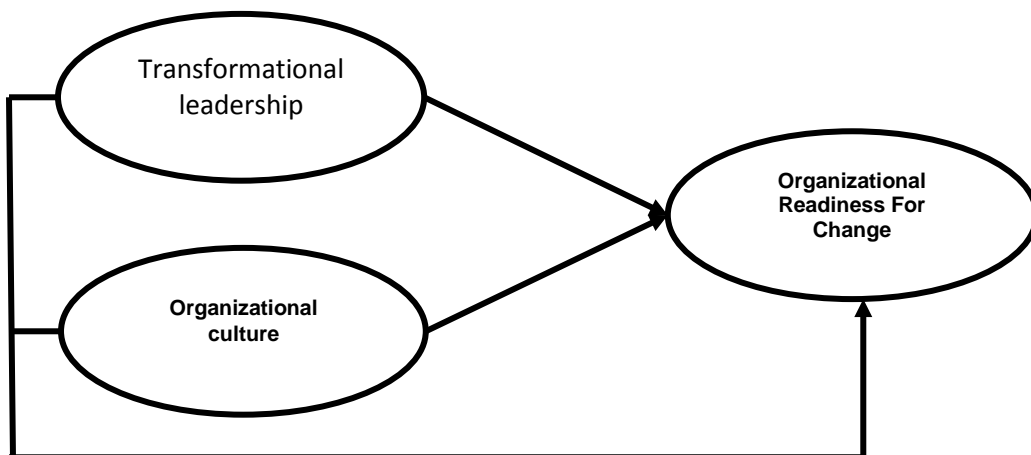

Figure 1. Conceptual Framework

METHODS

The research focuses on PT. Air Minum Giri Menang Mataram Area. Respondents in this study, 96 employees were determined by the census method. The total population used in this study is felt to be fully accessible (Usman and Akbar, 2008). The data collection tool is a questionnaire. Organizational Readiness to Change is measured by indicators (Shea et al, 2014) Confidence in Change, and Commitment to change. Transformational Leadership is adapted from the Multifactor Leadership Questionnaire (MLQ) developed bypass & AvolioinYukl (2010), namely Idealized Influence, Individual Consideration, Intellectual Stimulation, and Inspirational Motivation. Measurement of Organizational Culture originates from Quinn and Cameroon in Lizbetinova, Lorincova, & Caha (2016) consisting of Main Characteristics, Employee Governance, Unifying Relationships, Emphasis on Strategy, and Success Criteria. Each statement on the questionnaire studied was measured by adopting a Likert Scale (form 5 scoring).

RESULT

Data analysis and hypothesis testing in this study were carried out using the Partial Least Square (PLS) approach using SmartPLS version 3.0 software. To determine the significance level of the path coefficient, it is generated by running the Bootstrapping algorithm. At a significance level of 0.05, the hypothesis will be supported if the p-value is less than the critical value, which is 0.05 (5%). The results of the significance level test can be seen in the table below.

Table 1. Model Significance Test Results

Influence Between Variables	Coefficient	T-Statistics	P-Value	Information
Transformational Leadership -> Organizational Readiness for Change	0.293	3.203	0.001	Significant
Organizational Culture -> Organizational Readiness to Change	0.394	2.455	0.008	Significant
Transformational Leadership & Organizational Culture -> Organizational Readiness for Change	0.387	3.617	0.000	Significant

By the coefficient value is 0.293 with a p-value of 0.001 (same as the error tolerance value of 5%/0.05) which means it is significant. The test results show that Transformational Leadership has a positive and significant influence on Organizational Readiness for Change. The coefficient value is 0.394 with a p-value of 0.008 (lower than the error tolerance of 5% (0.05) meaning that Organizational Culture has a positive and significant influence on Organizational Readiness to Change. The coefficient value is 0.387 with a p-value of 0.000 (lower than 5% (0.05) error tolerance means that Transformational Leadership and Organizational Culture have a positive and significant influence on Readiness to Change.

DISCUSSION

The Influence of Transformational Leadership on Organizational Readiness for Change

Leaders in an organization play an important role in managing employees so that they can work effectively and by company goals (Certo & Certo, 2006; Liaw, Chi & Chuang, 2010). Hardiyanti,

Surati, & Suryatni, (2016) revealed that organizations need reliable leaders, who have great competitiveness, have a large and positive influence on employees, have high motivation, and pay attention to employees, so that employees will feel that they are given full trust from the leader, motivated to do great work, and have a sense of awe and respect for the figure of the leader, which is synonymous with a transformational leadership style (Yukl, 2009).

Transformational leadership that is more communicative, and participatory, and involves employees in the change process will encourage employees to initiate change and reduce employee reluctance to change (Penava and Sehic, 2014; Nordin, 2011). The results of this study strengthen the results of research that has been conducted by Kejriwal & Krishnan (2004) and Sarros & Santora (2001) who found that Transformational Leadership has a positive and significant effect on Organizational Readiness to Change. Likewise, the results of Penava & Sehic's research (2014), Portoghese et al. (2012), and Oreg & Berson (2011) found that transformational leadership influences organizational readiness for change.

The Influence of Organizational Culture on Organizational Readiness to Change

According to Hermanto (2018), Organizational culture has a very vital role in the organization's life cycle, namely in realizing the company's vision and mission as well as implementing changes proclaimed by the company. This vital role is due to the organizational culture containing the basic values and beliefs of the members of the organization. This trust influences the company in realizing changes and the vision and mission of the organization. In addition, trust also influences how confident and committed members of the organization are in carrying out organizational changes to increase organizational adaptability (Bhatnagar, 1998). This belief and commitment form the basis for organizational readiness to change (Weiner, 2008; Weiner, 2009).

Based on the Competing Value Framework (CVF) concept, there are two kinds of dimensions that shape various types of organizational culture, namely, internal and external orientation, as well as patterns of relationships, communication, and work situations. This internal or external orientation refers to whether the organization is still focused on the internal organization or the external dynamics of the organization, while the relationship pattern and work situation refer to how much flexibility the company has, both leaders and subordinates, in running the organization. These two dimensions are then divided into four quadrants, namely clan culture, adocracy culture, hierarchy culture, and market culture. Research conducted by Quinn (1983), shows that companies with a hierarchy culture have a low level of organizational readiness for change.

The results of this study strengthen the results of research that has been conducted by Zammuto and O'Connor (1992) and Jones (2005) revealed that Organizational Culture has a positive and significant effect on Organizational Readiness to Change. This finding is also in line with the results of Alas et al. (2012), Glisson (2007), and Denison, Haaland, & Goelzer (2004) that Organizational Culture has a positive and significant effect on Organizational Readiness to Change.

The Simultan Influence of Transformational Leadership and Organizational Culture on Organizational Readiness for Change

According to Castaneda (2012), Alas (2012), and Gochhayat (2017) stated that leadership and organizational culture can influence organizational readiness to change together. In the leadership process, there is an element of mutual influence between the leader and his members. A leader who is unable to do good management will make members distrust the ability of their leader to make changes.

Organizational culture is the basis of the organization to analyze various phenomena and problems that occur. Structurally, organizational readiness refers to organizational capacity in the form of organizational structural assets that support the success of the process of implementing

organizational change (Weiner, 2009). This trust refers to the shared belief in all employees, not individuals. This is based on the nature of the readiness of the organization itself which is the readiness of a group of people and not just at the individual level. Employees in the organization need to perceive whether all employees have a strong shared commitment and belief to implement change.

The results of this study strengthen the results of research that have been conducted byEkawarna et al. (2022), Effelsberg & Solga (2015), and Shiva & Suar (2012) who found that leadership andCollective Organizational Culture has a significant effect on Organizational Readiness Change.

CONCLUSION

From the results of the research and discussion above, the conclusions from the research that can be drawn are:
1) Transformational Leadershippositive and significant effect on Organizational Readiness to Change. The more effective the Transformational Leadership implemented by the leadership elements, the higher the Organizational Readiness for Change.
2) Organizational Culture has a positive and significant effect on Organizational Readiness for Change. If the application of Organizational Culture is getting stronger with employees, then Organizational Readiness to Change is getting higher.
3) Transformational Leadership and Organizational Culturepositive and significant effect on Organizational Readiness to Change. The more effective the Transformational Leadership and the stronger the Organizational Culture is felt by the Employees, the higher the Organizational Readiness to Change.

RECOMMENDATIONS

Superiors treat each of their subordinates according to their conditions. This needs to be maintained using every superior in the company always checking the track record of the ability and performance of each subordinate so that superiors know each level of ability of their subordinates. This allows them to give a different, directive touch to giving briefings.

The current organizational culture describes companies trying to get good performance at work. This kind of culture supports the development of subordinates in the company to continuously improve their work results. To improve this, it is necessary to reward subordinates who have more effort, motivation, and results in their work so that competition becomes more challenging to achieve better work results.

Larger companies should provide opportunities, opportunities, and support to employees in providing ideas for company development. This can be done by providing a more open mind for the elements of leadership to be willing to accept every suggestion from subordinates and then provide maximum support so that any changes that are planned can be implemented smoothly.

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