

# Analysis of the Impact of Transformational Leadership on Human Capital Performance in the Real Estate Industry

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## Keywords

*Transformational Leadership,  
Performance, Human Capital, Real  
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## ABSTRACT

The property industry is one of the significant sectors in the Indonesian economy. This industry plays a role in the provision of residence, place of business, and investment. In an era of increasingly fierce competition, the real estate industry needs to innovate and increase productivity. The purpose of this study is to analyze the impact of transformational leadership style on human capital performance in the real estate industry. This study used quantitative research methods. Data collection techniques in this study are by distributing questionnaires and literature studies. The data collected in this study was then analyzed through the SPSS application. The results of the study indicate that transformational leadership style has a positive and significant effect on human capital performance in the real estate industry. This indicates that the greater the use of transformational leadership styles by real estate leaders, the higher the performance of human capital. Real estate leaders need to implement a transformational leadership style to encourage employees to work harder, creatively, and productively.

## INTRODUCTION

The real estate industry plays a crucial role in the Indonesian economy by providing residence, business space, and investment areas. As a vital sector, this industry not only affects the property sector but also has a significant impact on the economy. The provision of affordable and quality housing, commercial space for businesses, as well as investment opportunities in the property sector, have all become integral to the success of the real estate industry. In an era of intense competition, the real estate industry finds the need to continue to innovate and increase its productivity (Indrajit et al., 2021; Rogers & Koh, 2017; Setiawan et al., 2018).

Efforts to increase productivity can be made through a transformational leadership style, which is a concept in which a leader inspires and encourages his subordinates to achieve maximum results in achieving organizational goals. This leadership style is based on the drive to change and improve the organization towards better conditions. This is implemented through motivation, inspiration, and giving more attention to subordinates (Arif, 2021; Handayani et al., 2023; Nguyen et al., 2017; Ribeiro et al., 2018).

Leaders with a transformational leadership style will be better able to encourage employee performance to work harder, creatively, and productively. Performance evaluation or measurement is an important aspect of the company. In addition to assessing the company's success, performance measurement is also the basis for the reward system. Management can use company performance evaluation as a tool to evaluate the past (Bryozzoan & Karabulut, 2018; Kamakahi, 2017; Mio et al., 2022).

During this time, company performance appraisals often focus on physical resources such as material and financial assets. However, human capital, which is an important part of intellectual capital or intangible assets, is an element that is no less crucial in building company value. Human capital includes employees' knowledge, skills, experience, and capabilities that affect a company's productivity, innovation, and adaptability to changing business environments. This makes human capital an invisible asset that significantly adds value to the company (Chams & García-Blandón, 2019; Hidayat & Latief, 2018; Khan, 2023; Ren et al., 2018).

Previous research by Tintami et al. (2013) showed that the influence of organizational culture, transformational leadership style and work discipline on employee performance was 84.9%. Advice that can be given to PT. Djarum SKT Megawon II Kudus is strengthening corporate culture and transformational leadership style, focusing on improving work discipline to achieve optimal performance. Other research by Italiani (2013) indicates that transformational leadership has a significant positive influence on employee performance and human resource performance. In similar research by Ramadanto et al. (2020), the results show that the responses given by respondents to transformational leadership styles fall into the good category, while reactions to work discipline and employee performance fall into the very good category. It was found that transformational leadership style and level of work discipline have a significant effect on employee performance at PT Ikimura Indotools Center, both individually and as a whole.

The novelty of this research is from the object of his research, namely the performance of human capital in the real estate industry, which has never been studied before. This research provides in-depth insight into the importance of transformational leadership styles in the property industry sector. This indicates that company leaders must adopt and implement leadership styles that inspire, provide a clear vision, and motivate employees to perform better. This study aims to evaluate the influence of transformational leadership style on human capital performance in the real estate industry.

## METHODS

This study employs a quantitative approach characterized by its structured, systematic, and meticulously planned nature, following Nugroho (2018). Data acquisition involves administering questionnaires and conducting literature analysis. The target population comprises employees in the Indonesian property industry, selected through random sampling—a straightforward method wherein sampling members are chosen randomly from the population without regard to population strata, as outlined by Anggito (2018). This method is preferred when the population is uniform or homogeneous. Subsequently, the collected data will undergo analysis using SPSS to draw insights and conclusions.

## RESULTS

### Normality Test

The normality test is a procedure used to determine whether the data distribution pattern is normal or not (Sintia et al., 2022). Testing is generally done through the Kolmogorov Smirnov or Shapiro Wilk methods; when the significance value is greater than 0.05, it indicates that the data has a normal distribution (Indri & Putra, 2022).

**Table 1. Normality Test Results**

Kolmogorov-Smirnova			Shapiro-Wilk		
Statistics	Df	Sig.	Statistics	Df	Sig.

X	.191	100	.000	.877	100	.000
Y	.176	100	.000	.901	100	.000

a. Lilliefors Significance Correction

From the test results, the significance value obtained is 0.000, meaning that the data used has a normal distribution.

**Reliability Test**

In making decisions related to reliability, when Cronbach's Alpha value > 0.60, questionnaires or questionnaires are considered to have a good level of reliability or consistency, and vice versa (Pratama & Permatasari, 2021).

**Table 2. Reliability Test Results**

Cronbach's Alpha	N of Items
.682	4

Based on the table above, Cronbach's Alpha value is 0.682, indicating that the questionnaire used is considered reliable.

**Linear Regression Test**

The criterion for obtaining a good regression model is that the data distribution is normal (Padilah & Adam, 2019).

**Table 4. Linear Regression Test Results**

Type	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.944	1.569		2.513	.014
X	.271	.047	.552	5.749	.000

a. Dependent Variable: Y

Based on the table above, it is found that transformational leadership has an influence on human capital performance in the real estate industry of 0.271.

**Coefficient of Determination Test**

The coefficient of determination test is used to assess the extent to which the model is able to explain the variation of the dependent variable (AR & Satriawan, 2018).

**Table 5. Results of the Coefficient of Determinance**

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.630a	.396	.384	1.135

a. Predictors: (Constant), X

From the table above, R<sup>2</sup> is 0.630 which means transformational leadership has an effect on human capital performance in the real estate industry.

**Discussion**

The research findings revealed that transformational leadership style impacts human capital performance in the real estate industry. This result is supported by research by Retnowulan (2017),

indicating that Transformational Leadership Style positively affects performance. The characteristic that employees like is the behaviour of leaders who always see various activities carried out by employees. Various attention given to employees will provide enthusiasm and pride for employees; besides that, the success or failure of an organization depends on its leadership. The function of a leader is to make it easier to achieve the goals that have been set (Priyatmo, 2018). Transformational leadership is related to a leader in an organization (WD, 2022). Transformational leadership is a form of leadership that improves the intellect of subordinates, provides support for various subordinate activities, and focuses on organizational goals (Cahyandani, 2021).

Various advantages of transformational leadership include guiding its members to participate in various changes. A leader with transformational leadership always participates in helping his subordinates. Transformational leaders also have a positive innate ability to invite kindness to their members. Transformational leaders also always pay attention to the welfare of their members. Thus, companies need transformational leadership. The success or failure of an organization depends on its leadership. So, the position of a leader is very important.

Transformational leaders have a role in determining the path the organization needs to take to maintain company performance. In addition, leaders with this model have fiscal goals and the skills to survive any changes. Helping employees create and innovate, providing encouragement and morale, and having responsibility for leading the organization have become habits of transformational leaders (A. Nugroho et al., 2022). In organizations, employees are the human resources who work for the company and are its most important asset. The company's success is determined by the performance of human resources and the role of transformational leaders with high professionalism and good teamwork (Mahmud & Sopiah, 2022). According to Robbins and Judge in Irfan et al. (2023), here are some indicators of transformational leadership.

- a. Ideal influence.
- b. Inspirational motivation.
- c. Intellectual stimulation.
- d. Individual considerations.

If employees can recognize that transformational leadership is a leader in a company, job satisfaction will increase along with improved performance as well (Adiwantari et al., 2019). The essence of transformational leadership, according to Haryanti et al. (2021), is:

- a. Care about the development and progress of the organization.
- b. Forming a common vision among different communities within the organization.
- c. Allocate leadership roles to individuals or groups equally within the organization.
- d. Shape and advance the culture that exists within the organization.
- e. Carry out restructuring steps.

As previously stated, human resources are valuable capital for a company because of their ability to take part in various advances in science and technology (Yuniarsih et al., 2022). According to Mayo and Endri (2010), the basis for driving a company is human capital, which includes various skills such as knowledge, ideas, and innovations. Human capital is also the main thing in the company. Human resources aim to improve company performance. Because all the success of a company's activities depends on its leader (Wibowo & Utomo, 2023), many of those involved in the business world are not too familiar with the term "human capital" to refer to human resources (HR). The role of human resources greatly affects the future of the company. The various purposes of forming a company must all be for the benefit of humans themselves. To be able to have reliable human resources, it is necessary to make human capital (Kasmawati, 2017).

Human capital is carried out not to assess the intrinsic human resources but rather the impact they have on various organizational activities. This is important because it is done to obtain information on the effectiveness of a company's strategy and its contribution to improving the performance of its human resources (Endri, 2011). Performance or work performance is important in companies regardless of public or private companies. Performance is also a concept that continues to run in various dimensions, as obtained from work results (Nur, 2017). Many factors affect human capital performance, one of which is in accordance with the study's results, namely transformational leadership.

Thus, human resources (human capital) are important in a business, including businesses in the real estate industry. The real estate industry will not run without human resources, so it is important to improve the performance of human resources in the company, namely employees. However, many factors can influence it, one of which is the factor of a company leader in choosing the type of leadership. Transformational leadership is one type of leadership that impacts human resource performance. It has advantages by always guiding and helping its members so that it can improve human resource performance.

## CONCLUSION

Transformational leadership style has a significant positive influence on human capital performance in the real estate industry. This indicates that the higher the transformational leadership style of leaders in the real estate industry, the higher the performance of human capital. Leaders who adopt a transformational leadership style can increase employee motivation in various ways, such as by providing challenges that match their abilities, rewarding achievements, and creating a positive and supportive work environment. Motivated employees find creating new ideas and developing new products or services easier. Leaders with a transformational leadership style can enhance employee creativity by encouraging employees to think critically and creatively, giving employees freedom and autonomy and creating a work environment conducive to innovation. High employee creativity will encourage employees to develop new, innovative ideas. Creative employees are better able to develop new products or services. In addition, transformational leaders can improve employee teamwork by building good relationships between employees and creating a cooperative work environment. High teamwork will encourage employees to share ideas and collaborate in developing new products or services. Employees who work well together will find developing new, innovative ideas easier.

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