



Effect of Transformational Leadership on Organizational Commitment and Work Performance

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ABSTRACT

Introduction/Main Objectives: Organizations must be responsive in an increasingly complicated and competitive business environment. **Background Problems:** To stay relevant, the leader's role must be maximized in cultivating and promoting the people resources they have. This is still a problem of leadership style applied in a business organization. **Novelty:** The transformational leadership style is the solution to a company's uneasiness in the face of a more dynamic and disruptive business environment, particularly for SMEs that are still learning how to execute the optimum leadership style. **Research Methods:** A quantitative technique based on variance Structural Equation Modeling (SEM) and Partial Least Squares (PLs) was used to acquire a better understanding of the relationship between variables. An online questionnaire was used to collect responses from SMEs employees in the food and beverage sector in Karawang Regency, Indonesia. **Finding/Results:** Transformational leadership has a good and significant impact on organizational commitment and work performance, according to the findings. Similarly, the commitment organizational to work performance. Organizational commitment, on the other hand, does not appear to be a significant mediating variable between transformational leadership and work performance. **Conclusion:** Although a transformational leadership can have beneficial effects on employees like as commitment and intimacy, it's important to remember that during the present Covid-19 pandemic, employees require a decent income from their work.

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1. Introduction

Because today's organizational environment is becoming increasingly complicated and competitive, every business must be responsive in order to survive and flourish (Carsono, 2021). Quality human resources are the most important aspect in an organization's development and advancement since they can help it move in the right direction and compete in a healthy way (Daswati, 2012). So, in order to get human resources who can contribute optimally to the organization, you need a leader who can instill trust in his subordinates, provide opportunities for his subordinates to explore their potential for organizational advancement (Putri et al., 2020), and leaders must be able to communicate well with their subordinates, so that the organizational cultural values you want to build can be realized through collaboration (Rusmawati & Indriati, 2019). Of course, this can have an impact on employee work performance (S. Akbar, 2018), which is a work result attained by employees in carrying out the tasks allocated to them based on their abilities, experience, sincerity, and time management (Mangngi et al., 2018). Work performance is defined as a record of the outcomes obtained from specific work functions (Yatipai et al., 2015).

However, optimal employee performance can only be achieved if an organization's executives are capable of managing its human resources in a trustworthy manner (Hijriah, 2016; Saripudin et al., 2019). Individuals who make significant contributions to the creation of supporting settings and situations in the workplace are known as leaders (Trioctavia et al., 2016). Every leader is a one-of-a-kind individual with a unique set of skills (Eliyana et al., 2019). Transformational leadership is a

type of leadership that has been extensively studied in connection to performance (Advani & Abbas, 2015). The concept of leadership that is gaining traction today has a significant number of proponents. However, in today's climate, when the environment has changed to become more dynamic and technology improvements are becoming more quick, transformational leadership is regarded the most suitable leadership paradigm to apply (Markusson et al., 2012).

A system of changing and transforming people is known as transformational leadership (Deschamps et al., 2016). Several prior studies have found that transformational leadership has a significant impact on employee performance (Al-Amin, 2017). Furthermore, research show that organizational commitment has a moderating effect on the relationship between transformational leadership style and employee performance (Almutairi, 2016). To put it another way, the presence of employees in the organization is a critical factor in the development of productivity, thus leaders must encourage employee commitment to the organization (Laily, 2017). High organizational commitment to employees is likely to boost productivity while also lowering absenteeism (Fithriani, 2016; Tara Rosa & Ancok, 2020). It can also have a favorable impact on work-related behavior, such as high productivity, employee loyalty, and low turnover (Susilo & Satrya, 2019). The value of organizational performance as well as the amount of employee involvement will be influenced by the behavior of leaders who are devoted to their organization and focused on attaining goals while also working toward successful organizational change (Nasomboon, 2014). A leader's position is critical in directing

subordinates to attain organizational goals (Suherman, 2019).

When a leader is able to motivate his subordinates to accept the organization's vision as their own while working to strengthen the organization's diverse values, he is said to be transformational (Sardi, 2017). This remark is in line with study findings that show transformational leadership can have a positive impact on employee performance and motivation (Advani & Abbas, 2015). Employee motivation is highly influenced by the leader's motivation and work style (Kurniasari, 2018). Direct employees or subordinates will be motivated to assist the leader in achieving organizational goals if the leader is serious and fully devoted to the task (Basuki, 2016). Employee loyalty to the leadership and the organization is also created and increased by a positive attitude and exceptional leadership (Mahmud, 2019). That is, properly and correctly implementing the transformational leadership style will foster employee commitment in the organization, resulting in positive emotional closeness among all elements of human resources in the organization to jointly carry out organizational tasks until success, or in other words, will improve employee performance. Ensure that the vision and mission, as well as all organizational goals, are realized.

However, it is still difficult to find research that examines transformational leadership in SMEs, which causes problems when the crisis strikes because there aren't enough references to prepare a leadership style that can be applied to a business now and in the future. This study provides a solution to the problem of developing performance that results in the achievement of business success by adopting a specific leadership style. In light of the foregoing, it will be fascinating to investigate the

relationship between transformational leadership, organizational commitment, and work performance in SMEs. Because SMEs are the ones who are most badly affected by the covid-19 epidemic (Ausat & Peirisal, 2021). As a result, the leader's responsibility in fostering the business that has been developed to remain relevant in an increasingly dynamic and disruptive business environment is critical (Ausat & Suherlan, 2021). On the other hand, centralized SMEs require leaders to use a specific leadership style to encourage their employees to maintain commitment and strengthen emotional bonds so that the organization's vision and mission can be realized and the organization can survive and thrive even as the Covid-19 pandemic strikes.

2. Literature Review

2.1. Transformational Leadership

The concept of transformational leadership was first proposed by James McGregor Burns in 1978. (Casimir et al., 2013). Because there is intellectual stimulation, transformational leaders encourage subordinates to build fresh viewpoints on leadership (Steinmann et al., 2018). Through inspiring motivation and charisma, leaders can establish perceptions of themselves as persons who can support and care for subordinates with individual considerations (Bass, 1985). There are various sub-variables to consider while discussing transformational leadership (Bass et al., 2003). First, charismatic leaders overcome hurdles such as the rising of subordinates to build self-esteem and confidence in their followers. Second, inspirational motivation motivates employees to accept tough goals and tasks with enthusiasm, as well as a vision for the future (Li et al., 2019). Third, individualized consideration implies that the

leader is aware of each individual's unique demands by paying close attention to subordinates and treating them with respect (Reza, 2019). Fourth, activities that foster rethinking of formal habits and spark new ideas are referred to as intellectual stimulation (Sikalieh, 2017). In other words, it defies prior customs or has reservations about their subordinates' seeming new visual style of thinking (Kim & Kim, 2014).

2.2. Organizational Commitment

The degree to which an employee believes in and accepts the organization's aims and wishes to remain with it is referred to as organizational commitment (Ghazzawi, 2019). With a leader's commitment, he will have a devoted attitude and a strong desire to fulfill the organization's objectives. Organizational commitment may also be defined as a person's level of involvement in his or her organization and desire to stay a member, which includes a sense of loyalty and a willingness to perform to the best of one's ability for the organization in which one works (Hadi & Tentama, 2020). High commitment causes a person to be more worried about the organization than his or her own personal interests, and to strive to improve the organization (Metek & Bıyık, 2016). When there is a lack of organizational commitment, people will behave in their own best interests (Wuryani, 2013). Identification with organizational goals, sentiments of involvement in organizational work, and feelings of loyalty to the organization are all aspects of organizational commitment (Harmen et al., 2020). The task that he is responsible for is viewed as a personal interest, and he wishes to always be devoted to the organization's betterment (Masud & Daud, 2019). The three dimensions of organizational commitment can then be

measured (N. J. Allen & Meyer, 1993). The first is normative commitment, which is based on employee values. The second type is continuing commitment, which occurs when employees stay with a company because they don't want to leave or because they require further benefits and compensation. The final type of commitment is affective commitment, which happens when employees want to be a part of a company because of an emotional connection. Employees have taken ownership of their commitment to the organization because they understand that remaining a member is a requirement (Suharto et al., 2019).

2.3. Work Performance

The stage of accomplishment in finishing a task is referred to as performance (Eliyana et al., 2019). This suggests that work performance is a stage of achievement for an individual working for the company. Three primary elements greatly influence work performance in an organization: organizational support, managerial skill or efficacy, and the work performance of each individual working in the organization, where each unit in an organization includes numerous divisions, each with several individuals (Simanjuntak, 2011). Work and its accomplishments, as well as what to do and how to execute it, are all part of performance (Rivai et al., 2008). Another definition of job performance is an employee's capacity to carry out activities that contribute to the organization's technical core development (Santos et al., 2018). Quality of work, quantity of work, timeliness, work effectiveness, and contribution to the organization are all markers of employee work performance (Maryani et al., 2021). As a result, the

stronger the leader's support and job motivation, the better the employee's performance.

2.4. Hypothesis Development

In order to answer the research topic, this study used four hypotheses. These are the hypothesis:

1. The Effect of Transformational Leadership on Organizational Commitment

Transformational leadership is thought to have an impact on organizational commitment and is a key predictor of increased commitment (Senjaya & Anindita, 2020). Leaders that use a transformational leadership style will pay attention to and respect their subordinates, making them feel like valuable assets to the company, and eventually increasing their devotion to the company (McLaggan et al., 2013). They will also feel appreciated for their work, which will encourage them to continue with the organization. Several prior research have found a link between transformational leadership and organizational commitment (G. W. Allen et al., 2017); (Pratama et al., 2020). The better the transformational leadership style is applied to a SME leader, the more committed the employee is to the organization (Pratama & Mujiati, 2019); (Perawati & Badera, 2018). At Dinas Koperasi dan UKM Provinsi Bali, transformational leadership improves organizational commitment (Pratama & Mujiati, 2019). We suggest the following first hypothesis based on the prior explanation.

Hypotheses 1: Transformational leadership has a positive and significant effect on organizational commitment.

2. The Effect of Transformational Leadership on Work Performance

The link between leadership and organizational performance is still a hot topic

in academia (Ng, 2017). Examining the leadership style used in the organization is an important factor to consider when maximizing employee work performance. Leadership plays an essential function in a business, particularly in enhancing the participation of employees and coordinating efforts to solve challenges (Muhammad & Sari, 2021). Employee work performance is affected by transformational leadership style (Muthuveloo et al., 2014). The key determinant in increasing the performance of MSME employees was determined to be transformational leadership style (Prahesti et al., 2017). These findings suggest that the influence of transformational leadership style might result in more fundamental changes in MSME employees, such as increased self-confidence, changes in values, goals, and needs (Kurniyati, 2018). As a result, the effect of transformational leadership style can help MSME employees better their performance and contribute positively to the organization or corporation (Ikhrum W & Fuadiputra, 2021). Leadership in an organization can help to create a positive work environment and boost staff productivity (R. Akbar et al., 2016). The belief that leadership is defined as an individual's ability to influence, encourage, and motivate others to contribute to an organization's effectiveness and success (Buble et al., 2014). According to current research, transformational leadership is well suited for use in a dynamic business that is always changing with the times since it has a positive impact on employee happiness and can later explain an organization's direction and mission (Prabowo et al., 2018). We propose the following second hypothesis based on the preceding explanation.

Hypotheses 2: Transformational leadership has a positive and significant effect on work performance.

3. The Effect of Organizational Commitment on Work Performance

A person's effectiveness in the workplace can be improved by their commitment to a successful organization (Khan, 2010). The degree to which individuals adopt the organization's values and goals and identify with them in carrying out their work obligations is referred to as organizational commitment (Mohammed & Eleswed, 2013). Employees that have a strong belief in the organization's values and aims, are willing to put in a lot of effort on behalf of the organization, and have a strong desire to stay a member of the organization can be motivated to work more (Suharto et al., 2019). The accomplishments and outputs of employees acknowledged by their employers and characterized by abilities, efforts, and the nature of working conditions are a combination expressed as a representative part of work performance (Ling & Bhatti, 2014). Employees with a strong commitment to the organization and a psychological tie to the organization will produce good work results (Musabah et al., 2017). Organizational commitment refers to social actors' readiness to put forth effort and loyalty in support of the social structure (Lapointe & Vandenberghe, 2015). Attachment to the personality system of social contacts can be a form of self-expression that can boost employee morale and behavior, allowing them to operate more efficiently and effectively (Jayaweera, 2015). Work performance is regarded as a key metric in organizations, and it is recognized as a profession dedicated to finding new ways to advance the company (Aboazoum et al., 2015). Furthermore, commitment is essential for MSME actors in order to achieve expected performance. In theory, commitment as a performance appraisal is required to demonstrate the high level of

effort that has been made and the achievement of MSME performance in the workplace (Widyawati & Yudiantara, 2020). Commitment can be viewed as an assessment within the company, indicating whether or not someone is thinking about and acting on behalf of his company. When MSME actors have organizational commitment, business actors will always try their hardest to maintain and develop their business so that they can compete with other businesses (Irawan, 2020). Organizational commitment has the potential to provide a strong impetus for business actors and to create a favorable environment for business performance (Dhea, 2016). As a result, the high performance of MSME businesses is the result of strong organizational commitment. We offer the following third hypothesis based on the findings of the previous investigation.

Hypotheses 3: Organizational commitment has a positive and significant effect on work performance.

4. The Effect of Transformational Leadership on Work Performance Through Organizational Commitment

There is a link between transformational leadership and organizational commitment, according to previous research. Transformational leadership style has a positive and significant impact on organizational commitment (Raveendran & Gamage, 2019). Leadership style influences organizational commitment, which influences employee work performance and mediates the relationship between leadership style and performance (Ennis et al., 2018). Organizational commitment partially mediates the association between leadership style and work performance (Yeh & Hong, 2012). Organizational commitment can greatly mediate the relationship between transformational leadership and work

performance (Donkor et al., 2021). In the Gianyar Regency of Bali, organizational commitment was found to be a mediating variable between transformational leadership and MSMEs' work performance (Mahkota, 2017). According to the findings, greater transformational leadership has a direct impact on better employee performance or can strengthen employee organizational commitment, which can lead to better and quality employee performance in MSMEs. The fourth hypothesis is as follows, based on the findings of the preceding research.

Hypotheses 4: Organizational commitment mediated the effect of Transformational leadership on work performance.

Corresponding to the above hypotheses, the research model is shown in figure bellows:

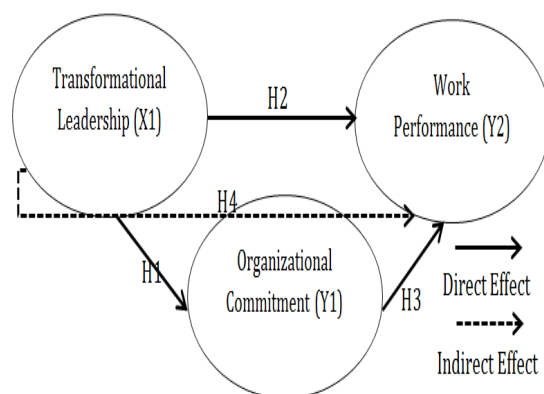


Figure 1. Research Model

3. Method, Data, and Analysis

This research is quantitative in that it gathers data numerically and statistically in order to meet scientific standards such as concrete or empirical, objective, quantifiable, rational, and methodical (Igwenagu, 2016). Organizational commitment and job performance are endogenous variables in this study, while transformational leadership is an exogenous variable. Table 2 shows the research variables that were measured.

Purposive sampling was also utilized, with specific criteria such as company scale/size, assets, turnover, and employee count, as indicated in table 1. Businesses that have been in existence for more than 5 years and organizational leaders that have implemented a transformational leadership style must meet the following criteria. The unit of analysis/object of research, namely SMEs in the food and beverage sector in the Karawang Regency area, was given an online questionnaire in the form of a Likert scale (1 strongly disagree - 5 strongly agree). An SMEs employee representing each selected SMEs was provided and filled out the online questionnaire. From October 2021 to December 2021, we received 47 responses using our Google form. After filtering, however, 13 had to be eliminated since they did not match the requirements. As a result, this study used 34 respondents as samples. The demographics of the survey respondents are summarized in Table 3. The PLS-SEM (Partial Least Squares-Structural Equation Model) statistical technique, which was helped by SmartPL 3.2.9 software, was used to assess the data and hypotheses presented in this study. There are two types of correlations in the PLS-SEM analysis: the outer model, which includes testing convergent validity, discriminant validity, and reliability; and the inner model, which includes testing convergent validity, discriminant validity, and reliability. R-square, Q-square, and hypothesis testing for the inner model are also evaluated.

In Karawang, 19 of the 43 respondents are small businesses, while the remaining 15 are medium firms, as shown in Table 3. Meanwhile, there were 21 male respondents and 13 female respondents out of a total of 43. As a result of these data, it may be stated that men have contributed the most to the study's success. Furthermore,

based on the age of business, 17 respondents are between the ages of 11 and 15, and they are the primary contributors to this research. Furthermore, respondents (representative employees) claimed that they have transformational leadership standards and that they have been implemented based on their acknowledgement of the transformational leadership style of SMEs owners/leaders in the firms where they work.

4. Result and Discussion

4.1. Outer Model

Testing the outer model is the first step in the PLS-SEM analysis, and it is demonstrated in this study through convergent validity, discriminant validity, and reliability testing.

1. Convergent Validity

The principle that a construct measure (indicator) must have a good correlation. Convergent Testing SmartPLS 3.2.9 shows that the reflexive indicator is true because the loading factor value for each necessary construct manifest variable is greater than 0.70 (Hair et al., 2011) Based on the outcomes, Table 4 shows that all construct indicators have a loading factor value more than 0.70, indicating that they are valid and have fulfilled convergent validity.

2. Discriminant Validity

Taking the square root of the Average Variance Extracted (AVE) and comparing it to the construct correlation. If the AVE square value is more than the correlation value between constructs, it is declared to meet the requirements discriminant validity (Hair et al., 2011). Table 5 illustrates the findings, demonstrating that the model is correct.

2. Reliability Test

If the value of Cronbach's Alpha and Composite Reliability is greater than 0.70, the

variable with reflected indications is said to have passed the test (Hair et al., 2011). Table 4 shows the reliability test results, which show that all Cronbach's Alpha and Reliability values exceed 0.70, indicating that all research constructs are considered reliable.

4.2. Inner Model

Testing the inner model is the next step in the PLS-SEM analysis, and it is demonstrated in this study using R-square, Q-square, and hypothesis testing.

1. R-Square

To determine the contribution of construct exogenous to construct endogenous, value R-square is used. The R-square results are presented in table 6 below. The first R-square value in this study's results is 0.270. That is, the transformational leadership variable can account for 27.0 percent of organizational commitment, with the other 73.0 percent explained by factors not considered in this study. Furthermore, this research yielded an R-square value of 0.544. This suggests that the variables of transformational leadership and organizational commitment can explain 54.4 percent of work performance, while the remaining 45.6 percent is due to unaccounted for factors outside of the study. As a result, SEM models are considered acceptable and moderate-strong if their R² (R-square) value is larger than 0.50 (Hair et al., 2011).

2. Q² Predictive Relevance

The value of Q² is used to test the structural model (Predictive Relevance). If the value of Q² is larger than 0, the model is deemed to be good enough and predictive (Hair et al., 2011). The following is the formula for computing Q²:

$$Q^2 = 1 - (1 - R1^2) \times (1 - R2^2)$$

$$Q^2 = 1 - (1 - 0,270) \times (1 - 0,544)$$

$$Q^2 = 1 - 0,33288$$

$$Q^2 = 0,66712$$

Calculation The value for Q^2 is 0.66712. The value of Q^2 can be used to assess how successfully the model and estimating parameters created the observed values (Hair et al., 2011).

3. Hypothesis Testing

The hypothesis is stated to have a positive correlation if the value is path coefficient greater than 0.1 and significant at the P-value less than 0.05 or T-value greater than 1.96 (Hair et al., 2011) Table 7 below shows the results of hypothesis testing.

The first hypothesis shows that transformational leadership has a positive and significant effect on organizational commitment. In Karawang Regency, strong transformational leadership will boost organizational commitment to SMEs employees. Employees will feel more positive about accomplishing organizational goals if their leaders can give them with support. Employees gain confidence in their ability to work more effectively as a result of this support. Furthermore, a positive relationship between the owner and employees can be developed thanks to the leadership's supportive approach. This can foster a sense of belonging and pleasure in an organization, resulting in an emotional link or positive affective commitment, which is a component of organizational commitment. This is in line with study findings, which show that transformational leadership has a positive and significant impact on organizational commitment (Masa'deh et al., 2016). Another reason is that SMEs owners may be most effective if they completely embrace the transformational leadership style model and demonstrate transformational leadership attributes. Employees will be more devoted and committed to their chosen job as a result, which will boost organizational dedication.

This demonstrates that a transformational leadership style is effective in creating employee commitment, which means that employees will work harder without intending to leave. As a result, transformational leadership style can be concluded to be a statistically significant predictor of organizational commitment (Donkor et al., 2021).

The second hypothesis shows that transformational leadership has a positive and significant effect on work performance. The charismatic characteristics of transformational leadership, as well as inspirational motivation, individualized consideration, and intellectual stimulation, are all present. If the leader is successful in persuading subordinates to embrace the vision and the four dimensions, it is certain that employees will work hard, earnestly, and loyally for the organization, resulting in increased quality and quantity of output. The more effectively transformational leadership is used, the greater the impact on work performance (Andriani et al., 2018). The outcomes of the second hypothesis of this study have confirmed this situation. Furthermore, the findings of this study show that SMEs owners have provided awareness to employees about the importance of quantity, quality, timeliness, and effectiveness of a performance in order to contribute to the organization by providing motivation that has been combined with the company's knowledge through their transformational leadership style. they're (SMEs owners). Because a transformational leader must be able to expand understanding and encourage the emergence of new views in problem-solving, thinking, and visualizing, as well as in establishing trust values (Komsiyah, 2016). This study's findings are consistent with earlier research, which revealed that transformational

leadership has a positive and significant impact on work performance (Han, 2020); (Dastane, 2020); (Salim et al., 2021); (Manzoor et al., 2019).

According to the third hypothesis, organizational commitment has a positive and significant impact on work performance. Individuals with a high level of organizational commitment will demonstrate positive conduct toward the organization, sacrifice the best they can, and have a strong sense of loyalty to the organization, as well as a desire to remain in the organization (Hettiarachchi & Jayarathna, 2014). This means that people who have a high level of organizational commitment must make an effort to perform well (high level of work performance). This is not a problem because the logical explanation for this finding is that SMEs owners who have implemented or have a transformational leadership style want their employees to have a strong desire to stay a member of the group, a willingness to work hard as the organization's ideals, and a certain willingness to accept the organization's values and goals have full support. That is, this is a behavior that displays employee loyalty to the organization, as well as the next stage in which organizational members express and practice care for the organization's success and further development in order to realize the organization's vision and mission. Furthermore, employees who are coached by a transformational leadership style will feel satisfied, motivated, or inspired to keep learning something new in order to stay relevant in a changing business environment that is becoming increasingly uncertain due to the sophistication of information technology, but who still have a strong commitment to their organization and will continue to try new things that are beneficial

to the organization. Work performance has a strong and positive relationship with organizational commitment (Ulabor & Bosede, 2019); (Tjahjono et al., 2020). Another study claims that job satisfaction has a favorable and significant impact on organizational commitment, as well as from organizational commitment to work performance (Shahab & Nisa, 2014).

The fourth hypothesis claims that through organizational commitment, transformational leadership has a positive but minor impact on work performance. According to the findings of this study, attempts to improve employee work performance can be done by cultivating employee organizational commitment, which is defined as an employee's sense of love for the organization in which he or she works. Organizational commitment, as defined by earlier researchers, is a strong conviction in and acceptance of the organization's goals and values, a readiness to exert significant effort on behalf of the organization, and a strong desire to remain in the organization (Choong et al., 2012). Employee organizational commitment, which includes affective, continuance, and normative commitment, can be increased by using a transformational leadership style that inspires employees to put their personal interests aside in order to focus on achieving organizational goals, according to the findings of this study. The impact, on the other hand, has been little. We claim that leaders are not yet aware of what employees' main desires are hidden in their hearts, which is why this conclusion is not noteworthy. As we all know, if a person does not have one of the three logical reasons, meaning that the individual is devoted to the group, the group is intimately connected, and there are individual benefits or pay, he will not immediately desire to conduct

collective action. Indeed, transformational leadership can have beneficial effects on employees, such as increased devotion and intimacy, but it's important to remember that they need a decent wage to do their jobs. Those with families, on the other hand, require money in order to live in a reasonable and stable manner. This is something that SMEs owners should pay special attention too. As a result, the transformational leadership style implementation is proclaimed to be truly successful if the work performance employees are given extremely reasonable pay, because an employee's commitment or devotion to the firm is costly and even very precious. This study's findings also support a claim that transformational leadership has no significant impact on work performance through commitment (Caillier, 2014); (Budiharjo & Tjahjaningsih, 2014); (Iskandar & Matriadi, 2019).

5. Conclusion and Suggestion

Transformational leadership style has been found to have a positive and significant effect on organizational commitment and work performance in research with SMEs as the subject. Furthermore, it has been demonstrated that organizational commitment has a positive and significant impact on work performance. The leader's position is critical in ensuring that the firm that has been developed stays relevant in an increasingly dynamic and disruptive business environment. Leaders of centralized SMEs must use a specific leadership style to encourage staff to maintain commitment and create emotional bonds so that the organization's vision and goal may be accomplished and the organization can survive and thrive even when the Covid-19 pandemic strikes. This situation can be alleviated by the transformational leadership style used by food and beverage SMEs owners in Karawang Regency, which served as the study's sample.

Organizational commitment, on the other hand, still does not have a significant effect as a mediating variable between transformational leadership and work performance. believe that executives are not yet fully aware of what employees' primary desire is. As we all know, if a person does not have one of the three logical reasons, meaning that the individual is devoted to the group, the group is intimately connected, and there are individual benefits or pay, he will not immediately desire to conduct collective action. Indeed, transformational leadership can have beneficial effects on employees, such as increased devotion and intimacy, but it's important to remember that they need a decent wage to do their jobs.

These findings suggest that transformational leadership theory is very relevant for interested parties in business to adopt because it inspires and empowers individuals, groups, and organizations by transforming organizational paradigms and values towards independence. The findings of this study also contribute to transformational leadership theory, as it was discovered that this theory has benefits such as not requiring large costs, the commitment that arises in employees is emotionally binding, and it is capable of empowering employee potential and improving interpersonal relationships.

Following up with more research that focuses on leadership style elements, transactional and transformational leadership styles in SMEs can be paired to acquire the most effective and appropriate facts, with a bigger sample size and in different locations, to enrich scientific references. By using the interview approach as a supplement to data collection methodologies, this research can be used as a foundation for future research. Interviews

are used to examine the stability and validity of data gathered through other methods as a metric that constitutes the basis of the assessment.

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Appendices

Table 1. SMEs Criteria

Enterprises Scale	Asset	Omzet	Number of Employees
Small Enterprises	>Rp 50–Rp500 million	>Rp 300 million–Rp2,5 billion	5-19 people
Medium Enterprises	>Rp 500 million–Rp10 billion	>Rp 2,5 billion–50 billion	20-99 people

Source: Undang-Undang No 20 Tahun 2008

Table 2. Measurement of Research Variables

Variable	Code	Item	Reference
Transformational Leadership	X1.1	Charismatic leaders	(Bass et al., 2003)
	X1.2	Inspirational motivation	
	X1.3	Individualized consideration	
	X1.4	Intellectual stimulation	
Organizational commitment	Y1.1	Normative commitment	(N. J. Allen & Meyer, 1993)
	Y1.2	Continuance commitment	
	Y1.3	Affective commitment	
Work performance	Y2.1	Quality of work	(Maryani et al., 2021)
	Y2.2	Quantity of work	
	Y2.3	Timeliness	
	Y2.4	Work effectiveness	
	Y2.5	Contribution to the organization	

Source: Primary Data, 2021

Table 3. Demographic Respondents

Demographic		Frequency	Percentage
Enterprises scale	Small	19	55,9%
	Medium	15	44,1%
	Total	34	100%
Enterprises age	6-10 years	12	35,2%
	11-15 years	17	50%
	16-20 years	3	8,9%
	>20 years	2	5,9%
	Total	34	100%
Gender	Male	21	61,8%
	Female	13	38,2%
	Total	34	100%
Age	21-30 years	17	50%
	31-40 years	13	38,2%
	41-50 years	2	5,9%
	>51 years	2	5,9%
	Total	34	100%
	Yes	34	100%

Implementation of transformational leadership style	No	0	0%
	Total	34	100%

Source: Primary Data, 2021

Table 4. Measurement Model Analysis

Variable	Item	Factor Loading	Cronbach's Alpha	Composite Reliability	AVE
Transformational Leadership (X1)	X1.1	0.838	0.853	0.898	0.689
	X1.2	0.812			
	X1.3	0.859			
	X1.4	0.809			
Organizational Commitment (Y1)	Y1.1	0.701	0.743	0.834	0.628
	Y1.2	0.846			
	Y1.3	0.822			
Work Performance (Y2)	Y2.1	0.865	0.894	0.921	0.701
	Y2.2	0.760			
	Y2.3	0.834			
	Y2.4	0.880			
	Y2.5	0.843			

Source: Primary Data, 2021

Table 5. Discriminant Validity

Var/Ind	X1	X2	Y1
X1.1	0.838	0.462	0.516
X1.2	0.812	0.201	0.514
X1.3	0.859	0.332	0.507
X1.4	0.809	0.616	0.607
Y1.1	0.208	0.701	0.328
Y1.2	0.249	0.846	0.498
Y1.3	0.619	0.822	0.592
Y2.1	0.608	0.555	0.865
Y2.2	0.528	0.392	0.760
Y2.3	0.354	0.440	0.834
Y2.4	0.593	0.532	0.880
Y2.5	0.598	0.662	0.843

Source: Primary Data, 2021

Table 6. R-square Test

No	Variable	R-Square
1	Y1	0.270
2	Y2	0.544

Source: Primary Data, 2021

Table 7. Hypothesis Testing Results

Hypothesis	Path Coefficient	T-Value	P-Value	Result
X1->Y1	0.520	3.817	0.000	Accepted
X1->Y2	0.449	2.469	0.014	Accepted
Y1->Y2	0.397	2.467	0.014	Accepted
X1->Y1->Y2	0.206	1.552	0.121	Rejected

Source: Primary Data, 2021