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## The Effects of Transformational Leadership Style on Employee Performance with Sustainable Training as the Mediating in a Company

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### **Abstract:**

*This study focuses on employee performance and its contributing factors, namely transformational leadership style and sustainable training. This study aims to examine and analyze the effects of transformational leadership style on the employee performance of PT. Sasa Inti Gending - Probolinggo Regency through the implementation of sustainable training. The population in this study consisted of all staff members and employees at PT. Sasa Inti Gending, with a total of 770 people. This population is homogeneous, with various educational backgrounds, positions, durations of employment, and divisions. Based on the sample size calculation using the Slovin formula, the respondents in this study were 89 people. The data were collected using questionnaires and analyzed using descriptive analysis. The hypotheses were tested based on the regression coefficients' results and the significance values of the three substructure models developed. These three models were merged into a full model of path coefficients. The results of this study have proven that the transformational leadership style has a significant direct effect on employee performance. Meanwhile, sustainable training can indirectly affect the role of transformational leadership style on employee performance.*

**Keywords:** Transformational leadership style, sustainable training, employee performance

### **1. Introduction**

Performance is the main foundation of a company, without which the company's goals are elusive. Employee performance is also used as an evaluation for the leaders to understand the performance of the organization itself (Hamed, 2021). Globalization is the era of competition, especially in preparing human resources (Respati, 2010; Respati et al., 2013). Employee performance depends on the leadership style implemented in the organization and the willingness to lead the team to create a cooperative work environment, which positively affects employee performance in the institution or organization (Khan et al., 2018; Gajenderan and Nawaz, 2020). A leader must have leadership thoughts that are change-oriented and consider the source of changes in their organization. According to the transformational leadership style theory, leaders can more effectively build a better and clearer future, explain their thoughts to their followers, motivate them, and inspire them to be able to take and overcome challenges without any external pressure (Nguyen et al., 2021). Leaders with transformational leadership aim to motivate their members, fulfill their needs, and have a high commitment. A transformational leadership style that is associated with charisma and vision can focus on changes and transformation (Antonopoulou et al., 2021). Thus, transformational leadership is a type of leadership that is considered almost ideal for discovering inspiration, as well as developing direction and support for the subordinates or members. The transformational leader plays a pivotal role in developing their members, boosting their hopes, and fostering their confidence to achieve better performance (Alqatawenh, 2018; Top et al., 2020). Transformational leadership has several characteristics, including motivating employees to be more productive and emphasizing the improvement of employee performance. Implementing transformational leadership is also a new identification method necessary for updating the organization (Nguyen et al., 2021). Through transformational leadership, training for employees has become one of the programs to improve overall employee performance (Busari et al., 2019).

Business leaders assume that there are three assets of paramount importance in business competition, namely: financial, product, and human capital. Chief amongst them is human capital (Watson, 2020) because human capital is responsible for improving customer satisfaction, product quality, and service. However, when an institution fails to give accurate training and provide the opportunity for them to develop, they will face difficulties in accomplishing the tasks given, let alone utilizing their potential. Employees who can fully undertake their tasks tend to have longer work retention because they have higher job satisfaction (Rodriguez & Walters, 2019). Therefore, administering training becomes one of the company's efforts to develop its human capital. Not only does employee training and development maximize employee performance individually, but it also shapes them to be more efficient, productive, satisfied, motivated, and innovative in the workplace. Therefore, identifying an accurate learning opportunity for employees can help an organization achieve its competitive posture in the current global market.

Training is essential to be implemented in an organization. It is expected to strengthen the employees' understanding of their job responsibilities or tasks. Employee training must be given in the form of a program that provides them with new knowledge, skills, or opportunity for professional development (Kanapathipillai, 2021). In addition, the implementation of such training should be sustainable. Through a systematic and sustainable training program, employees can gain knowledge, improve their skills, concepts, and rules, or change their attitudes and behaviors to enhance their performance. Such a process is sustainable, in which the employees not only gain knowledge and understand how they can work well in the organization but also ensure that they can continue to develop and be successful (Kanapathipillai & Azam, 2020; Sopalatu et al., 2021).

Overall, a leadership pattern that supports the development of the employees' skills significantly affects employee performance in the long term (Tan, 2019; Nguyen, 2021). With that as a rationale, the authors attempt to study the effects of transformational leadership style on employee performance with sustainable training as the mediating variable at PT. Sasa Inti Gending – Probolinggo Regency.

## 2. Literature Review

### 2.1. Employee Performance

Employee performance is an overview of the level of employee achievement in the program of activities or policies in realizing the goals, targets, vision, and mission of the organization, which is poured based on the strategic planning of an organization. Performance can be known and measured if the individual or group of employees has the criteria or standards of the success of the benchmarks set by the organization. Purpose and target are set by the organization as a measure of the success of employee performance (Buil et al., 2019).

### 2.2. Sustainable Training

Training is a learning process that involves acquiring knowledge, sharpening skills, concepts, and rules, or changes in attitude and behavior to improve employees' performance. Training can also be defined as a planned program that produces the acquisition of knowledge, skills, attitudes, and social behavior that increases the performance of employees (Rodriguez & Walters, 2019). Meanwhile, sustainable training is a designed program according to the needs of sustainable company management to help achieve the company's strategy to grow and develop following the competition of industries (Vitale et al., 2018).

### 2.3. Transformational Leadership Style

The transformational leadership style has a long-term approach that focuses on the improvement and development of employees to improve skills and develop their potential (Khan, 2018). So it can be interpreted that leadership style means applying motivation, inspiration, intellectual stimulation, and individual consideration as an effort to change employees to work better, so there is an enhancement in employee performance. Indicators of transformational leadership include charisma, inspirational motivation, intellectual stimulation, and individual consideration (Hamed, 2021).

Previous research confirms that the transformational leadership style encourages employees to be more proactive, which in turn helps to increase productivity at work. Hence, transformational leadership style directly affects employee performance (Buil et al., 2019).

- H1: Transformational Leadership affects Employee Performance.

Research from Nguyen et al. (2021) confirms that leadership style plays an essential parameter in the stability and development of an organization. An organizational leader must motivate employees appropriately, so employees can respond to challenges and overcome obstacles better. Through the transformational leadership style, leaders can encourage their team or followers to reach their full potential. Transformational leaders can inspire employees and empathize with them, moreover contributing to facilitating the development and training of employees.

- H2: Transformational Leadership Style affects Sustainable Training.

Training is an essential factor in enhancing employee performance in most organizations. Through training programs, employees become more motivated, retain their talents for the organization, and ensure a career path to perform more efficiently and effectively to contribute to work. Employees will get more updated skills and capabilities for better performance, and employees will be more competent when they have those skills to do the task. Training would provide opportunities for the employees to make a better career life and get a better position in the organization (Karim et al., 2019).

- H3: Sustainable Training affects Employee Performance.

Transformational leadership style is the key to successful employee performance. Employees' training can mediate the transformational leadership style and employee job performance. Transformational leadership style may act as a predictor of employee training and employees' job performance. Employee training also predicts employee job performance (Yusof & Al-Harthy, 2016). The transformational leadership style provides training to employees to enhance their performance as a form of inspirational motivation, intellectual stimulation, and individual consideration to support employee development (Magasi, 2021).

- H4: Sustainable Training mediates Transformational Leadership Style towards Employee Performance.

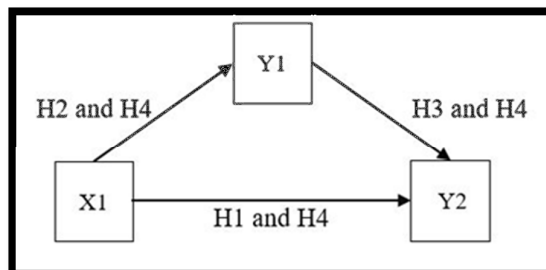


Figure 1: Research Concept Framework

Notes:

- X1= Transformational Leadership Style
- Y1= Sustainable Training
- Y2= Employee Performance

### 3. Research Methods

#### 3.1. Research Design

The data analysis technique is descriptive. Hypothesis testing is based on regression coefficient results and the significance value of the model of the substructure that has been formed. Three substructures are then put together into a full model of equation path analysis. Data is collected through a questionnaire using a Likert scale. Likert scale was used to ask respondents to complete the questionnaire as evidence of their approval level of the statements in the questionnaire. Likert scale on choice 1 indicates 'strongly disagree', choice 2 indicates 'disagree', choice 3 is neutral, choice 4 indicates 'agree', and choice 5 indicates 'strongly agree'. SPSS is chosen to calculate the collective data (Wahyuningastuti et al., 2021)

#### 3.2. Population and Sampling Techniques

The population for this research is the entire staff and employees at PT. Sasa Inti Gending totaling 770 peoples. The sampling technique uses the probability sampling technique because of the heterogenous population to give equal opportunity for each population member to be selected into the sample members. Through the calculation of the Slovin formula, the samples required for this research were 89 people.

#### 3.3. Variables and Indicators

Transformational leadership style is measured by four indicators: charisma, inspirational motivation, intellectual stimulation, and individualized consideration (Jyoti & Dev, 2015; Nguyen et al., 2021). Sustainable training is measured by five indicators: motivation, knowledge, skills, competency, and employee behavior (Vitale et al., 2018; Karim et al., 2019). Employee performance is measured by six indicators: organizational performance, productivity, innovation, problem-solving, customer satisfaction, and organizational reputation (Humayon, 2018). The structure of variables, indicators, and the number of research instruments are presented in table 1.

Variabel dan Indikator	Number of Items
<b>Transformational Leadership Style (X1)</b>	
Charisma (X1.1)	5
Inspirational motivation (X1.2)	5
Intellectual stimulation (X1.3)	4
Individualized consideration (X1.4)	5
<b>Sustainable Training (Y2)</b>	
Motivation (Y2.1)	5
Knowledge (Y2.2)	5
Skills (Y2.3)	5
Competence (Y2.4)	4

Employee Performance (Y3)	
Organizational performance (Y3.1)	5
Employee productivity (Y3.2)	5
Innovation (Y3.3)	5
Problems solving (Y3.4)	4
Customer satisfaction (Y3.5)	4

Table 1: Variables, Indicators, Dan Instrument Items

#### 4. Research Result

##### 4.1. Result of Validity Test

There is 70 statement that is tested, and all items in the statement have a positive correlation coefficient value, which is greater than the r table value of 0,208. The probability is smaller than  $\alpha = 5\%$ , even  $\alpha = 1\%$ , which means that there is a significant relationship between the scores of each item of the statement with the total score. A significant correlation shows that the statement item of the questionnaire can be used to measure the measured variables. In other words, the instruments used are valid so that they can be used for research.

##### 4.2. Result of Reliability Test

The questionnaire used to collect research data is consistent, reliable, and appropriate to the actual conditions because it has a reliability coefficient greater than 0,50. So based on the results of the reliability test, the data collected from the questionnaire are right and deserve to be analyzed.

##### 4.3. Description of Analysis Results

The survey data were analyzed using the SPSS (Statistical Package for Social Science) software to obtain descriptive information and research model analysis. A descriptive analysis was conducted to describe the respondents' answers. There were four variables and 19 indicators with a total of 70 items. The description results of each variable indicator and 70 instruments were then presented. An explanation of the respondents' perceptions could be analyzed using the average score of each indicator and instrument item. The indicator that could best describe transformational leadership style was inspirational motivation, as reflected by the leaders who were able to convince the employees that the company's visions, missions, and objectives were achievable. The indicator that could best describe sustainable training was motivation, in which the employees were consciously willing to upgrade their skills through a sustainable training program. The indicator that could best describe employee performance is organizational reputation, in which the company has high competitiveness to compete with the competitors.

##### 4.4. Results of Path Regression Analysis

Hypothesis testing is based on regression coefficient results and significant value on the three models of substructure, which have been formed and arranged into equation model path analysis. From that equation, model path analysis tests the hypothesis directly on each relationship between variables. The results are presented in the following graph:

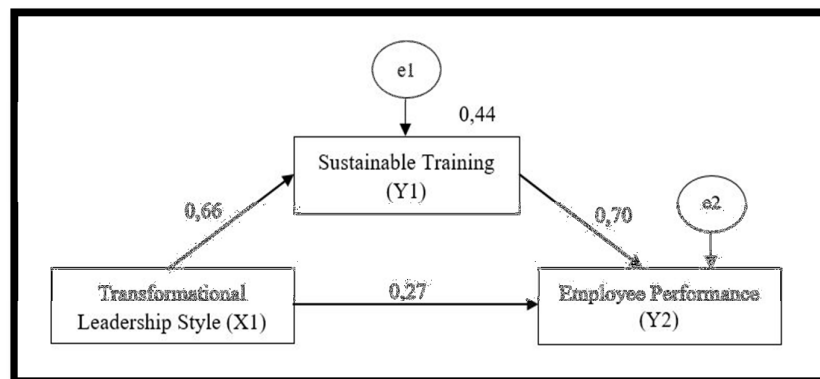


Figure 2: Equation Model Path Analysis

From the results of the model equation path analysis in figure 2, the following regression equation was obtained:

- $Y1 = 0,66X1 + \epsilon1$
- $Y2 = 0,27X1 + 0,70Y1 + \epsilon2$

Notes:

- X1 = Transformational Leadership Style
- Y1 = Sustainable Training
- Y2 = Employee Performance

Variable			p	Coefficient			Result
Independent	Mediation	Dependent		Direct Effect	Indirect Effect	Total Effect	
Transformational Leadership Style	-	Employee Performance	0,001	0,269	-	-	H1 accepted
Transformational Leadership Style	Sustainable Training	-	0,000	0,661	-	-	H2 accepted
	Sustainable Training	Employee Performance	0,000	0,698	-	-	H3 accepted
Transformational Leadership Style	Sustainable Training	Employee Performance	-	0,269	0,661 x 0,698 = 0,461*	0,730*	H4 accepted

Table 2: Recapitulation of Path Analysis Results  
Significant Level (P) Lower Than 5%

## 5. Discussion

Transformational leadership style can foster the improvement of employee performance. This is in line with Top et al.'s (2020) findings, which revealed that transformational leadership encourages employees to think innovatively, generatively, and exploratively, enabling them to solve their problems strategically. It supports the overall improvement and sustainability of both employee and company performance.

Transformational leadership has a significant direct positive effect on sustainable training. This echoes Nguyen et al. (2021), who state that transformational leadership supports a structured and solid learning and development program to develop the employees' competencies/capabilities.

Sustainable training has a significant direct positive effect on employee performance. This is also in line with the findings of a study by Alnawfleh (2020), which revealed that a leadership style that supports sustainable training and development affected employee development at the Aqaba Special Economic Zone Authority positively and significantly. In addition, Daniel (2018) states that consistent and sustainable training that provides skills and knowledge makes a positive impact on the trained employees because it allows them to implement the skills, knowledge, and capabilities that have been developed to improve their productivity, efficiency, and commitment towards the organization.

The role of sustainable training in mediating the effects of transformational leadership on employee performance is significant. Yusof and Al-Harthy (2016) stated that sustainable training as an intervening variable can mediate transformational leadership and affect the overall performance improvement program for employees. Moreover, Magasi (2021) also found that sustainable training is an employee empowerment facility in the workplace. It is supported by a transformational leadership style that can stimulate the employees to improve their performance constantly.

## 6. Conclusions and Recommendations

From the findings of this study, it is recommended that PT. Sasa Inti Gending implements more integrated sustainable training to enhance employee performance further. As a business actor, a company is hoped to be able to improve the quality of sustainable training and always evaluate it to improve employee career management, that is, to make the implementation at work more optimal. Future researchers might want to conduct studies on transformational leadership that support employee development, that is, to enhance employee performance even further as a part of a strategic plan to improve the human resources' quality to compete in the future, with the current study as a reference.

This study for PT. Sasa Inti Gending states that this company should practice implementing sustainable training to be more integrated as a driver of employee performance enhancement. As a business, the company is expected to improve the quality of sustainable training and always perform the evaluation of training to improve employee career management so that the implementation in their work can be more optimal. Other researchers are expected to investigate transformational leadership that supports employee development to increase employee performance in more depth as a part of strategic planning for improving the quality of human resources to face competition in the future and use this study as a reference.

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## Appendix

Variables	Indicators	Instruments
Transformational Leadership Style (X1)	Charisma (X1.1)	The leader at my current workplace has the attractiveness that influences the employees to support them.
		The leader has the moral behaviors that make themselves suitable to be an exemplar.
		The leader actualizes their values.
		The leader acts fairly.
		The leader considers the ethical implications of every decision.
	Inspirational motivation (X1.2)	The leader can convince the employees that the company's visions, missions, and objectives are achievable.
		The leader can communicate the tasks.
		The leader motivates the employees regarding the reformation of the company.
		The leader motivates the employees regarding the company's high standards.
	Intellectual stimulation (X1.3)	The leader motivates the employees through mental coaching.
		The leader at my current workplace attempts to solve problems from various perspectives.
		The leader always involves the subordinates/members in making decisions.
		The leader encourages me to solve problems rationally/logically.
	Individualized consideration (X1.4)	The leader always evaluates the employees' work results.
		The leader at my current workplace is always excited to listen to the employees' ideas.
		The leader is always available to take suggestions from the employees.
The leader treats the employees as individuals with different needs, abilities, and aspirations.		
The leader can empathize with the employees' who face difficulties at work.		
Sustainable Training (Y1)	Motivation (Y1.1)	The leader gives essential advice for my development.
		The sustainable training program provides me with opportunities to develop my potential.
		I am passionate about always learning.
		I am consciously willing to upgrade my skills through the sustainable training program.
		I receive equal opportunities and rights to participate in the sustainable training program.
	Knowledge (Y1.2)	I am willing to participate in the sustainable training program to improve the team and organization's performance.
		Through the sustainable training program, I can understand my current or new tasks.
		The sustainable training program improves my thinking process.
		With more knowledge that is suitable for my job area, I become more expert in assisting my leaders to achieve the company's performance targets.
		I can implement the new knowledge I have acquired from sustainable training optimally.
	Skills (Y1.3)	I am willing to disseminate the knowledge I have acquired following the target.
		The sustainable training program aims to improve my skills in achieving the company's work targets.
		The sustainable training program shapes me into a person with conceptual skills.
		I can apply the skills I have acquired to my job.
		I can finish my job better and more carefully.
	Competence (Y1.4)	With my improved skills, I can utilize the technologies/applications provided by the company effectively.
		The sustainable training program administered by the company can improve my competencies.
		In addition to developing my competencies, the program is also relevant to developing the organization's basic competencies and team capabilities.
		The sustainable training program can enhance the implementation of the company's strategies significantly.
		The sustainable training program makes the operational system of the company better.

Employee Performance (Y2)	Employee behavior (Y1.5)	The sustainable training program administered by the company provides me with opportunities to develop myself.
		The sustainable training program makes me a person who can cooperate better in my job.
		After participating in the sustainable training program, my communication skills improved, which positively affected my performance.
		My loyalty improved after I participated in the sustainable training program.
		I feel more confident at work after participating in the sustainable training program.
	Organisational culture (Y2.1)	All the elements of this company always come to the office on time.
		I got magnificent appreciation from this company as a reward for my performance.
		I always obey the regulations of the company where I currently work.
		I always seek permission from my supervisor/manager if I have activities outside of the office.
		I believe and realize that preparing a task before starting it is essential to succeed.
	Employee productivity (Y2.2)	I never procrastinate in doing the tasks given by my leader.
		I always try my best in every task.
		I always focus on my task until it is done.
		I always continue working on other tasks when I still have spare time.
		I can always finish my tasks on time, although it is at night.
	Innovation (Y2.3)	The leader at my current workplace always encourages the employees to innovate at work.
		My innovative ideas are always implemented at work.
		This company has market research data as a basis for updating (innovating) products.
		This company is always innovative in the production, research, product development, management, and general operation of the company.
		The realization of innovative ideas does not waste costs.
Problem-solving (Y2.4)	This company implements solutions that solve problems objectively and factually.	
	All elements in this company are always full of initiatives in overcoming problems at work.	
	This company can make decisions that answer the problems in a certain period.	
	This company can manage the conflicts that arise at the workplace fairly.	
Customer satisfaction (Y2.5)	This company produces products that are needed by people.	
	The products of this company often become the objects of word-of-mouth amongst the people.	
	The company's management can demonstrate the improvement of quality for the customers.	
Organizational reputation (Y2.6)	The company saw a decrease in complaints from customers in the last three years.	
	This company has excelled in making quality products.	
	The company encourages me to help solve problems in the community and at the workplace.	
	The company always looks after in detail the production process and its environmental impacts.	
		This company has high competitiveness to compete with its competitors.

*Table 3: Variables, Indicators, and Instruments*