

## The Effect of Transformational Leadership and Career Development on Employee Performance

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**Abstract:** Employee performance is a key factor in achieving organizational goals because it directly impacts a company's productivity and competitiveness in the era of global competition. Many organizations face challenges in sustainably improving employee performance given the changing work environment, increasing competency demands, and the need to maintain motivation and commitment. This study aims to analyze the influence of transformational leadership and career development on employee performance at PT. Nalsal Indo Perkasa. The background indicates problems related to a leadership style that is considered rigid and a lack of appreciation for employees, accompanied by suboptimal career development. The research method used is descriptive and verification with a quantitative approach. Data were collected through questionnaires to 40 employees and analyzed using validity and reliability tests, as well as path analysis. The results of the study show a significant influence of transformational leadership and career development, both partially and simultaneously, on employee performance. Simultaneously, both variables influence performance by 69.84%. The findings emphasize the importance of inspirational leadership and a clear career development system to support productivity.

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### INTRODUCTION

The success of a company is greatly influenced by the quality of its employees' optimal performance from each individual in the company not only reflects productivity, but also creates effectiveness in employee performance and this will also be an encouragement for leaders to improve employee performance, but in practice in companies always experience obstacles and challenges in improving employee performance sustainably. Optimal performance is not only determined by individual abilities but also must have an internal or company role, leaders who drive extraordinary changes, and can also develop careers within the company.

Performance is a constant issue for management, so it's crucial for management to recognize the factors that influence it. Human potential is a vital element, given its role as the implementer of all organizational processes, from planning to evaluation.



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Conceptually, performance can be defined as the achievement of work results measured over a specific period of time.

In general, the level of employee performance achievement can be said to be good, however, in carrying out the main tasks and functions at PT. Nalsal Indo Perkasa Company, there are still various obstacles and barriers that affect performance achievement, including in terms of human potential (HR) which must be improved so that organizational goals are achieved by understanding performance targets. Employee performance is determined by various factors including competence, leadership style and ability.

Improving performance is a priority for entities to be competitive amidst the ever-evolving market dynamics and complexities. Transformational leadership, which emphasizes inspiration, motivation, and long-term vision, has been shown to make a significant positive contribution to organizational effectiveness. Referring to the theory of Hadziahmetovic et al., 2023; Xiao & Vasudevan, (2023) in the journal (Andriyani, 2024). Meanwhile, career development has been identified as an important strategy in improving individual competence and employee engagement in achieving company goals (Hulu fotolosa, 2024) in the journal (Andriyani, 2024).

The findings indicate that transformational leadership has a significant impact on performance. Therefore, it can be concluded that the leadership style employed by leaders has proven effective in addressing business challenges and achieving predetermined targets.

According to Alberto's theory (2005) in the journal (Saragih et al., 2022), leadership has a strong positive impact on employee performance and contributes significantly to the organizational learning process. These findings confirm that transformational leadership plays a significant role in determining the performance of subordinates. Furthermore, to achieve maximum work results, it is also important to provide space for employees to develop themselves through learning opportunities.

Research according to the theory of Prahesti (2017), Dewi (2018), Sazly and Ardiani (2019) in the journal (Saragih et al., 2022). States that:

To improve employee performance both quantitatively and qualitatively as well as punctuality in work, it is necessary to have support from the leadership, especially related to subordinate trust in the leader, subordinate clarity of the leader's vision and mission, and subordinate awareness of the leader's direction. All of these components play an important role in providing confidence and enthusiasm to subordinates to work well so that they can realize performance improvements both quantitatively and qualitatively and can always carry out their tasks and work on time. This shows that transformational leadership has a positive and significant influence on employee performance.

Research has shown that career development has a significant impact on employee performance. Therefore, it can be concluded that career development efforts make a positive and tangible contribution to improving employee performance. The higher the position or career development opportunities an employee has, the greater their motivation and performance; conversely, limitations in career development tend to decrease performance.

As explained in the theory of Veithzal Rivai and Sagala (2012) in the journal (Saragih et al., 2022), "Effective career development is the main factor that has a significant impact on employee efforts." This process is a formal and continuous effort undertaken by individuals to improve their work abilities and performance. Career development is not only limited to job promotions but also includes motivation and encouragement to continue growing within the organization. When an employee's career develops well, this will have a positive impact on their performance. Previous research by Alvis Rozani (2013), as cited in the journal (Saragih et al., 2022), shows that career development efforts have a positive and stable impact on improving employee performance.

According to Wibowo's theory (2017) in the journal (Metta, 2024), transformational leadership is a leader's perspective that can create, change, and create an organization's vision and mission, as well as inspire other individuals to strive to achieve organizational goals. According to Sagala & Rivai (2013) in the journal (Metta, 2024), career development is the process of improving an individual's work abilities carried out to achieve the desired career. According to Robbins (2018) in the journal (Metta, 2024), "Employee performance includes maximum work results achieved in accordance with their abilities in carrying out tasks and striving to achieve predetermined targets."

The existence of appropriate leadership and optimal career development is expected to contribute to the progress and success of the company which is highly dependent on its employees and leaders.

In line with research by (Metta, 2024) entitled "The Influence of Transformational Leadership Style and Career Development on Employee Performance at PT. Nalsal Indo Perkasa," it shows that transformational leadership and development simultaneously have a positive and significant effect on employee performance variables. As well as other previous studies conducted by Putri & Sentosa (2022), Novianti (2023), Paijan & Rumaharbo (2020), Adi. (2021), and shows that transformational leadership style and career development simultaneously influence employee performance.

PT. Nalsal Indo Perkasa was established as a company in the field of banking or collection services that has collaborated with banks or the Financial Services Authority (OJK) as a third party collection service located on Jalan Raden Rangga Kencana Number 29, Mekarwangi Village, Bojongloa Kidul District, Bandung City, West Java Province, Postal Code 40237. As a company that has an important role in the collection process, PT. Nalsal Indo Perkasa also contributes to maintaining the quality of collections distributed by financial institutions. However, in carrying out its duties, the company faces various challenges in the field, especially in terms of collection effectiveness and target achievement. As for employees who must meet every month to achieve the target in collection due to the lack of standard operating procedures in the company when collecting from clients who are in default. Banks should be more selective in distributing credit and improving risk management. This company should already be related to collection in banking as stated in POJK No. 22/2023 concerning Consumer and Community Protection for the Financial Services Sector.

Employees at PT. Nalsal Indo Perkasa have a monthly target of ten million rupiah as part of their employee performance procedures, which are evaluated monthly. The failure of some employees to meet this target presents a challenge for the company in optimizing human resource management to achieve the organization's vision and mission.

Referring to the results of the author's background, he was interested and wanted to conduct research by visiting PT. Nalsal Indo Perkasa and interviewing the HRD. In the interview, the author asked questions related to the obstacles faced in implementing transformational leadership and career development on employee performance at PT Nalsal Indo Perkasa. The survey was conducted on March 19, 2025. The author conducted interviews with HRD and informed them that employees considered the leadership style in the company to be rigid and lacked a personal approach, thus creating a sense of alienation between employees and leaders. In addition, leaders rarely provide encouragement or motivation, especially when employees are trying to achieve targets, especially at the end of the month.

## METHODS

This study uses descriptive and verification methods. Survey data will be processed using a verification approach, the value is determined according to the specified system. The ordinal data is then converted into interval format using the Success Interval (MSI) method. Data collection through questionnaires, Data analysis using validity tests, reliability, MSI, and path analysis. Data analysis involves grouping data from interviews, observations, and documentation into appropriate categories, explaining each data unit in detail, synthesizing information, identifying emerging patterns, and evaluating the relevance of information and topics that require further research. In addition, compiling conclusions that can be understood by others is also an important part of this process. The population includes all employees of PT. Nalsal Indo Perkasa, as many as 40 people.

## RESULTS AND DISCUSSION

Path coefficient of Transformational Leadership and Career Development variables on employee performance at PT. Nalsal Indo Perkasa.

**Table 1. Coefficient of Transformational Leadership and Career Development on Employee Performance**

Model	Coefficients <sup>a</sup>		t	Sig.
	Unstandardized Coefficients	Standardized Coefficients		
	B	Std. Error	Beta	
1(Constant)	3,142	2,033		1,5450.131
Transformational Leadership	0.725	0.211	0.634	3,4310.001
Career Development	0.260	0.216	0.223	1,2050.236
a. Dependent Variable: Employee Performance (Y)				

Source: Processed data (2025)

Based on table 1, it is known that the variable X1 Transformational leadership has a path coefficient of 0.634 or 63.4%, which means that transformational leadership has a large influence on Employee Performance. Meanwhile, variable X2, namely Career Development, has a path coefficient of 0.223 or 22.3%, which means that career development has an influence on Employee Performance. and the following results of the calculation of the combined influence contribution (R<sup>2</sup>) of the two variables are presented in the following table:

**Table 2. Simultaneous Determination Coefficient**

Model Summary						
Model	R	R Square	Adjusted Square	RStandard Estimate	Error	of the
1	.836 <sup>a</sup>	0.699	0.683	3.689026		
a. Predictors: (Constant), Career Development, Transformational Leadership						

Source: Processed data (2025)

The table 2 above shows the results of the coefficient of determination test, which is 0.699 or 69.9%. It can be interpreted that the variables of transformational leadership and career development contribute to employee performance by 69.9%. The contribution value of other variables outside this study is 69.9%. The following path equation can explain the magnitude of the relationship between transformational leadership and career development on employee performance:

To calculate epsilon, use the formula below:

$$Y\epsilon = \sqrt{1 - R^2} \sqrt{1 - 0.699} = \sqrt{0.301}$$

$$\epsilon = 0.301 / 30.1\%$$

So, the magnitude of the influence of other factors that were not studied on employee performance is 0.301 or 30.1%.

**Table 3. Summary of Variables**

Variables	Path Coefficient	Direct Influence	Indirect Influence Variable X1	Indirect Influence Variable X2	Amount Indirect Influence	of Partial Effect Amount
<b>Variable X1</b>	0.634	40.19%		12.34%	12.34%	52.53%
<b>Variable X2</b>	0.223	4.97%	12.34%		12.34%	17.31%
<b>Total Magnitude of Simultaneous Influence</b>						69.84%

Source: Processed data (2025)

Based on the calculation above:

The magnitude of the partial influence of Variable X1 (Transformational Leadership) on Y (Employee Performance) is 52.53%.

The magnitude of the partial influence of Variable X2 (Career Development) on Y (Employee Performance) is 17.31%.

The magnitude of the simultaneous influence (Coefficient of Determination/R) of Variable X1 (Transformational Leadership) and Variable X2 (Career Development) on Variable Y (Employee Performance) is 69.84%.

The influence of other variables/other factors not studied, which influence Variable Y (Employee Performance) is 100% - 69.9% = 30.1%

The path coefficient epsilon ( $\epsilon$ ) is  $\epsilon = \sqrt{1 - R^2} = \sqrt{1 - 0.699} = 0.301 / 30.1\%$

### Simultaneous Hypothesis Testing (F Test)

The F test (simultaneous) is used to determine whether all independent variables together have a significant effect on the dependent variable.

If the calculated F > F table at 5% alpha, then  $H_0$  is rejected and  $H_a$  is accepted, meaning the resulting multiple correlation coefficient is significant or positive. Meanwhile, if the calculated F < Table at 5% alpha, then  $H_0$  is accepted and  $H_a$  is rejected, meaning the resulting multiple correlation coefficient is insignificant or negative.

**Table 4. Simultaneous Hypothesis Testing (F Test)**

ANOVA <sup>a</sup>						
Model		Sum Squares	df	Mean Square	F	Sig.
1	Regression	1170.139	2	585,070	42,992	.000 <sup>b</sup>
	Residual	503,530	37	13,609		
	Total	1673,669	39			

a. Dependent Variable: TOTAL Y  
 b. Predictors: (Constant), TOTAL X2, TOTAL X1

Source: Processed data (2025)

The results of the Anova table above explain that the Sig. value is 0.000 < 0.005, which shows that  $H_a$  is accepted and  $H_0$  is rejected, or the F-count value is 42.992 > F-table of 3.252, which shows that  $H_a$  is accepted and  $H_0$  is rejected. This means that

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simultaneously the variable X1 (Transformational Leadership) and the variable X2 (Career Development) have an effect on the variable Y (Employee Performance).

### **The Influence of Transformational Leadership on Employee Performance**

Based on the verification results, there is a positive and significant influence of transformational leadership on employee performance. This can be seen from the t count of X1 which is 3.431 more than the t table which is 2.026 which means there is a positive and significant influence between X1 on Y. Based on these results, hypothesis no. 4 transformational leadership (X1) has a direct influence on employee performance (Y) at PT. Nalsal Indo Perkasa, where transformational leadership is associated with the human resource management system, for example in training and development of human resources to achieve good performance, and in this case transformational leadership can be used as the final result to improve employee performance.

The relationship between transformational leadership and employee performance is also strengthened by previous research conducted by (Berlian et al., 2025) , (Sani, 2025) , and (Indah Pratiwi, nd) from the results of this research that transformational leadership has a significant and positive influence on employee performance.

### **The Influence of Career Development on Employee Performance**

Based on the results of the verification research, it can be seen that the career development variable has an influence on employee performance. This can be seen from the t count of X2, which is 1.205, which is smaller than the t table, which is 2.026, which means that there is no significant relationship between X2 and Y. Based on these results, hypothesis no. 5 career development (X2) does not have a direct effect on employee performance (Y) at PT. Nalsal Indo Perkasa.

These results indicate that although career development programs have been implemented, they are not yet strong enough to significantly improve employee performance. This is due to a lack of transparency in career paths, limited promotion opportunities, and minimal training or competency development provided by the company. In other words, existing career development has not been a primary factor motivating employees to achieve performance targets. The link between career development and employee performance is also supported by previous research conducted by (Permana, 2022) , (Saragih et al., 2022) , and (Andriyani, 2024). From the results of this study, career development has a significant and positive influence on employee performance.

### **The Influence of Transformational Leadership and Career Development on Employee Performance**

This section explains the influence and contribution of transformational leadership and career development on employee performance. Based on the results of research conducted at the PT. Nalsal Indo Perkasa Office, it was found that transformational leadership and career development jointly contribute to improving employee performance. This research shows that the more effective the implementation of transformational leadership, the better employee perceptions of their performance will be. In addition, strong leadership also opens opportunities for employees to develop their potential through a clear career path, so that employees can maximize their performance in supporting the achievement of the company's vision and mission.

Research into the causes of transformational leadership and career development contributing to employee performance has shown a significant impact, indicating that transformational leadership contributes most to employee performance, as it improves organizational performance and productivity by motivating and empowering employees, encouraging innovation, and building a positive, healthy, and sustainable work culture.

The relationship between transformational leadership and career development on employee performance is strengthened by previous research conducted by (Metta, 2024) , (Permana, 2022) , and (Andriyani, 2024). where the results of the study can be concluded that transformational leadership and career development have a positive or significant influence on employee performance.

## CONCLUSION

Transformational leadership influences employee performance at PT. Nalsal Indo Perkasa. This means that the better the transformational leadership, the better the employee performance in the company. Career development influences employee performance at PT. Nalsal Indo Perkasa. These results indicate that although career development programs have been implemented, they are not yet strong enough to significantly improve employee performance. This is caused by a lack of transparency in career paths, limited promotion opportunities, and minimal training or competency development provided by the company. In other words, existing career development has not been a major factor motivating employees in achieving performance targets. Transformational leadership and career development influence employee performance at PT. Nalsal Indo Perkasa. When compared, transformational leadership and career development that have a large influence on employee performance are transformational leadership. This means that transformational leadership is very important in an organization or company because without transformational leadership, it will affect all activities in the organization, resulting in gaps in the organization, causing company profits and declining employee performance.

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