

## THE ROLE OF TRANSFORMATIONAL LEADERSHIP IN ENHANCING AN INCLUSIVE ORGANIZATIONAL CULTURE AT PT INDOFOOD SUKSES MAKMUR TBK BANDUNG: A STUDY ON WORKFORCE DIVERSITY PROGRAM IMPLEMENTATION

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### ABSTRACT

This study analyzes the impact of transformational leadership and employee performance on an inclusive organizational culture at PT Indofood Sukses Makmur Tbk, Bandung. Using path analysis, the results reveal that transformational leadership significantly enhances an inclusive culture, supported by the positive contribution of employee performance. The workforce diversity program plays a key role in promoting diversity and inclusion. Recommendations include leadership training, strengthening diversity programs, and implementing performance evaluations centered on inclusion.

### KEYWORDS

Transformational Leadership, Employee Performance, Inclusive Culture, Workforce Diversity, Inclusion



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### INTRODUCTION

Globalization and modern business competition demand innovative leadership styles to adapt to rapid changes and diverse workforce dynamics. One such leadership style is transformational leadership (TL), which emphasizes vision, inspiration, and empowerment to drive organizational progress (AlOwais, 2019; Bonsu & Twum-Danso, 2018; Yang & Yang, 2019). Transformational leaders have the ability to motivate employees, encourage creativity, and foster an environment of trust and collaboration (Al Harbi et al., 2019; Azim et al., 2019; Gaviria-Rivera & López-Zapata, 2019). In organizations facing increased complexity due to globalization, this leadership style is particularly effective in addressing diverse workforce challenges, enabling companies to remain competitive and agile (Afsar & Umrani, 2020; Li et al., 2019; Mahmood et al., 2019).

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At PT Indofood Sukses Makmur Tbk, Bandung branch, TL plays a critical role in fostering an inclusive organizational culture (OC). An inclusive culture is essential for enhancing collaboration among employees from diverse backgrounds, including differences in gender, ethnicity, age, and educational experiences (Ashikali et al., 2021; Luu et al., 2019; Shore & Chung, 2022). Organizations that promote inclusion can foster an environment in which all employees feel appreciated, respected, and empowered to contribute to the company's goals (Malhotra, 2024; Moore et al., 2020; Nishii & Leroy, 2022). This inclusiveness not only improves employee satisfaction and engagement but also drives innovation and productivity by leveraging diverse perspectives (S. Kuknor & Bhattacharya, 2021; S. C. Kuknor & Bhattacharya, 2020; Le et al., 2021).

However, despite the benefits of inclusivity and transformational leadership, significant challenges remain. One major barrier is employee resistance to change, as individuals may feel uncertain or uncomfortable adapting to new workplace norms and cultural shifts. Additionally, limited understanding of the importance of workforce diversity and inclusion among employees and management further complicates implementation efforts. Overcoming these barriers requires strong leadership commitment, clear communication, and consistent initiatives that promote awareness and inclusivity. Addressing these challenges at PT Indofood Sukses Makmur Tbk, Bandung, is critical to fully realizing the potential of workforce diversity programs and achieving sustainable organizational success.

The implementation of workforce diversity programs serves as a strategic step toward creating an inclusive organizational culture. PT Indofood Sukses Makmur Tbk has initiated various diversity-related efforts, yet their effectiveness remains partially unmeasured. In this context, TL is pivotal in driving the effective implementation of workforce diversity programs and fostering the growth of an inclusive OC (Harriott et al., 2023; Ince, 2023; Jerab & Mabrouk, 2023). This study's theoretical framework explores the interplay between transformational leadership, inclusive organizational culture, and employee performance at PT Indofood Sukses Makmur Tbk. The research seeks to evaluate and analyze several hypotheses: the positive influence of TL on inclusive OC (H1), the role of employee performance in facilitating workforce diversity programs (H2), the effect of employee performance on promoting an inclusive organizational culture (H3), and how an inclusive organizational culture enhances employee performance (H4). Lastly, hypothesis H5 suggests that transformational leadership significantly contributes to creating a work environment that supports workforce diversity programs.

This framework illustrates the interconnected relationships among the variables that influence the success of workforce diversity program implementation and the achievement of improved organizational performance at PT Indofood Sukses Makmur Tbk.

## RESEARCH METHOD

This study adopts a quantitative approach using path analysis methods. The population comprises employees of PT Indofood Sukses Makmur, Bandung branch. A sample of 120 respondents was selected using purposive sampling, based on their involvement in workforce diversity programs. Data were collected through a questionnaire covering the variables of transformational leadership (X1), employee performance (X2), and inclusive organizational culture (Y). The data were examined using SPSS and AMOS to examine the relationships between variables. The steps included descriptive analysis, validity testing, reliability testing, and path analysis.

Validation and Reliability Process (1) Validation: Validity testing was conducted using Confirmatory Factor Analysis (CFA) to ensure each questionnaire item accurately measures its respective variable. (2) Reliability : Reliability was tested using Cronbach's Alpha coefficient to confirm the internal consistency of the data.

## RESULT AND DISCUSSION

### Reliability Test

To evaluate the internal consistency of the research instrument, a reliability test was conducted. A Cronbach's Alpha value exceeding 0.60 is generally considered acceptable. The reliability test results for the three study variables are summarized in Table 1.

**Tabel 1 Reliability Test Result**

Variables	Cronbach's Alpha	Description
Transformational Leadership (X1)	0.720	Reliable
Employee Performance (X2)	0.633	Reliable
Organizational Culture (Y)	0.723	Reliable

Source: Data Processed, 2024

Table 1 demonstrates that all variables have sufficiently high Cronbach's Alpha coefficients, exceeding 0.60. This indicates that each measurement concept within the questionnaire variables can be deemed reliable. Thus, the items for these variables are valid tools for this study.

### Validity Test

The validity test aims to ensure the accuracy and appropriateness of the questionnaire in measuring and collecting data from respondents. This process employs the Pearson Correlation method, where an item is considered valid if its significance level is below 0.05. The testing was conducted using SPSS for Windows, with specific criteria used as validity benchmarks.

**Table 2 Validity Test Results Test 1**

No	Variable and Indicator	Sig (2-Tailed)	Cronbach Alpha	Description
<b>1.</b>	<b>Transformational Leadership (X1)</b>			
	Indicator 1	0.107	0.159	Invalid
	Indicator 2	0.024	0.221*	Valid
	Indicator 3	0.010	0.252**	Valid
	Indicator 4	<0.001	0.751**	Valid
	Indicator 5	<0.001	0.621**	Valid
	Indicator 6	<0.001	0.740**	Valid
	Indicator 7	<0.001	0.579**	Valid
	Indicator 8	<0.001	0.669**	Valid
	Indicator 9	<0.001	0.534**	Valid
	Indicator 10	<0.001	0.721**	Valid
	Indicator 11	<0.001	0.515**	Valid
	Indicator 12	<0.001	0.525**	Valid
<b>2.</b>	<b>Employee Performance (X2)</b>			
	Indicator 1	<0.001	0.640**	Valid
	Indicator 2	<0.001	0.657**	Valid
	Indicator 3	<0.001	0.532**	Valid
	Indicator 4	<0.001	0.489**	Valid
	Indicator 5	<0.001	0.636**	Valid
	Indicator 6	<0.001	0.624**	Valid
<b>3.</b>	<b>Organization Culture (Y)</b>			
	Indicator 1	<0.001	0.760**	Valid
	Indicator 2	<0.001	0.571**	Valid
	Indicator 3	<0.001	0.582**	Valid
	Indicator 4	<0.001	0.542**	Valid
	Indicator 5	<0.001	0.585**	Valid
	Indicator 6	<0.001	0.517**	Valid
	Indicator 7	<0.001	0.756**	Valid

Source: Data Processed, 2024

In Table 2, it is evident that nearly all variables meet the validity criteria, as indicated by significance values below 0.05. However, one invalid result was identified in Indicator 1 of the transformational leadership variable. The invalid data must be excluded, and a revalidation process should be conducted to ensure all data meet the validity standards.

**Table 3 Validation Test Results of Test 2 for Transformational Leadership**

No	Variable and Indicator	Sig (2-Tailed)	Cronbach Alpha	Description
	<b>Transformational Leadership (X1)</b>			
<b>1.</b>	Indicator 2	0.022	0.224*	Valid
	Indicator 3	0.003	0.291**	Valid
	Indicator 4	<0.001	0.746**	Valid
	Indicator 5	<0.001	0.628**	Valid

No	Variable and Indicator	Sig (2-Tailed)	Cronbach Alpha	Description
	Indicator 6	<0.001	0.731**	Valid
	Indicator 7	<0.001	0.582**	Valid
	Indicator 8	<0.001	0.662**	Valid
	Indicator 9	<0.001	0.537**	Valid
	Indicator 10	<0.001	0.708**	Valid
	Indicator 11	<0.001	0.528**	Valid
	Indicator 12	<0.001	0.586**	Valid

Source: Data Processed, 2024

After removing the question (Indicator 1) from the transformational leadership variable and re-conducting the validity test, the results in Table 3 show that 11 questions are deemed valid as all significance levels fall below 0.05.

This indicates that the remaining items are accurate and appropriate for measuring the variable in this study.

**Table 4. The Regression Results**  
**Coefficients<sup>a</sup>**

Model		Unstandardized B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	0.094	1.662	-	0.057	0.955
	Transformational Leadership	0.231	0.072	0.321	3.201	0.002
	Employee Performance	0.762	0.130	0.589	5.874	< 0.001
	a. Dependent Variable: Organizational Culture					

Source: Data Processed, 2024

From the regression results, the following equation is derived:

$$Y = 0,321X_1 + 0,589X_2$$

Where:

Y = Organizational Culture (OC)

X<sub>1</sub> = Transformational Leadership (TL)

X<sub>2</sub> = Employee Performance (EP)

The regression equation has the following interpretations: (1) The regression coefficients of both independent variables (TL and EP) indicate a positive and significant influence on the dependent variable (organizational culture). This implies that an increase in transformational leadership and employee performance will lead to an improvement in organizational culture. (2) The regression coefficient for X<sub>2</sub> (0.589) is greater than that of X<sub>1</sub> (0.321), suggesting that employee performance is a more dominant factor in influencing organizational culture.

### **Transformational Leadership (TL)**

TL variable shows a significance value of 0.002 < 0.05 threshold. This finding highlights that TL significantly impacts OC, with a contribution coefficient of

0.321. This highlights the role of TL in shaping an inclusive OC, particularly in relation to the implementation of the workforce diversity program.

#### Coefficient Determined (CD)

$$\begin{aligned} CD &= r^2 \times 100\% \\ CD &= (0.321)^2 \times 100\% \\ &= 0,103041 \times 100\% \\ &= 10,3041\% \end{aligned}$$

**Table 5. Partial Effect of Transformational Leadership on Organizational Culture**

Variable	Path Analysis	Calculation	Magnitude of Influence
	Direct Effect	$(0.321)^2$	0.1030
	Indirect Effect	$0.321 \times 0.589 \times 0.889$	0.168
	<b>Total Effect</b>		<b>0.271</b>

Source: Data Processed, 2024

Based on the table above, the total partial influence of TL variable on OC is 0.271 or 27%. This indicates that 27% of the variations in organizational culture can be explained by transformational leadership, highlighting its significant yet not sole contribution to fostering an inclusive organizational environment.

#### Employee Performance

The significance value of the employee performance variable is 0.002, which is below 0.05. This result indicates that employee performance has a significant influence on organizational culture, contributing a coefficient of 0.589. This underscores the pivotal role of employee performance in shaping an inclusive organizational culture, particularly in supporting the implementation of the workforce diversity program.

#### Coefficient Determined (CD)

$$\begin{aligned} CD &= r^2 \times 100\% \\ CD &= (0.589)^2 \times 100\% \\ &= 0,34692 \times 100\% \\ &= 34,692\% \end{aligned}$$

**Table 6. Partial Effect of Employee Performance on Organisational Culture**

Variable	Path Analysis	Calculation	Magnitude of Influence
	Direct Effect	$(0.589)^2$	0.3469
	Indirect Effect	$0.321 \times 0.589 \times 0.889$	0.168
	<b>Total Effect</b>		<b>0.515</b>

Source: Data Processed, 2024

Based on the table above, the total partial influence of the employee performance variable on organizational culture is 0.514 or 51%. This indicates that 51% of the variance in organizational culture can be attributed to employee performance, emphasizing its critical role in shaping a culture that supports workforce diversity programs and fosters inclusivity.

### **The Effect of Transformational Leadership on Organisational Culture**

The results showed that TL had a positive and significant effect on OC. TL is a leadership approach that emphasises long-term vision, inspiration, empowerment, and development of individuals in the organisation. Transformational leaders not only focus on results, but also on shaping shared values that support organisational progress. In the context of OC, this leadership is able to create an environment that supports innovation, collaboration, and adaptation to change. When transformational leaders provide clear direction, build trust, and motivate employees to work beyond expectations, these values are integrated into the organisation's culture, making it more inclusive and dynamic.

The positive impact of TL on OC is seen in its ability to drive changes in employee behaviour and attitudes. Transformational leaders inspire employees to understand and internalise the organisation's vision and mission, which in turn strengthens their commitment to the organisational culture. In addition, transformational leadership facilitates open dialogue and individual empowerment, so that values such as openness, innovation, and mutual respect become part of everyday work life. In this way, organizational culture is not only an abstract concept, but also embodied in concrete actions by all members of the organization.

Research by (Putri et al., 2020; Rizki et al., 2019; Siswatiningsih et al., 2018) shows that the effect of TL on organisational culture is significant. Leaders who act as change agents have the ability to change the mindset and behaviour of employees, thus forming a more cohesive and adaptive culture. This transformation not only increases efficiency and productivity, but also strengthens the organisation's identity in the eyes of employees and other stakeholders. Thus, transformational leadership is a key factor in creating a healthy organisational culture, which is able to support the company's strategic goals and provide sustainable competitiveness.

### **The Effect of Employee Performance on Organisational Culture**

The results show that employee performance has a significant role in shaping and strengthening OC. Optimal performance is not only reflected in achieving individual and team targets, but also in how employees behave, interact and contribute to organisational values. When employees demonstrate high performance through professionalism, cooperation, and innovation in task completion, they reinforce a productive and positive organisational culture. Thus, consistent performance will reflect the organisation's core values such as integrity, commitment, and quality of work.

The positive influence of employee performance on organisational culture can be seen from their active involvement in creating a conducive work environment. Employees who perform well tend to have high morale, discipline,



and an adaptive attitude towards change. This attitude helps build an organisational culture that is responsive, innovative and inclusive. In addition, good performance often rubs off on colleagues, creating a domino effect that strengthens work ethic and a harmonious working atmosphere. With performance aligned with the vision and mission of the organisation, the organisational culture will develop to become more solid and support the achievement of common goals.

High-performing employees not only drive productivity, but are also agents of change in implementing positive values in the work environment. They help create a culture that is oriented towards results, collaboration and innovation, allowing the organisation to adapt to dynamic business demands. As individual and collective performance improves, organisational culture will become stronger, which in turn creates a positive, motivating work environment that gives the organisation a competitive advantage.

Empirically, research (Rivai, 2020; Sabuhari et al., 2020; Soomro & Shah, 2019) shows that organisational culture has a significant effect on EP. Although the findings of this study are different from previous studies, they are still related. When employees show good performance, they indirectly strengthen the organisational culture. On the other hand, a strong and positive organisational culture can be a driving factor in improving employee performance. Ultimately, these two concepts have a mutually influencing and cyclical relationship. Good employee performance will build and strengthen a positive organisational culture, while a positive organisational culture will provide encouragement, motivation and support for employees to improve their performance. Both complement each other in creating a productive, harmonious and sustainable organisation.

## CONCLUSION

This leadership style has a significant positive impact on an inclusive organizational culture at PT Indofood Sukses Makmur Tbk, Bandung branch. It demonstrates that leaders who can motivate, inspire, and address individual needs contribute to fostering an inclusive work environment. There is a positive relationship between employee performance and the establishment of an inclusive organizational culture. This implies that an organizational culture that supports diversity and inclusion enhances productivity and better collaboration among employees. Workforce diversity programs contribute to creating an inclusive organizational culture by helping employees feel valued and motivated to deliver their best performance



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