The Role of Readiness to Change between Transformational Leadership and Performance: Evidence from a Hospital during Covid-19 Pandemic

Dewiana Novitasari\textsuperscript{a}
Francisca Sestri Goestjahjanti\textsuperscript{b}
Masduki Asbari\textsuperscript{c}\textasteriskcentered

\textsuperscript{a,b}Sekolah Tinggi Ilmu Ekonomi Insan Pembangunan, Indonesia; \textsuperscript{c}STMIK Insan Pembangunan, Indonesia

Abstract
The global competition in this era requires readiness, in particular in this Covid-19 pandemic condition that is still surging in the world, including in Indonesia's health sector. This study aimed to measure the effect of transformational leadership on employees' performance of the employee of a hospital in Indonesia. Survey was done in one of the hospitals in the greater Jakarta area using simple random sampling technique and the returned and valid questionnaire results were 154 samples. Data processing was used SEM method with SmartPLS 3.0 software. The results of this study concluded that transformational leadership has not a significant effect on the employees’ performance, but transformational leadership has a positive and significant effect on readiness to change. Findings also revealed that readiness to change have a positive and significant effect on relationship between transformational leadership and employees’ performance. This study also confirmed that readiness to change as fully mediator. This new research proposed a model for building employees’ performance among the employee of a hospital in Indonesia through enhancing transformational leadership practice with readiness to change as a mediator. This research could pave the way to improve employee readiness in facing the era of industrial revolution 4.0.

Keywords
Readiness to change; transformational leadership; employees’ performance.

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Introduction
In most companies, industrial revolution era 4.0 is an absolute phenomenon and is unavoidable. A company should own a strategy that is able to do transformation and innovation to deal with this issue (Gill & Ramsey, 2013; Satryo, 2018; Sihombing, 2018). This strategy could help the company and other businesses that has been built to not get affected by the era and inhibits its development (Agistaawati et al., 2020; Asbari, 2015; Jumiran et al., 2020; Novitasari et al., 2020; Nuryanti et al., 2020; Sudiyono et al., 2020; Yuwono et al., 2020). A company should also own a map that is integrated, so the direction of business development is able to be seen clearly.
In between the strategy that is urged to be noticed is the readiness to change in every organization, especially to the global business organization. The global competition in this era requires readiness to change without any breaks from every industrial people. Covid-19 pandemic condition that is still surging in the world, including Indonesia, also requires changes of the situation and condition of the current businesses (Purwanto et al., 2020; Purwanto, Asbari, Fahlevi, et al., 2020b; Setyowati Putri et al., 2020). Therefore, management must do practical and strategic steps to bring organization out from puddle of crisis that has almost drown some part of companies that is not prepared well (Abelha et al., 2018; Abouraia & Othman, 2017; X. Zhang et al., 2018; Y. Zhang et al., 2018).

Obviously, Indonesian society has a strong spirit of patronage. Therefore, paying attention to the leadership practices in every unit of society, especially in business organization is very important and crucial (Asbari, Chi Hyun, Wijayanti, et al., 2020; Asbari, Hyun, Wijayanti, et al., 2020; Asbari, Pramono, Kotamena, et al., 2020; Asbari, Purwanto, Fayzhall, et al., 2020; Asbari, Purwanto, Maesaroh, et al., 2020; Asbari, Wijayanti, et al., 2019; Asbari, Wijayanti, Hyun, et al., 2020; Fikri et al., 2020; Sopa et al., 2020a, 2020b). However, in the research field was found that transformational leadership practice does not give significant influence to the performance of employees (Asbari, 2019; Fayzhall, Asbari, Purwanto, Goestjahjanti, et al., 2020; Jumiran et al., 2020; Maesaroh et al., 2020; Nugroho et al., 2020; Waruwu et al., 2020; Yanthy et al., 2020). While research gap is still happening in the relationship between transformational leadership, readiness to change and employee’s performance, thus this research needs to be done as soon as possible. For instance, research of (Mahessa & NRH, 2016) states that leadership positively and significantly affects the readiness to change, while according to research of (Susyanto, 2019) oppositely states that transformational leadership does not significantly affect the readiness to change on employees. Therefore, this research gap push researchers to elaborate deeper about the relationship between the two constructs.

Literature Review And Hypothesis

Transformational Leadership

(Bass & Avolio, 2000) improved the transformational leadership theory, based on the previous theory of transformational leadership by (Burn, 1978). Every transformational leadership supporters believe that transformative leaders create trust, loyalty, admiration, and respect towards the adherent, and in between the adherents and leaders, so that they are voluntarily ready to achieve target, purpose and organization vision. (Robbins, 2001) confirmed that transformational leadership is whoever inspires their followers to change their life and able to aspire bigger target and vision. Defined by (Luthans, 2005), transformative leader is able to change their followers’ awareness, improve their spirit, and motivate them to do their best to achieve organization’s target, and their willingness to change should come from themselves. According to (Bass & Avolio, 2000), there are three characteristics of transformative leaders, which are to improve the awareness of the followers about the significance of process and effort. Secondly, to motivate the adherent to prioritise group’s interests more than the individuals’. Lastly, to divert the needs of the adherent outside material things to higher level, such as pride and actualization (Elgelal & Noermijati, 2015; Novianti, 2019).
In other words, (Burn, 1978) states that transformative leaders is the people who push their adherent to act for certain purposes who represent values and motivation – needs and desire, aspiration and hope – from every leaders and adherents. They are able to change the adherent’s awareness and build normative values, ambition, to accomplish higher morality, such as equality, freedom, justice, humanitarianism, and peace.

**Readiness to Change**

Research done by (Holt et al., 2007) shows that readiness to change is a multidimension that is affected by employee’s confidence that (a) they are able to implement changes that is proposed (which is *change efficacy*), (b) changes that are proposed is correspond to the organization (which is *appropriateness*), (c) leaders commit for changes that are proposed (which is *management support*), also (d) changes that are proposed should be beneficial for the members of organization (which is *personal benefit*). Still according to (Holt et al., 2007), the indicator that could be used to measure the readiness to change of the employees are:

1. Employee’s confidence towards changes that are proposed is proper for the organization.
2. Employee’s confidence towards organization would receive advantage from application of the changes.
3. Employees believe in the presence of logical reasons for changes and the presence of needs for the changes that are proposed.
4. Employees focus on the benefits of changes in the company.
5. Employee’s confidence towards their capability to apply changes that are desired.
6. Employee’s feeling towards leaders and management in the organization having commitments and supporting the implementation of changes that are desired.
7. Employee’s feeling towards themselves that they would receive benefits from the implementation of changes that are desired.

To prepare employees to be confident enough to change in the organization, understanding the ways that could be used to grow readiness to change is necessary. There are two things that could be done by organization, which are establish readiness of the employees to change and solving problems of avoiding changes (Banjongprasert, 2017). (Hadiyani, 2014; Pramadani, 2012) claim that organizational commitment could affect the readiness to change. Organizational commitment is the desired to stay as a member of organization, trust and receiving values and organization’s purpose as well as the willingness to work hard for the sake of organization’s interest. Other than that, *employee engagement* (work involvement) has a role on the success of the implementation of organization’s changes, especially in the larger scale, which involve every elements of the organization. Employees that are involved in the organizational activities will tend to support the journey of the changes of organization and ready to change.

**Employee’s Performance**

Performance is the behaviour on how a target is achieved (Armstrong & Taylor, 2014). Performance is the oriented process of the purpose that is directed to ensure that every organizational process is in the place...
to maximize the productivity of employees, team, and also the organization itself. In other opinion, performance is the things that are done or not done by the employees (Luthans, 2005). In order to find out the employee’s performance in an organization, some certain aspects are needed. Performance is affected by variable that is related to work covering role-stress and work/non-work conflicts (Babin & Boles, 1998). There are some criteria in measuring performance, which are quality, quantity, punctuality, cost effectiveness and interpersonal relationship (Bernardin & Russel, 1993). Meanwhile, (Mathis & Jackson, 2002) mentioned that employee’s performance has some elements, namely quantity, quality, accuracy, attendance, cooperation, and loyalty.

**Relationship between Transformational Leadership and Employee’s Performance**

A study from (Asbari, Purwanto, & Budi, 2020; Asbari, Purwanto, et al., 2019; Purwanto, Asbari, et al., 2019; Purwanto, Mayesti Wijayanti, et al., 2019) shows that transformational leadership has positive relationship with organizational performance, by mediation or without any mediation. Other research also found the similar finding, such as the study from (Bernarto et al., 2020; Purwanto, Asbari, Prameswari, et al., 2020c, 2020d; Purwanto, Wijayanti, et al., 2019). Based on the result and the conclusion of the researches above, thus researchers has made the hypothesis below:

**H1: Transformational leadership has the effect to the employee’s performance.**

**Relationship between Transformational Leadership and Readiness to Change**

Previous research conclude that transformational leadership does not have any significant effect on the readiness to change (Susyanto, 2019). In contrast with the conclusion made by (Mahessa & NRH, 2016) who shows evidence that leadership gives positive and significant effect towards readiness to change for the employment of social security administration for health (BPJS). In addition to the conclusion of (Mujiburrahman et al., 2017), (Fitriana & Sugiyono, 2019), dan (Astuti & Khoirunnisa, 2018). Based on the result and the conclusion of the researches above, thus researchers has made the hypothesis below:

**H2: Transformational Leadership has the effect towards readiness to change of the employees**

**Relationship between Readiness to Change and Employee’s Performance**

Holt, *et al* (2007) defined readiness as employee’s trust that they are able to implement changes that are proposed (self-efficacy), these changes are appropriate for the organization (appropriateness), leaders commit in these changes (management support), also these changes will give advantage to the members of the organization (personal benefit). From the explanation of Holt, *et al* (2007), an employee is declared as ready to change is when they show behaviour of acceptance, embracement, and adopt plans of changing that will be done. Before an employee is in a ready position, they should reflect content, context, process and individual attributes to perceive and believe the changes that will be done by the organization. Readiness to change has been an important factor in creating the success of changes (Armenakis,
et al. 1993). This is shown by the two behaviour when changes is done, which could be positive and negative. Positive behaviour is shown by the presence of readiness to change and the negative behaviour is shown by avoiding changes. Creating positive behaviour in employees could be done by building readiness to change in employees, so that the changes could achieve success that is desired.

**H3: Readiness to change has an effect towards employee’s performance.**

**Effect of Transformational Leadership Towards Employee’s Performance Through Readiness to Change as a Mediator**

Some researchers conclude that variable of transformational leadership has a significant relationship towards employee’s performance variable through the readiness to change (Katsaros et al., 2020). Partially, some other researchers mentioned the significant effect of transformational leadership towards readiness to change (Astuti & Khoirunnisa, 2018; Sari, 2018), and there is a significant effect of readiness to change towards employee’s performance (Fitriana & Sugiyono, 2019). There is not much researcher that gives model of relationship between mediation variable of readiness to change towards the relationship of transformational leadership variable and employee’s performance variable. Therefore, the author has made hypothesis mentioned below:

**H4: Transformational leadership has an effect towards employee’s performance through readiness to change as a mediator.**

**Research Method**

**Definition of Operational Variable and Indicator**

Method that was used in this research is quantitative method. Data collection is done by spreading questionnaire to every employee working in hospital in Indonesia. Instrument that was used to measure the transformational leadership is adapted by (Bogler, 2001) using 5 items (TL1-TL5). Readiness to change is adapted by (Holt et al., 2007) using 7 items (RTC1-RTC7). Employee’s performance is adapted by (Bernardin & Russel, 1993) using 6 items (WP1-WP6). Research model can be seen in Figure 1. Questionnaire is closely designed except for questions/statements regarding respondent’s identity, which is in a form of semi-opened questionnaire. Every item of closed questions/statements were given five answer options, which are strongly agree (SA) 5 points, agree (A) 4 points, neutral (N) 3 points, disagree (DA) 2 points, strongly disagree (SDA) 1 point. Method used in data preparation was by using PLS as well as software SmartPLS version 3.0 as the tool.

**Population and Sample**

Population in this research is the employee from one of the hospital in Indonesia which has around 211 people. Questionnaire was spread by simple random sampling technique. Questionnaire results that were returned validly was 154 samples. So, the total sample was 72.99% from the whole population.
Research Result and Discussion

Description of Sample

Table 1. Sample Descriptive Information

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 30 years</td>
<td>39</td>
<td>25.41%</td>
</tr>
<tr>
<td>30 - 40 years</td>
<td>72</td>
<td>46.60%</td>
</tr>
<tr>
<td>&gt; 40 years</td>
<td>43</td>
<td>27.99%</td>
</tr>
<tr>
<td>Years of Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 5 years</td>
<td>55</td>
<td>35.66%</td>
</tr>
<tr>
<td>5-10 years</td>
<td>75</td>
<td>48.52%</td>
</tr>
<tr>
<td>&gt; 10 years</td>
<td>24</td>
<td>15.82%</td>
</tr>
</tbody>
</table>

Validity Test Result and Research Reliability Indicator

Stages on testing model of measuring involve convergent validity test and discriminant validity. While value of Cronbach’s alpha and composite reliability are needed in testing for construction reliability. PLS analysis result could be used to test for research hypothesis if all indicators in PLS model has meet the requirements of convergent validity, discriminant validity and reliability test.

Convergent Validity Testing

Convergent validity test is done by seeing the value of loading factor of each indicators towards the construct. In most reference, with factor weighing from at least 0.5 is considered having validity that is strong enough to explain the latent construct (Chin, 1998; Ghozali, 2014; Hair et al., 2010). In this research, minimum limit of loading factor that is accepted is 0.5, with the condition of AVE score for every construct, which is > 0.5 (Ghozali, 2014). After passing the process of Smart PLS 3.0, there are some indicators or items that needs to be
taken out from the model (i.e. WP4 and WP6). Furthermore, all indicators should have loading factor score above 0.5 or has meet the condition of AVE score above 0.5. Model that is fit and valid from the research could be seen on Figure 2. Therefore, convergent validity from this research model has meet all of the requirements. Loading score, Cronbach’s alpha, composite reliability and AVE in every construct can be seen in Table 2 below:

**Figure 2. Valid Research Model**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Items</th>
<th>Loadings</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership</td>
<td>TL1</td>
<td>0.716</td>
<td>0.867</td>
<td>0.904</td>
<td>0.653</td>
</tr>
<tr>
<td>(TL)</td>
<td>TL2</td>
<td>0.680</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TL3</td>
<td>0.733</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TL4</td>
<td>0.806</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TL5</td>
<td>0.813</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Readiness To Change</td>
<td>RTC1</td>
<td>0.773</td>
<td>0.919</td>
<td>0.935</td>
<td>0.673</td>
</tr>
<tr>
<td>(RTC)</td>
<td>RTC2</td>
<td>0.807</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RTC3</td>
<td>0.721</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RTC4</td>
<td>0.740</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RTC5</td>
<td>0.738</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RTC6</td>
<td>0.714</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RTC7</td>
<td>0.755</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee’s Performance</td>
<td>WP1</td>
<td>0.785</td>
<td>0.846</td>
<td>0.891</td>
<td>0.680</td>
</tr>
<tr>
<td>(WP)</td>
<td>WP2</td>
<td>0.688</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WP3</td>
<td>0.703</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WP5</td>
<td>0.784</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3. Discriminant Validity

<table>
<thead>
<tr>
<th>Variables</th>
<th>RTC</th>
<th>TL</th>
<th>WP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Readiness To Change (RTC)</td>
<td>0.821</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational Leadership (TL)</td>
<td>0.790</td>
<td>0.808</td>
<td></td>
</tr>
<tr>
<td>Employee’s Performance (WP)</td>
<td>0.506</td>
<td>0.365</td>
<td>0.824</td>
</tr>
</tbody>
</table>

Table 4. Collinearity Statistics (VIF)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Readiness to Change (RTC)</th>
<th>Employee’s Performance (WP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Readiness to Change (RTC)</td>
<td></td>
<td>2.663</td>
</tr>
<tr>
<td>Transformational Leadership (TL)</td>
<td>1.000</td>
<td>2.663</td>
</tr>
</tbody>
</table>

**Discriminant Validity Test**

Discriminant validity is done to ensure that every concept of each latent variables are in contrast with the other latent variables. A model has a good discriminant validity if the quadratic value of AVE in each exogeneous construct (value on the diagonal) exceeds the correlation between the construct with the other construct (value below diagonal) (Ghozali, 2014). Result of discriminant validity research is done by the quadratic value of AVE, which means by seeing the Fornell-Larcker Criterion Value that is obtained the same way as shown in Table 3.

Discriminant validity test result shown in Table 3 indicates the whole construct having square root value of AVE above correlation value with the other latent construct (through Fornell-Larcker Criterion) including cross-loading value of the whole item from any indicator that is larger than the other indicator items as mentioned in Table 4, so it can be concluded that a model has meet a discriminant validity (Fornell & Larcker, 1981). Moreover, collinearity evaluation is done to discover whether there is a collinearity in the model. To find out about collinearity, VIF estimation from every construct is required. If the VIF score is higher than 5, then the model will show a collinearity (Hair et al., 2014). It is shown the same way as in Table 4, all VIF score that is less than 5 means that the model has no collinearity.

**Construct Reliability Test**

Construct reliability can be assessed from the value of Cronbach’s alpha and composite reliability from each construct. Value of composite reliability and Cronbach’s alpha is suggested to be more than 0.7 (Ghozali, 2014). Reliability test result in the Table 2 above shows that all construct has composite reliability value and Cronbach’s alpha value higher than 0.7 (> 0.7). In conclusion, all construct has meet the reliability that is required.

**Hypothesis Examination**

Hypothesis test in PLS is also denoted as inner model test. This test covers significance test that has a direct and indirect impact as well as how large is the measurement of the exogenous variable impact towards the endogenous variable. To discover the effect of transformational leadership towards employee’s performance is through readiness to change as a
mediation variable that needs a direct and indirect impact test. Impact test is done by using T-Statistic test in an analysis model called Partial Least Squared (PLS) with the help of SmartPLS 3.0 software. With the bootstrapping technique, R square value and significance test value can be obtained as shown in Table 5 and Table 6 below:

### Table 5. R Square Value

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Readiness to Change (RTC)</td>
<td>0.624</td>
<td>0.623</td>
</tr>
<tr>
<td>Employee’s Performance (WP)</td>
<td>0.259</td>
<td>0.253</td>
</tr>
</tbody>
</table>

### Table 6. Hypotheses Testing

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Relationship</th>
<th>Beta</th>
<th>SE</th>
<th>T Statistics</th>
<th>P-Values</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>TL -&gt; WP</td>
<td>-0.094</td>
<td>0.101</td>
<td>0.930</td>
<td>0.353</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H2</td>
<td>TL -&gt; RTC</td>
<td>0.790</td>
<td>0.032</td>
<td>24.999</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>RTC -&gt; WP</td>
<td>0.580</td>
<td>0.088</td>
<td>6.566</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>TL -&gt; RTC -&gt; WP</td>
<td>0.458</td>
<td>0.078</td>
<td>5.894</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Based on the Table 5 above, R Square value of Readiness To Change (RTC) is 0.624, which means the variable of Readiness To Change is able to be explained by the Transformational Leadership (TL) variable in the percentage of 62.4%, while the other has the percentage of 37.6% clarified by other variables that are not discussed in this research. R Square value of Employee’s Performance (WP) is 0.259, which means this variable is able to be justified by the Transformational Leadership (TL) and Readiness To Change (RTC) variables in the percentage of 25.9%, while the rest has the percentage of 74.1% explained by the other variables that are not discussed in this research. Meanwhile, Table 6 shows T-Statistics and P-Values which indicate the effect of the variables mentioned above.

### Discussion

**Effect of Transformational Leadership Towards Employee’s Performance**

According to the statistical calculation summarized in Table 6 above, can be concluded that transformational leadership insignificantly affect employee’s performance in an industry. Proven in the T-Statistics value of 0.930, which is less than 1.96 and the P-values value of 0.353, which is larger than 0.05. This means that the first hypothesis (H1) is rejected because this case is contradicting with the research result of (Asbari, 2019; Asbari, Fayzhall, et al., 2020; Asbari, Purwanto, & Budi, 2020; Asbari, Purwanto, et al., 2019; Asbari, Santoso, et al., 2019; Fayzhall, Asbari, ...
Purwanto, Basuki, et al., 2020; Fayzhall, Asbari, Purwanto, Goestjahjanti, et al., 2020; Purwanto, Asbari, & Hadi, 2020b; Purwanto, Asbari, Budi Santoso, et al., 2020a; Purwanto, Asbari, et al., 2019; Purwanto, Asbari, Prameswari, et al., 2020d, 2020c; Purwanto, Mayesti Wijayanti, et al., 2019; Purwanto, Wijayanti, et al., 2019; Purwanto et al., 2020, 2020; Purwanto, Asbari, & Hadi, 2020a; as mentioned before, transformation process in an industry as a main indicator for transformational leadership variable only last in a very short period of time. Transformation is started by the changes of organizational structure, election of a new leader, and then changes of work and culture system. Respondent of this research does not agree that employee’s performance is affected by the changes above because the process takes a very short period of time. Nevertheless, this research is parallel with the conclusion made by (Fayzhall, Asbari, Purwanto, Basuki, et al., 2020; Fayzhall, Asbari, Purwanto, Goestjahjanti, et al., 2020; Hutagalung et al., 2020; Purwanto, Asbari, & Hadi, 2020a, 2020b; Purwanto, Asbari, Prameswari, et al., 2020c; Purwanto, Mayesti Wijayanti, et al., 2019; Purwanto, Wijayanti, et al., 2019) who found evidence that leadership does not significantly affect performance. This research has given beneficial feedback towards industrial management who tries to start a change, where the process needs a constant socialization and dissemination effort, so that each of the organization’s members would understand fully about those essentials in the changes, thus this will support the process. A different research is also caused by a different context between public and private organization, as well as service and industrial organization.

Effect of Transformational Leadership Towards Readiness To Change

Based on the statistical calculation summarized in Table 6 above, it can be concluded that transformational leadership has positive and significant effect towards readiness to change of the employees in an industry. This is proven by the T-Statistics value of 24.999, which is larger than 1.96 and P-Values value of 0.000, which is less than 0.05. This means that the third hypothesis (H3) is accepted. The conclusion of this research supports the evidence found in the previous research, that readiness to change is significantly and positively affect performance (Banjongprasert, 2017; Katsaros et al., 2020).

Effect of Readiness for Change towards Employee’s Performance

Based on the statistical calculation summarized in Table 6 above, it can be concluded that readiness for change has positive and significant effect towards employee’s performance of the employees in a shoe industry in Indonesia. This is proven by the T-Statistics value of 6.566, which is larger than 1.96 and P-Values value of 0.000, which is less than 0.05. This means that the third hypothesis (H3) is supported or accepted. The conclusion of this research supports the evidence found in the previous research, that readiness for change is significantly and positively affect performance (Banjongprasert, 2017; Katsaros et al., 2020).

Effect of Transformational Leadership Towards Employee’s Performance through Readiness to Change as a Mediator

Based on the statistical calculation summarized in Table 6 above, it can be concluded that readiness to change has positive and significant
effect towards employee’s performance through readiness to change of the employees in an industry. This is proven by the $T$-Statistics value of 5.894, which is larger than 1.96 and $P$-Values value of 0.000, which is less than 0.05. This means that the fourth hypothesis (H4) is accepted. The conclusion of this research supports the evidence found in the previous research of (Katsaros et al., 2020) who claimed that readiness to change could mediate the effect of leadership towards employee’s performance.

**Conclusion and Suggestion**

**Conclusion**

Based on this research, it can be concluded that transformational leadership does not give any significant effect towards level of employee’s performance in the hospital. However, the belief and spirit of readiness to change in employees could maintain a good performance. The most interesting aspect of this research is that in this Covid-19 pandemic era, transformational leadership practices do not significantly affect the employee’s performance, but positively and significantly affect readiness of change. Why is that so? The answer could be because majority of employees are the economically active people, who are above the age of 40 years old (74.59%) and the years of their service are mostly more than 5 years (64.34%), which means the presence of transformational leadership practices do not give as much effect towards employee’s performance because they are relatively independent. Besides that, work schedules and SOP (Standard Operational Procedures) about things must be done every day. Based on the results of interviews conducted, it is seen that the employee’s performance is very high determined on the work schedule and SOP (Standard Operational Procedure) that already exists and clearly and the type of work carried out by employees is constant (the same every day), then this is the reason why the leadership style have not significant effect on the employee performance.

On the other hand, transformational leadership could give positive and significant effects towards changes in employees during this Covid-19 pandemic. Why is that so? The answer is in a leadership practice, there is an exemplary dimension that could dominantly affect. Briefing and meeting session that is held by the leaders could bring up strong awareness and belief to the employees that Covid-19 pandemic could be over and situation could be back to normal. Besides that, motivation given from the transformational leaders could provide belief that during post-pandemic, companies could have improved performance because they could see new probabilities in the future. Apart from that, this research has found evidence that readiness to change could fully mediate the relationship between transformational leadership and employee’s performance.

**Managerial Implications**

Based on the result of this research, it is suggested to the management of hospital to pay more attention on the better transformational leadership practice, so that they could give positive impact towards employee’s performance, or if it is impossible to maintain, the management needs to consider new leadership practices that is more suitable with the employee’s condition in hospital that is now has more economically active employees (74.59%) and has long years of service, which is more than 5 years (64.34%). Next, management needs to maintain the habit of providing briefing and motivation of the leaders in the company so they are able to keep up with the changes in the employees, especially in
this Covid-19 pandemic situation. This is because readiness to change is the basic asset of the employee’s readiness to face the tough competition in this industrial revolution era.

**Limitations**

This research has a number of limitations. Firstly, this research analyses about the effect of transformational leadership towards employee’s performance, both directly and indirectly through the readiness to change variable. This is may be because there are some other variables (such as motivation, competency, management knowledge, organizational climate, etc) which affect the employee’s performance. The author recommends to discover, explore, and analyse more to the next researches. Moreover, this research is done in the manufactural industry and may not be generalized to other industries. Therefore, it is suggested to do a further research regarding this topic in other industries, which could be added to other regions, countries, or comparison between small and medium-sized enterprise and larger organizations.

**Notes on Contributors**

**Dewiana Novitasari** is a lecturer in program study of management Economics Science of Insan Pembangunan. She graduated for Magister of management Science from IPB. Her research interest are economic development management and organizational behavior.

**Masduki Asbari** is a lecturer in information system department, STMIK Insan Pembangunan. He graduated from Pelita Harapan University. His research interest are human resource management, organizational behavior, leadership and knowledge management.

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The Role of Readiness to Change between Transformational Leadership and Performance


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