

THE ROLE OF TRANSFORMATIONAL LEADERSHIP IN IMPROVING TEAM PERFORMANCE IN THE DIGITAL BUSINESS ERA

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ABSTRACT

The digital business environment has experienced rapid growth driven by technological transformation and evolving work practices, which require teams to be adaptive, collaborative, and innovative. Transformational leadership has become a crucial factor in enhancing team performance, yet empirical studies on its effect on team productivity and collaboration in digital contexts remain limited. This study aims to analyze the influence of transformational leadership on team performance in organizations operating in the digital business era. This study uses a quantitative approach with a verificative paradigm. The research population consists of employees working in digital startups, tech-based student organizations, and creative ventures in Indonesia, totaling 50 respondents. Data were collected using a questionnaire with a 1–5 Likert scale measuring transformational leadership through dimensions of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, while team performance was measured through productivity, collaboration, and innovation. Data analysis was performed using simple linear regression with the help of SPSS 25. The results indicate that transformational leadership has a positive and significant effect on team performance, demonstrating that higher levels of transformational leadership correspond to improved productivity, collaboration, and innovation in digital teams. This study suggests that organizations prioritize the development of transformational leadership practices to enhance team effectiveness in the digital business era.

Key words: transformational leadership, team performance, digital business

INTRODUCTION

The rapid development of digital technology has brought profound changes in the way organizations operate, collaborate, and manage human resources across various industries (Kawiana 2023; Qiao, Li & Hong 2024; Ridha 2024). Digital transformation has reshaped not only operational processes but also organizational culture, decision-making speed, and the expectations of employees to adapt quickly to dynamic and uncertain work environments. In this context, organizational effectiveness depends not only on formal structures and procedures but also on the quality of leadership that can inspire, guide, and empower team members to navigate technological changes while maintaining productivity and innovation (Al-Hadrawi & Reniati 2023; Kawiana 2023). Transformational leadership has emerged as a highly relevant leadership model in addressing these challenges because it emphasizes the development of individuals and teams through changes in values, beliefs, and behaviors to achieve collective organizational goals (Bass & Avolio 1994). Transformational leaders motivate team members through inspirational communication, stimulate intellectual engagement for problem-solving, and provide individualized consideration by recognizing the unique potential and needs of each team member. This leadership style has been associated with increased employee engagement, job satisfaction, and overall team performance in traditional organizational settings (Lee 2011; Braun, Peus, Weisweiler & Frey 2013).

In recent years, several studies have examined the application of transformational leadership in digital and virtual work environments. For instance, transformational leaders are shown to enhance virtual collaboration, foster innovation, and cultivate an open communication culture, which are crucial for geographically dispersed or remote teams (Greimel 2023; Vuchkovski 2023). Despite these findings, the majority of previous research has primarily focused on traditional organizational contexts, with limited empirical studies investigating transformational leadership specifically within digital business teams. Moreover, many existing studies do not consider the unique challenges of digital work environments, such as rapid technological change, virtual collaboration demands, and the constant need for innovation, leaving a gap in understanding how transformational leadership translates into measurable team performance in modern digital organizations.

Another important consideration highlighted in prior research is the lack of comprehensive quantitative studies that systematically test the direct effect of transformational leadership on team performance in digital contexts using robust statistical methods (Ridha 2024). While qualitative studies provide valuable insights into leadership behaviors, there remains a need for empirical verification using measurable variables and standardized instruments. Addressing this gap will provide organizations with evidence-based strategies to improve team performance and competitiveness in an era where digital transformation is inevitable and accelerating.

Based on the gaps identified in previous studies, this research seeks to contribute to both theory and practice by examining the relationship between transformational leadership and team performance in digital business

environments. This study aims to provide empirical evidence that transformational leadership enhances team productivity, collaboration, and innovation, offering insights for organizational leaders to develop more effective leadership practices. Therefore, the purpose of this study is to analyze the influence of transformational leadership on team performance in organizations operating in the digital business era, providing theoretical contributions to leadership literature and practical guidance for building adaptive, innovative, and high-performing teams.

METHOD

This study uses a quantitative approach with a verificative paradigm to examine the effect of transformational leadership on team performance in organizations operating in the digital business era. The dimensions used in the Transformational Leadership variable are idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass & Avolio, 1994). Meanwhile, the dimensions used in the Team Performance variable are productivity, collaboration, and innovation (Katzenbach & Smith, 2005). Because this is mini research, the research population consists of employees working in digital startups, tech-based student organizations, and creative ventures in Indonesia. The sample was determined using purposive sampling with a total of 50 respondents, based on the criteria that they have at least six months of experience working under a direct supervisor and actively participate in digital team projects.

Sampling was conducted using purposive sampling to ensure that all selected respondents met the research criteria and were actively involved in digital teamwork. The research instrument was a questionnaire with a 1–5 Likert scale, ranging from “strongly disagree” to “strongly agree.” The validity of the instrument was tested through expert judgment, and reliability was confirmed using Cronbach’s Alpha ≥ 0.70 , indicating good internal consistency. The data were analyzed using simple linear regression (OLS) with SPSS 25.0 to determine the effect of transformational leadership on team performance. Prior to hypothesis testing, the data were examined for normality, linearity, and homoscedasticity to ensure that the regression assumptions were met and that the results were reliable.

RESULTS AND DISCUSSION

The results of the analysis indicate that transformational leadership has a positive and significant effect on team performance ($\beta = 0.701$, $p < 0.01$). All four dimensions of transformational leadership—idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration—simultaneously contribute to improving team performance. Among these dimensions, intellectual stimulation and individualized consideration showed the highest contribution, highlighting the importance of personalized approaches and critical thinking stimulation in building adaptive, productive, and innovative teams. These findings support previous literature showing that transformational leaders can enhance team productivity, collaboration, and innovation through inspiration, individualized attention, and intellectual stimulation (Lee, 2011; Braun et al., 2013; Greimel, 2023). In the context of the digital business era, adaptive and communicative leadership proves to be a key factor in team success, enabling teams to respond effectively to rapid technological changes and dynamic work environments.

Furthermore, the results demonstrate that leaders who provide intellectual challenges and recognize individual contributions can foster a culture of continuous learning and innovation within teams. This aligns with the principle that transformational leadership is not only about motivating followers but also about developing team capabilities, promoting problem-solving skills, and encouraging proactive engagement with digital tools and technologies. In practical terms, organizations operating in the digital era can benefit from encouraging leaders to focus on stimulating critical thinking, offering personalized support, and maintaining open communication channels. These leadership practices can enhance team cohesion, productivity, and innovation, which are essential for maintaining competitiveness and sustainability in rapidly evolving digital markets.

Overall, this study confirms that transformational leadership is a significant driver of team performance, particularly in environments where digital adaptation, collaboration, and innovation are crucial. The findings provide both theoretical contributions to leadership literature in the digital business context and practical guidance for organizations seeking to develop high-performing teams capable of navigating technological change.

Table 1. Correlations between Transformational Leadership Dimensions and Team Performance

Dimensions of Transformational Leadership	Team Performance	
	<i>r</i>	<i>p</i>
<i>Idealized Influence</i>	0.701	0.001
<i>Inspirational Motivation</i>	0.655	0.001
<i>Intellectual Stimulation</i>	0.712	0.001
<i>Individualized Consideration</i>	0.703	0.001

From the Model Summary table, it can be seen that transformational leadership has a strong and positive relationship with team performance among employees in digital startups, tech-based student organizations, and creative ventures in Indonesia. The R value indicates a strong correlation between the two variables, suggesting that transformational leadership plays a crucial role in shaping team performance. The R Square value shows that a substantial portion of the variation in team performance can be explained by transformational leadership, while the remaining variation is influenced by factors outside this research model, such as organizational culture, individual skills, team composition, or external market conditions. The Adjusted R Square, which is close to the R Square value, indicates that this regression model is quite stable and reliable in explaining the relationship between transformational leadership and team performance.

The relatively small Standard Error of the Estimate demonstrates that the model's predictions are fairly accurate in estimating team performance based on transformational leadership. Furthermore, the correlation analysis in Table 1 shows that all four dimensions of transformational leadership—Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration—are positively and significantly correlated with team performance. Among these dimensions, Intellectual Stimulation and Individualized Consideration exhibit the highest correlation values, emphasizing the importance of fostering critical thinking, personal attention, and supportive guidance in enhancing team productivity, collaboration, and innovation.

Overall, these results confirm that transformational leadership is a significant and strong predictor of team performance in the digital business era. Leaders who effectively apply the four dimensions of transformational leadership can enhance team outcomes and create adaptive, innovative, and high-performing teams.

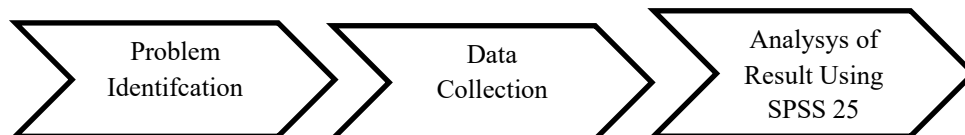


Figure 1. Research Procedure

Research on the effect of transformational leadership on team performance in the digital business era was conducted through three systematic and interrelated stages. The first stage was problem identification, in which the researchers identified the phenomenon of transformational leadership in the context of digital organizations and how it potentially affects team performance, particularly among employees in digital startups, tech-based student organizations, and creative ventures in Indonesia. This stage was conducted by reviewing the literature and identifying gaps, such as the limited studies examining the direct impact of transformational leadership on team performance in rapidly evolving digital work environments. After clearly identifying the research problem based on theoretical gaps and empirical phenomena in the field, the research proceeded to the data collection stage. Structured questionnaires with a 5-point Likert scale were distributed to 50 respondents to measure their perceptions of transformational leadership based on four dimensions: idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. The questionnaires also measured team performance through the dimensions of productivity, collaboration, and innovation.

The final stage involved data analysis using SPSS version 25, where the collected data were statistically processed through validity and reliability tests, classical assumption tests (normality, linearity, and homoscedasticity), and simple linear regression analysis to examine the effect of transformational leadership on team performance. This stage allowed the researchers to test the research hypothesis and determine whether transformational leadership significantly contributes to improving team performance. These three stages form a logical, structured, and systematic research flow, enabling the study to comprehensively answer the research questions and achieve the research objectives regarding the influence of transformational leadership on team performance in the digital business era.

CONCLUSION

Transformational leadership has been proven to have a positive and significant effect on team performance in the digital business era. Leaders who effectively apply its four dimensions—idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration—can enhance team productivity, collaboration, and innovation. The results of this study indicate that intellectual stimulation and individualized consideration contribute the most, highlighting the importance of personalized approaches and critical thinking stimulation in building adaptive, creative, and innovative teams. This study provides theoretical contributions to digital leadership literature by demonstrating that transformational leadership is not only about motivating followers but also about developing team capabilities to face technological dynamics and rapid changes in digital environments. Practically, the findings offer guidance for organizations to promote adaptive, communicative, and innovative leadership practices, enabling teams to work effectively, maintain productivity, and increase innovation capacity sustainably.

Therefore, transformational leadership can serve as a key strategy for organizations aiming to build high-performing teams that are ready to tackle the challenges of the digital business era while fostering a work culture that supports individual development and optimal team collaboration.

The Conclusions section consists of only one paragraph but obtained answers from hypotheses and / or research objectives or scientific findings obtained. Conclusions are not the result of repetition of the results and discussion, but more than the results of the results as expected from the results of the study. If necessary, at the end can be written things that will be done related to further research from the research..

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