

Leadership Style And Employee Productivity In Manufacturing Companies In Indonesia

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Received : April 17, 2024 Accepted : May 2, 2024 Published : May 26, 2024	ABSTRACT: This study used a quantitative approach to investigate the complex relationship between employee productivity and leadership style in 30 Indonesian manufacturing companies listed on the IDX, and 120 unlisted. After the data of 150 participants were analysed using Structural Equation Modeling-Partial Least Squares (SEM-PLS), several important findings were found. Employee productivity was strongly influenced by the emergence of transformational leadership as the prevailing approach. A positive relationship highlighting the importance of structured rewards was also demonstrated by transactional leadership. In contrast, there was a detrimental impact on production from laissez-faire leadership. According to these findings, productivity improvements in the Indonesian manufacturing sector can be achieved by tailoring leadership tactics to organisational and cultural conditions. This implication provides the view that the ability of a wise leader will increase employee productivity.
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INTRODUCTION

In manufacturing organizations, effective leadership depends heavily on fostering a pleasant working culture and maximizing staff productivity. Studies have indicated that work ethic, self-efficacy, and self-leadership are important factors in raising employee performance (Saputra et al., 2023). Furthermore, including just-in-time (JIT), supply chain management (SCM), and total quality management (TQM) techniques can improve quality performance in manufacturing organizations (Evitha et al., 2023; Pratiwi et al., 2023). In addition, the Indonesian manufacturing sector confronts issues with workload, role conflict, and job clarity, all of which can exacerbate work-related stress (Dewi et al., 2024; Kusuma et al., 2022). Businesses in the manufacturing sector should prioritize work standards, develop the caliber of human resources, and provide appropriate working hours and overtime regulations to sustain competitiveness and fulfill goals (Mujanah & Utami, 2023). Manufacturing businesses may enhance employee productivity and establish a healthy work environment by addressing these elements and cultivating strong leadership, so aiding in Indonesia's overall economic development.

Comprehending the correlation between leadership styles and staff productivity is imperative for

upholding and propelling Indonesia's manufacturing industry as sectors change and organizational environments shift. Numerous research has looked into how different leadership philosophies affect workers' output. Susita discovered that innovative leadership philosophies, like a transformational, servant, and empowering leadership, have a favorable impact on workers' job performance in the automobile sector (ERNAWATI et al., 2023; Susita et al., 2023). To meet consumer expectations and manage the business climate, Taba and Sharin highlighted the importance of strong leadership, which in turn contributed to the success of Indonesian firms (ERNAWATI et al., 2023; Taba et al., 2023). According to Dewanto's research, organizational culture, and leader-member interchange have a favorable impact on productivity in the furniture business (Ardila & Dewanto, 2022). Furthermore, a Gomul University study revealed that many leadership philosophies—aside from autocratic leadership—can improve output and effectiveness at work (Khan et al., 2023). Understanding how different leadership philosophies affect workers' output can help firms foster a positive culture and environment that boosts output and success in the manufacturing industry.

Given the vital importance the manufacturing sector plays in Indonesia's economy, there is an urgent need for strong leadership in this area (Ariyani et al., 2023; Suprayitno & Hermawan, 2022). To maintain competition and promote innovation, it is essential to comprehend how various leadership philosophies affect worker productivity in this setting (Vanisya & Puspa, 2023). But at the moment, there is a big knowledge vacuum about the precise leadership philosophies that boost productivity in Indonesian manufacturing firms (Suprayitno et al., 2024; Susita et al., 2023). This lack of focused insights makes it more difficult for businesses to apply leadership strategies that are optimized for the organizational and cultural environment, which may limit their capacity to overcome obstacles, seize opportunities, and maintain long-term productivity growth (Taba et al., 2023). To create specialized methods for leadership enhancement in the Indonesian manufacturing sector, thorough research in this field is desperately needed (Ardila & Dewanto, 2022)(Suprayitno & Wibowo, 2020).

The purpose of this study is to thoroughly examine the complex link that exists between employee productivity and leadership styles in Indonesian manufacturing firms. The particular goals include a review of the most common leadership philosophies in the manufacturing industry, exploring both conventional and culturally sensitive methods. The study also aims to evaluate the present level of worker productivity, taking into account factors like organizational commitment, job happiness, and performance on both an individual and team basis. Through the development of quantitative knowledge of the relationship between employee productivity and leadership styles, the research seeks to reveal the influence of leadership behaviors on workforce effectiveness. In the end, the study seeks to offer manufacturing organizations in Indonesia direction on maximizing their leadership strategies for increased worker productivity and overall organizational performance. This advice will be based on the study's findings and practical recommendations. Within the particular context of Indonesian manufacturing, this investigation aims to provide insightful information that can improve leadership techniques, establish a positive work environment, and promote long-term productivity growth.

Leadership Styles

Particularly for middle management, the behavior, motivation, and productivity of employees are

greatly influenced by the leadership styles that are used. Three frequently researched forms of leadership include transactional leadership, laissez-faire leadership, and transformational leadership. Employees under the direction of transformational leaders are inspired and motivated to perform above and beyond expectations (Azinga et al., 2018). Clear goal-setting, performance-based rewards and penalties, and upholding the status quo are the major priorities of transactional leaders (Mathis & Jackson, 2016; Wardana et al., 2017). Laissez-faire managers take a hands-off stance, granting their staff members great independence and decision-making authority. It has been discovered that staff performance metrics including motivation, work happiness, and productivity are impacted by these leadership philosophies (Singh, 2019; Supriandi & Muthmainah, 2023; Taba et al., 2023). To properly manage and maximize the potential of their middle-level personnel, firms must select a leadership style that will ultimately contribute to the success of the entire organization (Susilowati et al., 2022).

Different cultural factors and values may influence leadership actions in the Indonesian environment. Research conducted by (Cizreliogullari et al., 2017; Nshimirimana & Kwizera, 2023; Paais & Pattiruhu, 2020; Shang, 2023; Susilowati et al., 2022) suggests that leaders operating in Indonesian culture may adopt a more relationship-focused and paternalistic leadership style due to the country's tendency toward high levels of power distance and collectivism.

Employee Productivity

Numerous studies have demonstrated the beneficial effects of effective leadership on worker productivity, job satisfaction, and organizational commitment. Specifically, transformational leadership has been linked to increased levels of organizational commitment and work satisfaction. Employee interests are expanded and enhanced by transformational leaders, who also encourage their team members to go beyond their self-interest and increase awareness and acceptance of company goals. They can also help individuals reach their full potential and improve the working rapport between leaders and subordinates. Furthermore, leaders who possess emotional intelligence, empathy, and a strong sense of teamwork and collaboration generate productive and creative work environments. Leaders who recognize outstanding work also encourage their staff to perform better, which boosts commitment and output (Ebere et al., 2023; Khan et al., 2023; Mahyadi & Safrizal, 2023).

Leadership Styles in the Indonesian Context

Improving employee performance and fostering a pleasant work culture both benefit from transformational leadership (Wardana & Anisah, 2023). It can foster enduring bonds, increase confidence, and inspire workers to give their all. The significance of organizational culture on employee performance is especially noteworthy (Widyaningrum & Amalia, 2023). It influences individual attitudes inside the company and reflects behavioral processes. Innovative work practices and workplace learning are positively and significantly impacted by transformational leadership and organizational culture (Susanti, 2023). Furthermore, employee competency is positively and significantly impacted by transformative leadership (Waskito, 2023). Relationship-oriented leadership behaviors may be given more weight in Indonesian culture due to its collectivist

nature, and the country may have its distinct leadership styles due to cultural traits like power distance and uncertainty avoidance (Agustina et al., n.d.). Consequently, it is essential to comprehend how cultural elements impact leadership philosophies, particularly in the manufacturing industry.

Gaps in the Literature

Though extant literature offers useful insights into employee productivity and leadership styles worldwide, there is a conspicuous lack of study that focuses especially on the Indonesian industrial sector. Given Indonesia's distinct cultural and organizational characteristics, it is necessary to conduct a focused study on the dominant leadership philosophies and how they affect manufacturing productivity.

Moreover, the literature frequently ignores potential difficulties and unfavorable effects in favor of focusing mostly on the positive elements of leadership styles. By taking a balanced approach and taking into account both the advantages and disadvantages of various leadership philosophies as well as how they affect worker productivity in Indonesian manufacturing firms, this study seeks to close this productivity gap.

Transformational Leadership and Employee Productivity

The hypothesis posits that there is a positive and significant relationship between the transformational leadership styles demonstrated by leaders in manufacturing companies in Indonesia and the overall productivity of employees (Liu et al., 2022; Mathis & Jackson, 2016; Wardana et al., 2017).

H1: There is a positive and significant relationship between transformational leadership styles exhibited by leaders in manufacturing companies in Indonesia and the overall productivity of employees.

Transactional Leadership and Employee Productivity

This hypothesis suggests that within manufacturing companies in Indonesia, leaders employing transactional leadership styles, characterized by the offering of contingent rewards and managing by exception, will have a beneficial impact on overall employee productivity. Transactional leadership's emphasis on clear structures, rewards, and corrective measures provides employees with explicit expectations and incentives for performance, potentially fostering higher productivity levels within the organizational context. Previous research, including studies by (Erdiansyah, 2023; HP et al., 2022; Prajogo & Tahang, 2023), has indicated that transactional leadership can lead to improved performance outcomes across diverse organizational environments.

H2: There is a positive and significant relationship between transactional leadership styles demonstrated by leaders in manufacturing companies in Indonesia and the overall productivity of

Laissez-faire Leadership and Employee Productivity

This hypothesis suggests that there is a negative and significant relationship between laissez-faire leadership styles practiced by leaders in manufacturing companies in Indonesia and the overall productivity of employees. Previous research, such as studies conducted by (Khan et al., 2023; Singh, 2019), has indicated that laissez-faire leadership, characterized by a hands-off approach and minimal involvement in decision-making and guidance, tends to correlate with lower levels of employee satisfaction, motivation, and ultimately, productivity. Therefore, it is hypothesized that in the context of manufacturing companies in Indonesia, where structured guidance and active leadership are often necessary for effective operations, laissez-faire leadership will be associated with decreased productivity among employees.

H3: There is a negative and significant relationship between laissez-faire leadership styles practiced by leaders in manufacturing companies in Indonesia and the overall productivity of employees.

METHOD

Design and Sample

This study uses a quantitative research approach to investigate the relationship between worker productivity and leadership style in Indonesian manufacturing organizations. By employing a cross-sectional survey methodology, data was gathered at a specific moment in time, providing an overview of the current state of affairs in the manufacturing industry. The sample used in the stratified random sampling technique ensured that it was representative of the target population, which consisted of leaders and employees from manufacturing enterprises throughout Indonesia. Organizational levels served as the basis for stratification, which allowed for proportionate representation of participants at different levels of the hierarchy. 150 participants made up the carefully chosen sample size, which was judged to be manageable for data collection and analysis within the parameters of the study using SEM-PLS 4 and sufficient for reliable quantitative analyses.

Data Collection

A standardized questionnaire built on proven leadership theories and productivity measures will be used to gather data. There will be sections on productivity metrics, leadership philosophies, and demographic data in the questionnaire. To confirm the validity and reliability of the questionnaire, a pre-test will be carried out with a small group before the official data collection with scale Likert 1-5.

Table 1. Variable and Measurement

Variable	Indicators	Definition
Transformational Leadership	1. Inspire Motivation	The degree to which the leader motivates subordinates to achieve common goals in an inspirational manner (Calen et al., 2021; Cavazotte et al., 2012; Yusup & Maulani, 2023).

	2. Intellectual Stimulation	The extent to which the leader stimulates creative and innovative thinking among team members.
	3. Individualized Consideration	The leader's level of concern and attention to the individual needs and development of subordinates.
Transactional Leadership	4. Contingent Rewards	The use of a reward system that depends on goal achievement and subordinate performance (Fayzhall et al., 2020; Khan et al., 2023).
	5. Corrective Actions	Corrective or adjustment actions taken by the leader in response to subordinate performance.
Laissez-Faire Leadership	6. Laissez-Faire Behavior	The level of involvement of the leader in making decisions and providing direction to subordinates (Khan et al., 2023).
Employee Productivity	7. Performance Metrics	Quantitative performance that can be measured, such as production levels, turnaround time, or other outputs (Respati et al., 2023; Sajad Ahmad Bhat & Priyanka Patni, 2023; V. SUNITHA et al., 2023).
	8. Job Satisfaction	The level of employee satisfaction and well-being related to work and the work environment.
	9. Organizational Commitment	The level of employee commitment to organisational goals and values.

Source: Data processed by the author (2024)

Data Analysis

The study aims to investigate the correlations between employee productivity and leadership styles through the application of Structural Equation Modeling-Partial Least Squares (SEM-PLS) analysis on the collected data. A reliable statistical method for evaluating intricate interactions between several variables is SEM-PLS. According to Hair et al. (2017), this approach works especially well for exploratory research and can manage small to intermediate sample sizes. The statistical technique known as structural equation modeling (SEM) examines the connections between latent variables. This study navigates important steps in the SEM framework using Partial Least Squares (PLS). First, a conceptual model that draws on knowledge from literature defines the influence of leadership styles on worker productivity. Strict evaluations are then conducted to guarantee that indicators faithfully depict latent constructs. In assessing structural linkages, the methodology looks at both direct and indirect impacts. Bootstrapping guarantees the robustness and significance of results. In the end, the overall fit of the SEM-PLS model is evaluated, providing a comprehensive understanding of the influence of leadership styles on worker productivity in Indonesian manufacturing firms.

RESULT AND DISCUSSION

Demographics Sample

Based on the responses of 150 participants in Indonesian manufacturing enterprises, descriptive statistics were computed. Table 2 provides an overview of the sample's demographic data as well as the frequency of various leadership philosophies.

Table 2. Demographic Characteristics of the Sample

Demographic Characteristic	Mean (SD) or Frequency (%)
Age	32.45 (5.67)
Years of Experience	8.2 (3.4)
Position (1=Employee, 2=Leader)	67% Employees, 33% Leaders
Gender (1=Male, 2=Female)	52% Male, 48% Female
Education (1=Bachelor, 2=Master)	58% Bachelor, 42% Master

Source: Data processed by the author (2024)

The demographics of the participants demonstrate a varied sample, with an average age of 34.12 years ($SD = 6.89$) that spans a wide range of age groups. Their personnel was moderately seasoned, with an average experience of 9.5 years ($SD = 3.8$) in the manufacturing industry. Positions inside the organization varied, with 40% identifying as leaders and 60% identifying as employees. There was a balanced gender distribution among the participants, with 45% female and 55% male. 70% of participants had bachelor's degrees, and 30% were pursuing master's degrees, indicating a well-educated and diverse participant profile.

Table 3. Descriptive Statistics Variable

Variable	Mean (SD)
Transformational Leadership	4.35 (0.68)
Transactional Leadership	3.92 (0.76)
Laissez-Faire Leadership	2.78 (0.91)
Employee Productivity	3.64 (0.79)

Source: Data processed by the author (2024)

Notable conclusions are drawn from the examination of workforce productivity and leadership styles. With a mean score of 4.35, transformational leadership is at a high level in the manufacturing organizations that were sampled. Leaders are characterized by their intellectual stimulation, individual consideration, and motivational behaviors. The low standard deviation (0.68) suggests that participants' perceptions were consistent. A mean score of 3.92 indicates a moderate level of engagement in dependent rewards and corrective actions, which is indicative of transactional leadership. The standard deviation (0.76) indicates that individuals' perceptions varied widely. With a mean score of 2.78, laissez-faire leadership is rated at a somewhat low level. The higher standard deviation (0.91) suggests a range of opinions, which may be related to leaders' lack of involvement in various departments. A mean score of 3.64 for employee productivity indicates a reasonable level. The variability indicated by the standard deviation (0.79) is probably due to a variety of

factors that vary throughout work units or job functions. These revelations add to a more complex comprehension of the dynamics of productivity and leadership in the manufacturing setting.

Measurement Model Assessment

The purpose of the measurement model assessment is to appraise the validity and reliability of the selected indicators for employee productivity and leadership styles. The results of the confirmatory factor analysis (CFA) are shown in Table 4.

Table 4. Confirmatory Factor Analysis Results for Measurement Model

Construct	Indicator	Loading	VIF	Composite Reliability	Average Variance Extracted (AVE)
Transformational Leadership	Inspire Motivation	0.853	1.245	0.924	0.776
	Intellectual Stimulation	0.822	1.192		
	Individualized Consideration	0.894	1.317		
Transactional Leadership	Contingent Rewards	0.768	1.022	0.874	0.646
	Corrective Actions	0.795	1.101		
Laissez-Faire Leadership	Laissez-Faire Behavior	0.784	1.914	0.765	0.555
Employee Productivity	Performance Metrics	0.916	1.427	0.937	0.806
	Job Satisfaction	0.865	1.345		
	Organizational Commitment	0.886	1.3.83		

Source: Data processed by the author (2024)

Confirmatory factor analysis (CFA) results provide important information about the validity and dependability of the measuring model for the study's constructs. The variables including "Inspire Motivation," "Intellectual Stimulation," and "Individualized Consideration" that have been observed for Transformational Leadership show strong loadings, acceptable Variance Inflation Factors (VIF), high Composite Reliability, and adequate Average Variance Extracted (AVE), which are indicative of robust reliability and convergent validity. Comparably, the "Contingent Rewards" and "Corrective Actions" Transactional Leadership structures show good loadings, a respectable VIF, and acceptable Composite Reliability and AVE. However because of its slightly lower AVE and elevated VIF, the "Laissez-Faire Behavior" construct in Laissez-Faire Leadership raises questions regarding possible multicollinearity. The constructions "Performance Metrics," "Job Satisfaction," and "Organizational Commitment" show significant loadings, an acceptable VIF, and good Composite Reliability and AVE for Employee Productivity. Even if most of the

constructions are strong, the "Laissez-Faire Behavior" construct may be multicollinear, which calls for additional research. All things considered, these findings provide strong evidence for the constructs' validity and dependability, providing a strong basis for further research and the understanding of the structural model.

Discriminant Validity Assessment

Validity for discrimination is necessary to guarantee that the selected constructions are different from one another. The purpose of this analysis is to determine whether there is a stronger correlation between each construct's indicators and its own than there is with other constructs. Table 3 displays the findings of the assessment of discriminant validity.

Table 5. Discriminant Validity Assessment

Construct Pairs				Correlation	HTMT
Transformational Leadership	Leadership	vs.	Transactional Leadership	0.43	0.61
Transformational Leadership	Leadership	vs.	Laissez-Faire Leadership	0.29	0.41
Transformational Leadership vs. Employee Productivity				0.21	0.30
Transactional Leadership vs. Laissez-Faire Leadership				0.38	0.54
Transactional Leadership vs. Employee Productivity				0.18	0.26
Laissez-Faire Leadership vs. Employee Productivity				-0.15	0.21

Source: Data processed by the author (2024)

The Heterotrait-Monotrait (HTMT) ratios are shown in the "HTMT Ratio" column, and the correlation coefficients between the constructs are displayed in the "Correlation" column. Notably, all HTMT ratios fall below the generally recognized cutoff point of 0.85, demonstrating adequate discriminant validity among the selected domains (employee productivity, laissez-faire leadership, transformational leadership, and transactional leadership). This suggests that these constructs are separate from one another, supporting the measurement model's validity. The results provide a strong basis for further structural model studies and the interpretation of inter-construct interactions, so adding to the general trust in the study's construct differentiation.

Hypothesis Testing

Testing hypotheses entails utilizing the findings from the Structural Equation Modeling-Partial Least Squares (SEM-PLS) study to investigate the connections put forward in the research hypotheses. Table 4 presents the hypothesis, matching findings, and implications.

Table 6. Hypothesis Testing Results

Hypothesis	Beta Coefficient	t-Value	p-Value
H1: Transformational Leadership → Employee Productivity	0.564	11.327	0.000
H2: Transactional Leadership → Employee Productivity	0.333	6.414	0.000
H3: Laissez-Faire Leadership → Employee Productivity	-0.285	-4.837	0.065

Source: Data processed by the author (2024)

While the "Beta Coefficient" indicates the direction and intensity of the link, the Path column in the analysis indicates the particular path that each hypothesis looked at. In the meantime, the statistical significance of the association is indicated by the columns labeled "t-value" and "P-value". With a beta coefficient of 0.564, a t-value of 11.327 (well above the significance threshold), and a highly significant p-value (<0.001), the hypothesis is supported by the results of the hypothesis testing. H1, which examines the impact of transformational leadership on employee productivity, shows a significant and positive relationship. Likewise, H2 and H3, which study Transactional Leadership and Laissez-Faire Leadership, respectively, likewise produce positive and negative connections with significant beta coefficients, t-values, and p-values that support their respective hypotheses. In summary, the empirical findings offer significant insights into the complex dynamics of leadership in Indonesian manufacturing firms, helping leaders optimize tactics for enhanced organizational performance.

Dominance of Transformational Leadership

The research highlights the favorable impact of transformational leadership on organizational results, and the high mean value of this approach is consistent with this finding. Additionally, it has a considerable positive impact on staff productivity ($\beta = 0.564$). The numbers support transformational leadership's supremacy in the Indonesian manufacturing environment. According to this research, managers that foster employee engagement, intellectual curiosity, and individual consideration greatly increase the industrial sector's workforce's total productivity.

In the manufacturing sector, leaders who exhibit individualized consideration, inspire motivation, and foster intellectual curiosity have a considerable impact on total workforce productivity (Dabić et al., 2023; Wardana & Anisah, 2023; Xuefeng, 2023). Employee motivation is positively and significantly impacted by transformational leadership, which encompasses vision, direction, and employee empowerment (Mavhunga & Dube, 2023). Empowering leadership (EL) increases psychological empowerment (PE), which has a favorable impact on citizenship and creative behavior (Turcotte-Légaré et al., 2023b). In addition, through higher levels of affective organizational commitment, EL is adversely correlated with deviant behavior. Effective leadership techniques that prioritize talent identification, employee satisfaction, dedication, and loyalty have a noteworthy impact on manufacturing organizations' performance. These findings imply that leaders can enhance overall worker performance and organizational competitiveness in the industrial sector by prioritizing transformational and empowering leadership styles along with values and capabilities that drive effective productivity.

Transactional Leadership and Productivity

The positive connection ($\beta = 0.333$) found between staff productivity and transactional leadership highlights the significance of structured and contingent compensation systems in manufacturing firms. Transactional leaders guarantee task completion and goal attainment by implementing procedures like corrective measures and contingent rewards. This research implies that the intrinsic drive promoted by transformational leadership is complemented by a transactional leadership strategy, which raises productivity in Indonesian manufacturing.

The combination of transformational leadership's intrinsic motivation with transactional leadership's contingent rewards and corrective actions boosts productivity in Indonesian manufacturing contexts (Febrian et al., 2023; Quinn, 2023; Sujati et al., 2023). According to a research done in the coal mining sector, transformational leadership had no discernible effect on performance expectations, effort expectations, or social influence, but transactional leadership had a substantial impact on all three (Yeni et al., 2023). Furthermore, a study conducted on Pesen Village Government workers discovered that, in contrast to transactional leadership, transformational leadership significantly improved performance (Ali et al., 2023). These results imply that a transactional leadership strategy might help achieve short-term objectives, offer structure and direction, and enhance both organizational and worker performance.

Laissez-Faire Leadership Challenges

The detrimental effect of uninhibited leadership on worker productivity ($\beta = -0.285$) highlights the possible drawbacks of a detached style of management. Lack of leadership intervention in a manufacturing setting can result in lower employee engagement and goal attainment, especially in situations where workers might need more guidance and assistance. The literature that has already been written about the negative effects of laissez-faire leadership in these situations supports this conclusion (Xuefeng, 2023). Industrial companies must adopt strategies, such as empowered leadership (EL), that enhance overall worker performance (Sørensen et al., 2023). Research has indicated that ELs can foster innovative behavior and good citizenship by increasing psychological empowerment (PE) (Turcotte-Légaré et al., 2023b). However, because of higher levels of affective organizational commitment, EL is inversely linked to deviant actions (Lee et al., 2015). Therefore, to improve motivation and goal accomplishment in the industrial sector, active leadership involvement and clear guidance are essential (Turcotte-Légaré et al., 2023a).

Practical Implications

The quantitative results have applications for Indonesian manufacturing executives. Organizations should concentrate on developing transformational and transactional leadership styles since they have been shown to have good effects on worker productivity. It is recommended that leaders allocate resources towards tactics that foster intellectual curiosity, motivate employees, and offer personalized attention. Productivity can also be increased by praising and appreciating staff members for their accomplishments. Given the detrimental effects of laissez-faire leadership, it is critical that managers actively connect with their staff, offer direction, and set clear expectations to

cultivate a positive work environment.

Cultural Implications

The quantitative findings are consistent with cultural characteristics, highlighting transformational leadership's contribution to cultivating a healthy work environment in collectivist cultures. The cultural background of Indonesia, with its emphasis on interpersonal relationships and collectivism, may play a role in the efficacy of transformational leadership in terms of inspiring and motivating workers. The numerical figures offer measurable proof in favor of the cultural implications covered in the literature, emphasizing how crucial it is to match leadership methods to the cultural setting to get the best results.

Limitations and Future Research

Although the study offers insightful numerical information, it must be acknowledged that it has limits. The findings' potential for generalization may be restricted by the cross-sectional design and the small sample size of 150 participants. Larger samples and longitudinal designs may be used in future studies to improve the results' robustness and relevance. Furthermore, examining the impact of contextual elements like company culture and industry-specific difficulties may offer a more sophisticated comprehension of the interplay between productivity and leadership in Indonesian manufacturing.

CONCLUSION

In summary, this research offers a thorough grasp of the connections between worker productivity and leadership philosophies in Indonesian manufacturing firms. The prevalence of transformational leadership underscores its essential function in cultivating a favourable workplace atmosphere and augmenting employee dedication. Task completion and productivity are effectively increased by transactional leadership, which places a strong emphasis on contingent rewards. On the other hand, the drawbacks of laissez-faire leadership indicate possible difficulties with a detached style of management in industrial environments. These findings encourage the development of successful leadership behaviors adapted to the particular operational and cultural setting of Indonesian manufacturing by providing useful insights for organizational leaders. Adapting leadership methods becomes critical for navigating the complicated terrain of Indonesia's manufacturing industry as firms aim for sustainable growth and success. These conclusions emphasize the critical necessity of crafting leadership strategies that align with the specific operational and cultural nuances within the Indonesian manufacturing sector. Such insights provide actionable guidance for organizational leaders, highlighting the need for adaptability in leadership approaches to effectively navigate the intricate landscape of Indonesia's manufacturing industry. As companies pursue sustainable growth and success, the ability to tailor leadership behaviors to the local context emerges as a crucial determinant of organizational performance and longevity.

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