

The Role of Transformational Leadership in Enhancing Employee Performance: A Systematic Literature Review

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Abstract

The success of bureaucratic reform in Indonesia depends heavily on the performance of civil servants (ASN) as the primary providers of public services, with leadership recognized as one of the key determinants of that performance. Transformational leadership is regarded as genuine leadership, as it directs organizations toward goals never previously achieved, in contrast to leadership styles that merely preserve the status quo. This study aims to examine the influence of transformational leadership on improving employee performance through a Systematic Literature Review (SLR) approach. Data were collected by searching for articles on Google Scholar using the keyword "Transformational Leadership and Employee Performance," yielding 10 selected articles published between 2019 and 2025 for in-depth review and analysis. The findings show that transformational leadership consistently has a positive and significant effect on employee performance, in both government institutions and private companies. This effect occurs both directly and indirectly through several mediating variables, namely work discipline, job satisfaction, work motivation, organizational culture, and job autonomy. Transformational leadership has been shown to inspire, motivate, and develop subordinates' potential, thereby increasing commitment, loyalty, trust, and employee engagement in achieving organizational goals. Accordingly, implementing transformational leadership is an effective strategy for improving organizational performance in both public and private sectors, while also supporting the success of the bureaucratic reform agenda through strengthening the quality of civil servants.

Keywords: *Transformational Leadership, Employee Performance, Bureaucratic Reform, Systematic Literature Review.*

A. INTRODUCTION

Bureaucratic reform is a process of fundamental renewal and improvement of the government administration system, encompassing institutional aspects, governance, and human resources within the apparatus to create a clean, effective, efficient, and service-oriented bureaucracy (KemenPAN-RB, 2010). The essence of bureaucratic reform is to create a shift in the mindset and work culture of officials toward quality and accountable public services.

The scope of bureaucratic reform in Indonesia encompasses eight areas of change: change management, organizational restructuring, regulatory restructuring, human resource management, strengthening accountability, strengthening oversight, governance, and improving the quality of public services. All of these areas are interrelated and must be implemented consistently to create an adaptive and competitive bureaucracy.

The primary objective of bureaucratic reform is to build a professional bureaucracy with integrity, free from corruption, collusion, and nepotism, and capable of providing excellent public services. Furthermore, bureaucratic reform aims to increase government effectiveness, accelerate decision-making, and strengthen public trust in the government. One crucial aspect of this agenda is improving the quality of the State Civil Apparatus (ASN), the primary implementers of public services. Civil servant performance will determine the success of bureaucratic reform (Mozin et al., 2025).

The following data shows corruption cases that occurred as of March 2026:

Table 1. Corruption Crime Cases in Indonesia by Institution

No.	Institution	2021	2022	2023	2024	2025	2026	Total
1	House of Representatives (DPR RI)	1	1	-	10	5	-	17
2	Ministries/Government Agencies	19	26	52	40	31	22	190
3	State-Owned and Regional-Owned Enterprises (SOEs/ROEs)	8	12	34	38	28	-	120
4	Commissions	-	-	-	9	-	-	9
5	Provincial Governments	5	16	22	27	7	1	78
6	Regency and Municipal Governments	75	65	53	30	45	15	283
Total		108	120	161	154	116	38	697

Source: Corruption Eradication Commission (KPK), 2026.

Table 1 presents the distribution of corruption cases in Indonesia based on institutional categories during the 2021–2026 period. A total of 697 corruption cases were recorded by the Corruption Eradication Commission (KPK). Regency and municipal governments accounted for the highest number of cases, with 283 cases (40.6%), indicating that local governments remain the most vulnerable institutions to corruption. This was followed by ministries and government agencies, which recorded 190 cases (27.3%), reflecting persistent governance and accountability challenges within central government institutions.

State-owned and regional-owned enterprises (SOEs/ROEs) ranked third with 120 cases (17.2%), suggesting that corruption risks remain significant in the management of public enterprises. Provincial governments recorded 78 cases (11.2%), while corruption involving the House of Representatives (DPR RI) amounted to 17 cases (2.4%). Meanwhile, commissions represented the smallest institutional category, with only 9 cases (1.3%) during the observed period. From a yearly perspective, corruption cases increased from 108 cases in 2021 to 120 cases in 2022, reaching a peak of 161 cases in 2023. Although the number slightly declined to 154 cases in 2024 and 116 cases in 2025, corruption remained a persistent governance issue. The relatively lower figure in 2026 (38 cases) reflects data availability only for part of the year rather than a definitive decline in corruption.

Table 2. Corruption Crime Cases in Indonesia by Position

No.	Position	2021	2022	2023	2024	2025	2026	Total
1	Members of the House of Representatives (DPR) and Regional Legislative Councils (DPRD)	29	35	1	16	11	–	92
2	Ministers/Heads of Government Agencies	1	2	4	2	1	1	11
3	Ambassadors	-	-	-	-	-	-	-
4	Commissioners	-	-	-	-	-	-	-
5	Governors	1	1	2	5	1	–	10
6	Mayors/Regents and Deputy Regents	13	15	8	8	5	7	56
7	Echelon I, II, III, and IV Officials	20	47	61	61	22	4	215
8	Judges	1	6	2	-	-	2	11
9	Prosecutors	-	1	2	-	3	-	6

10	Police Officers	1	1	-	1	-	-	3
11	Lawyers	1	3	2	1	-	-	7
12	Private Sector	18	27	57	38	39	14	193
13	Others	28	10	22	18	30	14	122
14	Corporations	1	1	-	4	4	3	13
Total		114	149	161	154	116	45	739

Source: Corruption Eradication Commission (KPK), 2026.

Table 2 illustrates the distribution of corruption cases in Indonesia by the occupational position of offenders between 2021 and 2026. During this period, the KPK recorded a total of 739 individuals involved in corruption cases. The largest proportion involved Echelon I–IV government officials, accounting for 215 individuals (29.1%), highlighting the continued vulnerability of the bureaucratic system to corrupt practices. The private sector ranked second with 193 individuals (26.1%), indicating that corruption frequently involves collaboration between public officials and private business actors.

The category classified as Others contributed 122 individuals (16.5%), while Members of the House of Representatives (DPR) and Regional Legislative Councils (DPRD) accounted for 92 individuals (12.4%). Corruption involving Mayors, Regents, and Deputy Regents reached 56 individuals (7.6%), emphasizing the ongoing risks of corruption within local executive leadership. Smaller proportions were recorded among ministers or heads of government agencies (11 individuals), judges (11 individuals), governors (10 individuals), lawyers (7 individuals), prosecutors (6 individuals), police officers (3 individuals), and corporations (13 entities). Notably, no corruption cases involving ambassadors or commissioners were recorded during the observation period.

According to Jufrisen (2017), leadership is a crucial factor determining an organization's performance and its ability to adapt to environmental changes. Effective leadership must direct the efforts of all employees toward achieving organizational goals. Without leadership, the relationship between individual and organizational goals can become misaligned. This situation creates conditions where individuals work to achieve their personal goals, while the organization as a whole becomes inefficient in achieving its objectives. Leadership is an innate ability within a leader that depends on various factors, both internal and external.

Leadership is one factor that shapes and helps others work enthusiastically and achieve planned goals related to organizational success (Winardi, 2012). Handoko (2016) states that leaders can influence morale and job satisfaction, employee loyalty, security, and the quality of work life, especially the level of organizational achievement.

An organization's performance depends on the work of its employees. However, superiors can play a role in organizational planning, implementation, and control. In this regard, superiors must play a crucial role in motivating and managing their employees (Arianty et al., 2016). Organizations need to pay special attention to employee performance by providing rewards (prizes, rewards, and awards) and motivating them to work enthusiastically and responsibly in their duties, so that the organization will easily achieve its planned goals (Daulay et al., 2017).

Robbins & Judge (2011) state that leadership is the ability to influence a group to achieve goals. Locke states that transformational leadership is the opposite of leadership that maintains the status quo. Transformational leadership is truly defined as genuine leadership because it genuinely seeks to direct the organization toward goals never before achieved. Leaders must be truly capable of steering the organization in a new direction (Yukl, 2010).

Based on the research findings above, good civil servant performance will determine the successful implementation of bureaucratic reform. A crucial factor determining performance is leadership. Transformational leadership is truly defined as genuine leadership because it genuinely works toward targets and directs the organization toward goals never before achieved. Therefore, research on Transformational Leadership in Improving Employee Performance is crucial.

B. METHOD

This research is a literature study using the Systematic Review (SR) method, commonly known as Systematic Literature Review (SLR). This is a systematic technique for collecting, critically examining, integrating, and compiling the results of various research studies on a research question or topic of interest. The research began by searching for articles related to the research topic or topic to be studied, namely "Transformational Leadership in Improving Employee Performance" as the topic to be used in the research. Literature study data collection was carried out by searching for articles on Google Scholar using the keyword "Transformational Leadership and Employee Performance". The researcher limited the number of articles to 10 from 2019-2025, and these articles will be reviewed, analyzed, and reviewed in detail and related to the theme being researched.

C. RESULTS AND DISCUSSION

The research data included in this literature review represents an analysis and summary of articles related to transformational leadership in improving employee performance.

Table 3. Articles on Transformational Leadership in Improving Employee Performance

No.	Researchers and Year	Journal Title	Research Findings
1	Putu Darmawan Putra & I Wayan Bagia (2019)	The Influence of Transformational Leadership Style and Work Discipline on Employee Performance	The study found a positive effect of transformational leadership style and work discipline on employee performance, transformational leadership style on work discipline, transformational leadership style on employee performance, and work discipline on employee performance at the Community Empowerment and Village Government Agency of Buleleng Regency.
2	Sartika Ayu Adiwantari, I Wayan Bagja, & Ni Made Suci (2019)	The Influence of Transformational Leadership Style and Job Satisfaction on Employee Performance	The results showed that transformational leadership style and job satisfaction positively affect employee performance; transformational leadership positively affects job satisfaction; transformational leadership

			positively affects employee performance; and job satisfaction positively affects employee performance at the Health Office of Buleleng Regency.
3	Mahmud & Sopiah (2022)	The Influence of Transformational Leadership on Employee Performance: A Literature Review	The study concluded that transformational leadership can influence employee performance in organizations by actively involving employees, increasing motivation, trust, commitment, and engagement, which ultimately improves task performance and supportive behavior and contributes to organizational development.
4	Ahmad Rivai (2020)	The Influence of Transformational Leadership and Organizational Culture on Employee Performance	The findings showed that transformational leadership and organizational culture partially and simultaneously have a positive and significant effect on employee performance at PT Federal International Finance, Medan.
5	Ahmad Prayudi (2020)	The Influence of Transformational Leadership Style on Employee Performance with Work Motivation as an Intervening Variable	The analysis showed that transformational leadership positively affects work motivation ($\beta = 0.587$), employee performance ($\beta = 0.597$), and work motivation positively affects employee performance ($\beta = 0.357$). Transformational leadership also indirectly affects employee performance through work motivation ($\beta = 0.201$).
6	Burhanudin & Agus Kurniawan (2020)	Transactional and Transformational Leadership Styles on Employee Performance at Bank BRI Purworejo	The study found that both transactional and transformational leadership styles have a positive and significant effect on employee performance.
7	Djuraidi & Laily (2022)	The Influence of Transformational Leadership on Employee Performance Through Job Satisfaction as a Moderating Variable	The results showed that transformational leadership affects employee performance and job satisfaction, while job satisfaction affects employee performance. The Sobel test indicated that job satisfaction

			mediates the effect of transformational leadership on employee performance.
8	Ramadhani & Indawati (2021)	The Influence of Transformational Leadership on Employee Performance Through Work Autonomy	The study verified a positive and significant relationship between transformational leadership and employee performance mediated by work autonomy. Good transformational leadership practices and high employee autonomy help improve performance and task completion.
9	Herman & Syihabudin (2024)	The Influence of Transformational Leadership Style and Job Satisfaction on Employee Performance at Perumda Air Minum Tirta Kahuripan, Bandung Regency	The study concluded that transformational leadership style and job satisfaction simultaneously have a positive and significant effect on employee performance, as indicated by the F-test results ($40.319 > 3.19$).
10	Alfani Alifia Ardila & Mohammad Khusnu Milad (2025)	Systematic Literature Review (SLR): The Role of Transformational Leadership and Organizational Culture in Improving Outsourcing Employee Performance	The review showed that transformational leadership and organizational culture positively and significantly affect outsourcing employee performance. Transformational leadership enhances motivation and commitment through inspirational behavior, while organizational culture strengthens shared values and social integration, creating synergy that improves productivity, loyalty, and job satisfaction.

Based on the various studies presented, it can be concluded that transformational leadership consistently demonstrates a positive and significant influence on employee performance in various types of organizations, both government agencies and private companies. Transformational leadership can increase employee morale, motivation, commitment, trust, and engagement in achieving organizational goals.

In addition to its direct impact on performance, transformational leadership has also been shown to influence various other variables that act as supporting factors for performance improvement, including work discipline. Transformational leadership has a positive effect on work discipline, which in turn has a positive effect on employee performance. Thus, work discipline can be a mechanism that strengthens the influence of transformational leadership on performance.

Job Satisfaction: Transformational leadership increases employee job satisfaction, which positively influences performance. Several studies have shown that job satisfaction mediates the relationship between transformational leadership and employee performance. Work Motivation: Transformational leadership increases employee work motivation, which positively influences performance. Work motivation has been shown to be an intervening variable that strengthens the influence of transformational leadership on performance. Organizational Culture: Transformational leadership and organizational culture, both partially and simultaneously, have a positive effect on performance. A strong organizational culture supports the creation of a conducive work environment, thereby increasing employee productivity and commitment. Work autonomy mediates the relationship between transformational leadership and employee performance. The greater the autonomy granted to employees, the greater the potential for performance improvement. In general, these studies show that transformational leaders are able to create a work environment that encourages employees to work more effectively, innovatively, and oriented towards achieving organizational goals.

D. CONCLUSION

Transformational leadership is a key factor that has a positive and significant impact on improving employee performance. This influence can occur directly or indirectly through mediating variables such as work discipline, job satisfaction, work motivation, organizational culture, and job autonomy. Transformational leaders are able to inspire, motivate, and develop the potential of subordinates, thereby increasing commitment, loyalty, satisfaction, and work productivity. Therefore, the implementation of transformational leadership is an effective strategy for improving organizational performance, both in the public and private sectors. The better the implementation of transformational leadership in an organization, the higher the chance of achieving optimal employee performance and the desired organizational goals.

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