

# THE EFFECT OF GREEN TRANSFORMATIONAL LEADERSHIP ON CORPORATE ENTREPRENEURSHIP AT PT IMAGO RANDAU HARMONI

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**Abstract.** The purpose of this study is to measure the extent to which PT Imago Randau Harmoni's corporate entrepreneurship is influenced by green transformational leadership. Using a quantitative approach, this study will analyze the relationship between environmentally and innovation-oriented leadership styles, with entrepreneurial outputs such as new product development, new market penetration, and revenue growth. The results of this study indicate that there is a positive relationship between Green Transformational Leadership and Corporate Entrepreneurship at PT Imago Randau Harmoni. This suggests that leaders who are able to inspire employees to care about the environment and encourage green innovation can create an organizational culture that is more innovative and adaptive to increasingly complex business challenges.

**Keywords:** corporate entrepreneurship; green transformational leadership; PT Imago Randau Harmoni

## I. INTRODUCTION

If businesses are to thrive and remain relevant in the era of globalization, characterized by intense competition among businesses and pressing environmental concerns, they must innovate and adapt. Among these dynamics, corporate entrepreneurship is emerging as one of the important strategies to drive innovation and value creation within organizations. Corporate entrepreneurship includes the modification of business models, operational procedures, and corporate culture in addition to the creation of new goods. It is expected that corporate entrepreneurship will improve business performance and competitiveness, especially when dealing with increasingly complex environmental issues. One aspect that is receiving increasing attention is sustainability in business. Climate change, resource crises, and other social issues require companies to not only focus on short-term profits, but also consider the social and environmental impacts of their business activities. In this context, green transformational leadership emerges as a sustainability-oriented leadership approach, where leaders serve not only as drivers of change but also as agents to shape awareness and commitment to environmentally friendly business practices. Green transformational leadership is defined as the leader's ability to inspire, motivate, and guide followers in creating sustainable values in an organizational context. The four components of this notion-idealized influence, inspiring motivation, intellectual stimulation, and personalized consideration-are extensions of transformational leadership [1]. These characteristics typically indicate that a leader can effectively convey their vision for a sustainable future to their

team. They also encourage employee involvement in the innovation and development process, thus creating an inclusive and creativity-supportive work environment. PT Imago Randau Harmoni is one of the companies that has integrated sustainability principles into its business strategy. With a focus on innovation and environmentally friendly product development, the company strives to not only meet market needs, but also contribute to environmental conservation. In this case, it is important to understand how green transformational leadership can influence corporate entrepreneurship in the company. Given this context, the purpose of this study is to determine and examine how corporate entrepreneurship at PT Imago Randau Harmoni is influenced by Green Transformational Leadership. By understanding the relationship between these two variables, it is hoped that PT Imago Randau Harmoni can strengthen its corporate entrepreneurship strategy and maximize its innovation potential. Furthermore, this research can add to the literature on green transformational leadership and corporate entrepreneurship, and provide practical recommendations for other companies that want to implement sustainability principles in their business strategies.

### *Green Transformational Leadership*

Leadership guides complex organizational performance by generating a strong vision for the organization's current and future commercial activities in the market and society [2]. Transformational leadership has four dimensions [3].

1. Idealized Influence refers to the leader's professional and ethical behavior as a role model for employees to emulate, as employees respect and trust their leaders [3].
2. Inspirational Motivation means that the leader describes a vision of the future, which correlates with the organization's strategic goals [3], and guides and inspires employees to turn the vision into reality [4].
3. Intellectual Stimulation, leaders encourage and support employee creativity to find innovative solutions to improve organizational performance [5].
4. Individualized Consideration means that leaders nurture employee commitment and loyalty to the organization by providing support at various levels of the organization to solve employee problems and improve employee well-being [4]. In addition, individualized consideration makes employees more comfortable in suggesting new ideas and approaches.

Transformational leadership supports, encourages, stimulates, and motivates employees' commitment to organizational goals as well as their creativity to increase innovation in organizational performance and maintain competitiveness; therefore, transformational leadership is positively related to employee commitment and innovative behavior [5]. Green transformational leadership is a continuation of transformational leadership and has four components: intellectual stimulation, inspirational motivation, idealized influence, and personalized attention [6]. In the context of Green Transformational Leadership, idealized influence means that leaders demonstrate their concern and care for environmental and social issues and lead their organizations in responsible ways, thus inspiring employees to follow suit, encouraging employees to achieve green goals and motivating them to not only complete required green performance, but also develop voluntary green behaviors [7]. Men, L. R. [2] argue that SME top leaders must practice green transformational leadership to generate and maintain internal capabilities that are essential for green innovation. They developed a theory of ability, motivation, and opportunity to underscore how green transformational leadership shares a vision, leads by example, supports performance, and guides employees' green behaviors in SMEs to achieve the organization's environmental sustainability goals.

#### *Corporate Entrepreneurship*

Corporate entrepreneurship determines the survival, profitability, competitiveness and growth of a company. The concept of corporate entrepreneurship refers to entrepreneurial activities carried out within existing companies [8]. These entrepreneurial activities involve innovation, new business venturing, selfrenewal, proactivity, and risk-taking [9].

1. Innovation refers to bringing new or improving existing products, developing new products, and developing new production processes. The focus is on activities or ideas that may represent a change in existing patterns.
2. New Business Venturing is defined as the creation or establishment of a new business by changing the company's products, i.e. goods and services or creating new markets [10].

3. Self-Renewal refers to the transformation of enterprises by redefining the primary purpose for which they were formed. It also refers to the consequences of strategic and radical transformation, including redefining business ideas, restructuring, and launching system-wide transformation for novelty. Self-renewal is an entrepreneurial endeavor that brings about substantial changes in the company's business, corporate strategy, and also hierarchy. These changes alter the company's existing relationship with its external environment.
4. Proactivity is defined as the adoption of a proactive approach relative to competitors. A proactive company is one that takes the initiative to capitalize on opportunities and tries to become a major competitor, not a follower. Corporate entrepreneurship is a trend setter, not a trend follower [11]. The essence of proactivity is the constant exploration of opportunities with possible outcomes to change the trend [12] and the continuous implementation of creative ideas in the company.
5. Risk-Taking refers to the company's readiness to follow opportunities that have an equal chance of incurring substantial losses or fluctuations in performance. Morris et al. [13] argue that entrepreneurial activities do not engage in irresponsible and reckless decision-making. An entrepreneur's involvement in various trials, emerging markets, and experiments will make him more capable in decision-making. Moreover, this expertise comes after several failures, which then leads to success for a long period of time. Companies that do not innovate may be at greater risk of not recognizing technological and market changes exploited by competitors.

Given the factors of corporate entrepreneurship, much literature is available on the antecedents that promote it, such as leaders. Transformational leadership has been recognized as one of the important antecedents for promoting corporate entrepreneurship in employees [14]. As it involves a passion for innovation and transforming a company's turbulent business environment into business opportunities, transformational leadership is thought to encourage their employees to frequently adapt and expect environmental transformation through entrepreneurial activities. Transformational leaders build new businesses by cultivating markets for new products. In addition, these leaders encourage their employees to think unconventionally and develop new ideas by involving employees in business ventures [15].

#### *Green Transformational Leadership And Corporate Entrepreneurship*

Menzel et al. [16] argue that transformational leadership has a strong predictive ability for the promotion of corporate entrepreneurship in organizations. Transformational leaders fully support their followers in skill development programs such as training and development, innovative decision-making and support their ideas, building an entrepreneurial corporate culture [17]. Corporate leaders enable innovative decisions and ideas, which characterize corporate entrepreneurship [18]. Jung et al. [19] support the view that transformational leaders effectively communicate

an organizational vision, which highlights strategic business decisions and leads workers to embrace the vision. In this case, green transformational leadership is actually a transformational leadership that leads the company and its employees to a green vision and sustainable green behavior. These leaders try to minimize the gap between workers and managers. Therefore, this motivates workers to start new business activities and ventures. Furthermore, the literature on this topic emphasizes the importance of corporate entrepreneurship in the survival, growth and profitability of companies. Corporate entrepreneurship is known to stimulate the creation of new business plans, stimulate creativity and innovation, and encourage a culture of calculated risk-taking.

**II. RESEARCH METHODS**

A quantitative research approach was used to empirically measure the research model. To measure the research constructs, seven scales were adopted from previous empirical research. A five-point Likert scale (1-strongly disagree; 5-strongly agree) was used to measure all retained research scales. The decision to use a five-point Likert scale was influenced by the suggestion of Zeb et al. [20] that scales with less than seven points are more reliable due to humans to consistently make distinctions beyond seven points. The aim was to prevent an excessive focus on the midpoint, hence the choice of a five-point Likert scale.

Green transformational leadership is a multidimensional construct, and is a combination of four dimensions such as idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. In contrast, corporate entrepreneurship is a multifaceted notion characterized by risk-taking, proactivity, self-renewal, innovation, and new business ventures. The study population consisted of all employees of PT Imago Randau Harmoni consisting of 13 men and 17 women with a total of 30 employees. The stratified sampling method, which involves dividing the population into many subgroups according to certain criteria and then selecting random samples from each stratum, was used for the sampling process in this study. The aim was to ensure that the sample accurately represented the diversity of the population, so that the results of the study could be better generalized to the entire population. This type of sampling technique allows for quick and easy data collection, as we can select participants who are readily available and accessible. This can be useful when resources and time are limited [20]. Data collection was conducted the 3rd week of October 2024 via Google Forms.

**III. RESULT AND DISCUSSION**

*Validity Test*

The validity test results show that each item of the Green Transformational Leadership and Corporate Entrepreneurship variables is included in the table generated using the SPSS Statistic 26 tool. The calculated r value is greater than the required r table value of 0.361 and is declared

valid at the 5% or 0.05 significance level. Sugiyono [21] proposes a hypothesis stating that an item is said to be valid if the calculated r value is greater than the r table value. Therefore, in this study, each statement item shows a good level of validity and can be used legitimately for measurement or testing.

Tabel 1. Green Transformational Leadership Validity Test Result

Variables	R Value Count	R Tabel Value	Result
X_1	0,685	0,361	Valid.
X_2	0,754	0,361	Valid.
X_3	0,800	0,361	Valid.
X_4	0,676	0,361	Valid.
X_5	0,661	0,361	Valid.
X_6	0,587	0,361	Valid.
X_7	0,636	0,361	Valid.
X_8	0,671	0,361	Valid.
X_9	0,706	0,361	Valid.
X_10	0,756	0,361	Valid.
X_11	0,742	0,361	Valid.
X_12	0,793	0,361	Valid.

Source: Data processed, 2024

Tabel 2 Corporate Entrepreneurship Validity Test Result

Variables	R Value Count	R Table Value	Result
Y_1	0,629	0,361	Valid.
Y_2	0,763	0,361	Valid.
Y_3	0,726	0,361	Valid.
Y_4	0,648	0,361	Valid.
Y_5	0,748	0,361	Valid.
Y_6	0,739	0,361	Valid.
Y_7	0,715	0,361	Valid.
Y_8	0,753	0,361	Valid.
Y_9	0,803	0,361	Valid.
Y_10	0,735	0,361	Valid.
Y_11	0,634	0,361	Valid.
Y_12	0,859	0,361	Valid.

Source: Data processed, 2024

*Reliability Test*

Tabel 3 Reliability Test Result

Variables	Coefficient Value	Cronbach's Alpha	Result
Green Transformational Leadership	0,909	0,6	Reliable
Corporate Entrepreneurship	0,918	0,6	Reliable

Source: Data processed, 2024

The analysis results show that the Cronbach's Alpha value for each variable studied is above the 0.6 threshold. Specifically, the Green Transformational Leadership (X) variable recorded a Cronbach's Alpha value of 0.909, while the Corporate Entrepreneurship (Y) variable showed a Cronbach's Alpha value of 0.918. These figures indicate that all items used in the study show a high level of internal

consistency, so they can be considered as reliable and valid measuring instruments for this study.

Normality Test

Tabel 4 Normality Test Result

		Unstandardized Residual
N		30
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	3.20170274
Most Extreme Differences	Absolute	.115
	Positive	.115
	Negative	-.095
Test Statistic		.115
Asymp. Sig. (2-tailed)		.200 <sup>d</sup>

Source: Data processed, 2024

Based on the analysis results in the table above, the Asymp.sig value for the normality test is 0.200. This value is greater than 0.05, indicating that the data in this research model is normally distributed.

Coefficient Of Determination

Tabel 5 Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.841 <sup>a</sup>	.707	.697	3.25837

Source: Data processed, 2024

Given the test results of the summary model, the correlation coefficient (R) value of 0.841 indicates a strong relationship between Green Transformational Leadership and Corporate Entrepreneurship. The R Square value of 0.707 indicates that about 70.7% of the variability in Corporate Entrepreneurship can be explained by the Green Transformational Leadership variable. In other words, changes in Green Transformational Leadership are able to explain most of the variation in Corporate Entrepreneurship, while the rest (29.3%) is influenced by variables not included in this model. The Adjusted R Square value of 0.697 strengthens the reliability of this model by adjusting for the number of predictors and sample size, thus reducing the possibility of overfitting the model. The Standard Error of the Estimate of 3.25837 indicates the average distance between the observed and predicted values, which is relatively low, suggesting that this model has a fairly good predictive accuracy in estimating Corporate Entrepreneurship based on Green Transformational Leadership.

Simple Linear Regression Analysis (T-Test And F-Test)

Tabel 6 Simple Linear Regression Analysis Result

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	6.204	5.330		1.164	.254
GTL	.864	.105	.841	8.224	.000

Source: Data processed, 2024

Based on the results of the simple linear regression analysis conducted to see the effect of Green Transformational Leadership on Corporate Entrepreneurship, it can be interpreted that the independent and dependent variables have a substantial relationship, according to the regression model. The resulting regression formula is as follows:  $Y = 6.204 + 0.864 X$  Where:

- 1) Y is Corporate Entrepreneurship,
- 2) X is Green Transformational Leadership,
- 3) 6.204 is a constant or intercept, which shows the value of Corporate Entrepreneurship when Green Transformational Leadership is 0,
- 4) 0.864 is the regression coefficient, which means that every 1 unit increase in Green Transformational Leadership will increase Corporate Entrepreneurship by 0.864 units.

With a significance level (Sig.) of 0.000, the regression coefficient for Green Transformational Leadership has a calculated t value of 8.224. We can conclude that Green Transformational Leadership has a significant impact on Corporate Entrepreneurship as this significance value is smaller than 0.05. To compare t count with t table, we have to refer to the residual degrees of freedom (df), which is 28. At a significance level of 0.05 (two-sided), the t table value for df 28 is about 2.048. Since t count (8.224) is much greater than t table (2.048), Green Transformational Leadership has a significant influence on Corporate Entrepreneurship. These results are also reviewed from the results of the F test shown in the following table 7. The F test results show that the F count is 67.636 with a significance value of 0.000. This indicates that the regression model used as a whole is significant. To find out whether the F count is significant, we can compare it with the F table. The F table value at a significant level of 0.05 is approximately 4.20 with df1 (regression degree of freedom) of 1 and df2 (residual degree of freedom) of 28. It can be concluded that this regression model is generally significant in explaining the dependent variable Corporate Entrepreneurship because F count (67.636) is significantly greater than F table (4.20).



Tabel 7 F Test Result

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	718.091	1	718.091	67.636	.000 <sup>b</sup>
Residual	297.276	28	10.617		
Total	1015.367	29			

Source: Data processed, 2024

IV. CONCLUSIONS

From the research results, it can be concluded that each indicator value is valid and reliable. There are important results of the impact of green transformational leadership on corporate entrepreneurship. The T-test results show that corporate entrepreneurship is significantly affected by green transformational leadership, with a calculated t value of 8.224 which is much higher than the table t-value (2.048). The results of this study indicate that there is a positive relationship between Green Transformational Leadership and Corporate Entrepreneurship at PT Imago Randau Harmoni. This shows that leaders who are able to inspire employees to care about the environment and encourage green innovation can create an organizational culture that is more innovative and adaptive to increasingly complex business challenges.

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