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## The Influence of Transformational Leadership Style and Work Life Balance on Employee Creativity at CV Palem Craft Yogyakarta

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**Abstract:** This study aims to examine the influence of transformational leadership style and work life balance on employee creativity at CV Palem Craft Yogyakarta, a micro, small, and medium enterprise in the handicraft sector. The employed method was quantitative, utilizing a census technique that encompassed all 40 employees of the company. Data was collected through questionnaires and processed with multiple linear regression along with statistical test of validity and reliability. The findings indicated that transformational leadership style and work life balance positively affect employee creativity, however the effect are not statistically significant. The transformational leadership style accounts for 5.3% of the variation in creativity, whereas work-life balance accounts for 9.6%. Concurrently, these variables lack a significant impact on employee creativity, suggesting the presence of other factors that are more influential in shaping creativity. This study indicates the necessity of formulating more effective leadership strategies and work-life balance policies to foster creativity in the creative MSME environment. This study offers a significant overview of the correlation between leadership style, work-life balance, and employee creativity within the local handicraft sector, while also serving as a reference for organizational management and future research in human resource management and the advancement of employee creativity.

**Keyword:** Leadership Style, Work Life Balance, Employee Creativity.

### INTRODUCTION

In the current era of globalization, the business world is filled with intense competition. This competition forces companies to maximize all their resources, including human resources, due to the various opportunities and threats that arise as a result (Rudini et al., 2024). Companies pursuing profit must improve their productivity and competitiveness to face this increasingly fierce competition (Rahmadhani et al., 2024). Moreover, the quality of human resources is crucial to business success. In addition to contributing through their work, employees also contribute through their talents and creativity.

Creativity is generally defined as the ability to combine and generate new ideas. It aims to produce new thoughts, actions, and works that have value and usefulness. Several components are needed to foster creativity, such as reasoning ability, motivation to grow, curiosity, mental resilience, and a willingness to face challenges. Creativity not only plays a role in developing products and services but also in enhancing operational efficiency and effectiveness. Therefore, companies need to create a work environment that supports and stimulates employee creativity. Another important aspect of performance improvement is work-life balance.

Work-life balance refers to a condition in which individuals have sufficient time to spend with family, relax, and complete their tasks efficiently. Every organization must consider work-life balance when formulating policies to ensure consistent productivity. A good work-life balance fosters motivation, satisfaction, and a strong sense of responsibility. Highly motivated employees are more prepared to accomplish tasks assigned by their superiors. Thus, work-life balance has a positive impact on motivation and productivity (Arfandi & Kasran, 2023).

Transformational leadership is a type of leadership that can mobilize subordinates to adapt to changing times (Robbins, 2017). A constructive leadership style creates a conducive work environment and encourages employees to enhance their performance (Yanoto, 2018). Effective leadership serves as a key driver in improving employee performance. A good leader nurtures subordinates' maturity, boosts their work motivation, and instills a deep sense of responsibility to achieve organizational productivity. Leaders are expected to influence employees' attitudes and behaviors to work harder toward optimal results (Wahyudin et al., 2018).

This study aims to analyze the influence of transformational leadership style and work-life balance on employee creativity at CV Palem Craft. The handicraft industry in Indonesia has promising prospects, as its products attract both domestic and international markets. CV Palem Craft Jogja, established in 2000, is a producer and exporter of interior accessories made from natural materials such as wood and bamboo. Its products include terracotta vases, candle holders, screens, picture frames, trays, various types of lamps, tables, and stands (Palem Craft, 2023).

Based on this background, the researcher is interested in conducting a study entitled "The Influence of Transformational Leadership Style and Work-Life Balance on Employee Creativity at CV Palem Craft." It is expected that this research will help the company develop more effective strategies to enhance employee creativity. Furthermore, the findings are anticipated to provide insight for leaders at CV Palem Craft regarding the importance of implementing supportive leadership styles and fostering a good work-life balance. These efforts are essential for creating a conducive work environment that encourages creativity development.

## **METHOD**

The research approach used in this study is the quantitative method. Nikolaus (2019) explains that quantitative research involves the processes of collecting, processing, analyzing, and presenting data that focus on numerical values to solve a problem or test hypotheses in order to develop general principles.

The population in this study consists of all employees of CV Palem Craft. According to Sugiyono (2018), a population is the generalization area comprising objects or subjects that possess certain qualities and characteristics determined by the researcher to be studied and from which conclusions are drawn. In this study, the population used is all employees of CV Palem Craft, totaling 40 individuals.

The sample in this study includes the entire population who have the status of permanent or contract employees at CV Palem Craft, with a total of 40 people. According to Sugiyono

(2017), a sample is a subset of the population that has specific traits or characteristics and can represent the population. This study employs a non-probability sampling method using a saturated sampling technique.

## RESULTS AND DISCUSSION

This chapter presents the research findings along with their analysis and discussion. It includes a brief overview of the collected data, the steps of data processing, and an in-depth explanation of the research results.

### **This study involves 40 employees of CV Palem Craft Yogyakarta as respondents.**

Respondent characteristics are presented based on gender, age, length of service, and employee income.

#### a. Characteristics Based on Gender

**Table 1. Characteristics Based on Gender**

Gender	Total	Percentage
Male	16	40%
Female	24	60%
Grand Total	40	100%

Source: Primary data processed, 2025.

Based on the data obtained from the research, the respondents consist of two genders, namely female and male. The number of female respondents is more dominant compared to males, with a total of 24 female respondents representing 60%, while there are 16 male respondents or 40%. Thus, the majority of respondents in this study are female out of a total of 40 respondents.

#### b. Based on Age

**Table 2. Based on Age**

Age	Total	Percentage
18-25 years	10	25%
26-30 years	4	10%
31-35 years	4	10%
36-44 years	10	25%
>45 years	12	30%
Grand Total	40	100%

Source: Processed primary data, 2025.

Based on the research data, the respondents are divided into several age groups with the highest number in the age group over 45 years, totaling 12 people or 30%. The age group 18-25 years consists of 10 people with a percentage of 25%, the 26-30 years group has 4 people (10%), the 31-35 years group also has 4 people (10%), and the 36-44 years group totals 10 people (25%). Thus, the majority of respondents in this study are those aged over 45 years out of a total of 40 respondents.

c. Based on Length of Service

**Table 3. Based on Length of Service**

Length of Service	Total	Percentage
3-5 Years	29	72,5%
6-10 Years	11	27,5%
Grand Total	40	100%

Source: Processed primary data, 2025.

Based on the research data, respondents are categorized by length of service. It can be seen that the majority of respondents, namely 29 people or around 72.5%, have a length of service between 3 to 5 years. Meanwhile, respondents with a length of service between 6 to 10 years totaled 11 people or about 27.5%. Thus, it can be concluded that the majority of respondents in this study have work experience of 3–5 years, dominating the overall proportion with 29 people or 72.5%.

d. Based on Employee Income

**Table 4. Based on Employee Income**

Income	Total	Percentage
1-3,5 Million	39	99%
4-6 Million	1	1%
Grand Total	40	100%

Source: Processed primary data, 2025.

Based on the data in the figure above, it can be seen that out of a total of 40 respondents, 39 people or the majority of respondents have income in the range of Rp1,500,000 – Rp3,000,000. Meanwhile, only 1 respondent has income of Rp4,000,000 – Rp5,000,000. Thus, it can be concluded that the most dominant employee income is in the range of Rp1,500,000 – Rp3,000,000, which covers almost all respondents, namely 39 people out of the total respondents.

**Research Instrument Test Results**

a. Validity Test Results

**Table 5. Validity Test Results**

Variable	Number of Item	$r_{count}$	$r_{table}$	Description
Leadership Style	5	0,650 – 0,824	0,312	All item are valid
Work Life Balance	5	0,500 – 0,704	0,312	All item are valid
Employee Creativity	4	0,740 – 0,807	0,312	All item are valid

Source: Processed primary data, 2025.

Based on the table above, the validity test results show that each variable has an r-calculated value higher than the r-table. Since all r-calculated values are greater than the r-table, all items are declared valid. This means that all items in the instrument are appropriate to use and can serve as accurate measurement tools in this study (Ghozali, 2018)

b. Reliability Test Results

**Table 6. Reliability Test Results**

No	Variable	Cronbach's Alpha Value	Sig	Description
1	Leadership Style	0,70	0,777	Reliable
2	Work Life Balance	0,70	0,714	Reliable
3	Employee Creativity	0,70	0,802	Reliable

Source: Processed primary data, 2025.

The reliability test on the variables Transformational Leadership Style (X1), Work Life Balance (X2), and Employee Creativity (Y) shows that the Alpha or Cronbach's Alpha values for all three variables exceed 0.7. Based on the results listed in the table above, all variables are declared reliable, so the data from these variables are suitable to proceed to the next testing stage.

**Classical Assumption Test Results**

a. Normality Test Results

**Table 7. Normality Test Results**  
**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		40
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.63702952
Most Extreme Differences	Absolute	.082
	Positive	.082
	Negative	-.065
Test Statistic		.082
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Source: Processed primary data, 2025.

It is known that the data has a sample size of N=40. The Kolmogorov-Smirnov test statistic value is 0.082. The significance value (p-value) from the Kolmogorov-Smirnov test is 0.200, which is greater than 0.05. Therefore, it can be concluded that the data is normally distributed, allowing the analysis to proceed to the next testing stage.

b. Multicollinearity Test Results

**Table 8. Multicollinearity Test Results**

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Transformational Leadership Style	.769	1.300
Work Life Balance	.769	1.300

Source: Processed primary data, 2025.

According to the variables Transformational Leadership Style (X1) and Work Life Balance (X2) have identical tolerance values of 0.769 (>0.10) and VIF of 1.300 (<10.00). This indicates no multicollinearity between independent variables, so the data is ready for further analysis.

c. Heteroscedasticity Test Results

**Table 9. Heteroscedasticity Test Results**

Model	Signifikan
Transformational Leadership Style	0.035
Work Life Balance	0.824

Source: Processed primary data, 2025.

In this study, the Glejser heteroskedasticity test shows that the Transformational Leadership Style variable has a significance value of 0.035 (<0.05), indicating heteroskedasticity symptoms in the regression model. This means the regression model is not free from heteroskedasticity and requires attention in subsequent analysis.

The Glejser heteroskedasticity test in this study shows that the Work Life Balance variable has a significance value of 0.824 (>0.05), indicating no heteroskedasticity in the regression model. This means the regression model is free from heteroskedasticity and suitable for further analysis.

**Coefficient of Determination Test Results**

**Table 10. Coefficient of Determination Test Results Transformational Leadership Style**

Model	R	R square	Adjusted R Square	Std. Error of the Estimate
1	0,231 <sup>a</sup>	0,053	0,028	1,706

Source: Processed primary data, 2025.

The coefficient of determination obtained is 0.053, indicating that Transformational Leadership Style contributes 5.3% to employee creativity. The remaining 94.7% is influenced by other factors not examined in this study.

**Table 11. Coefficient of Determination Test Results Work Life Balance**

Model	R	R square	Adjusted R Square	Std. Error of the Estimate
1	0,310 <sup>a</sup>	0,096	0,073	1,666

Source: Processed primary data, 2025.

The coefficient of determination obtained is 0.096, indicating that the Work Life Balance variable contributes 9.6% to employee creativity. The remaining 90.4% is influenced by other factors not examined in this study.

## Multiple Linear Regression Analysis Results

**Table 12. Multiple Linear Regression Analysis Results**

Model	B	Sig.
(Constant)	10.571	0.002
Leadership Style (X1)	0.087	0.553
work life balance (X2)	0.218	0.152

Source: Processed primary data, 2025.

The regression equation interpretation results are as follows:

1. The constant value of 10.571 indicates that if transformational leadership style (X1) and work life balance (X2) are zero, employee creativity (Y) is estimated at 10.571.
2. Variable X1 has a regression coefficient of 0.087 ( $t=0.599$ ;  $\text{sig}=0.553 > 0.05$ ), positively affecting but not significantly influencing employee creativity.
3. Variable X2 has a regression coefficient of 0.218 ( $t=1.436$ ;  $\text{sig}=0.152 > 0.05$ ), positively affecting but not significantly influencing employee creativity.

### t-Test (Partial) Results

**Table 13. t-Test (Partial) Results**

Table	T	$t_{table}$	Sig	Description
Transformational Leadership Style (X1) Employee Creativity (Y)	1,426	2,026	0,152	H1 Rejected
Work Life Balance (X2) Employee Creativity (Y)	2,012	2,026	0,051	H2 Rejected
Transformational Leadership Style (X1) – simultaneous model	0,559	2,026	0,553	Not Significant
Work Life Balance (X2) – simultaneous model	1,436	2,026	0,152	Not Significant

Source: Processed primary data, 2025.

Based on t-table calculation =  $(0.05/2; 40-2-1 = 37) \approx 2.026$ , the t-test results show:

1. Transformational Leadership Style (X1) on Employee Creativity (Y):  $\text{sig} = 0.152 > 0.05$ ,  $t = 1.426 < 2.026$ . H1 rejected (no significant partial effect).
2. Work Life Balance (X2) on Employee Creativity (Y):  $\text{sig} = 0.051 > 0.05$ ,  $t = 2.012 < 2.026$ . H2 rejected (no significant partial effect).

### F-Test (Simultaneous Test) Results

**Table 14. F-Test (Simultaneous Test) Results**

F	Sig.	Description
2.170	0.128	rejected

Source: Processed primary data, 2025

Based on the simultaneous F-test table, the calculated F value is 2.710 with a significance level of 0.128. Since the significance value is greater than 0.05, it can be concluded that the independent variables Transformational Leadership Style (X1) and Work Life Balance (X2) jointly do not have a significant effect on the dependent variable Employee Creativity (Y).

## CONCLUSION

Based on the results of the research and discussion explained in the previous chapter regarding the Influence of Transformational Leadership Style and Work Life Balance on Employee Creativity at CV Palem Craft Jogja, several conclusions can be drawn as follows:

1. Transformational Leadership Style has a positive effect on employee creativity at CV Palem Craft Jogja. However, this effect is not statistically significant, so transformational leadership style has not become the main factor capable of significantly increasing employee creativity.
2. Work Life Balance has a positive effect on employee creativity, although the effect is almost significant at the 0.05 significance level. This indicates that Work Life Balance and personal life tend to support creativity, but this result should be interpreted with caution.
3. Simultaneously, transformational leadership style and Work Life Balance have a positive and significant effect on employee creativity. This indicates that there are other more dominant factors influencing employee creativity in the company.

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