



THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP AND COMPENSATION ON EMPLOYEE PERFORMANCE THROUGH WORK MOTIVATION

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Primadana Yogyakarta Savings and Loans Cooperative has problems with leadership style and compensation which ultimately affects employee performance. It was found that leaders were less familiar with subordinates, leaders were more focused on building relationships with superiors and less focused on subordinates, and employees felt the percentage value of each compensation was getting smaller. The problems that occur require further research to be carried out. The purpose of this research is to determine the direct and indirect influence of Transformational leadership and compensation on employee performance through work motivation at the Yogyakarta Primadana Savings and Loans Cooperative. The population in this study were 62 employees of the Yogyakarta Primadana Savings and Loans Cooperative. The data collection method uses a questionnaire with the data analysis method using the path analysis test with the SPSS application. This research shows that transformational leadership has a positive and significant effect on employee motivation and performance, compensation has a positive and significant effect on employee motivation and performance. Motivation mediates the influence of transformational leadership and compensation on employee performance at the Yogyakarta Primadana Savings and Loans Cooperative. Companies must, through managers/leaders, strive to continue implementing a transformational leadership style and develop work motivation and empowerment for employees, because this has an influence on the performance that will be achieved by company employee.

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INTRODUCTION

Performance is a description of the level of achievement of the implementation of an activity program or policy in realizing the company's goals, objectives, vision and mission as outlined through strategic planning. A company wants employees to work seriously according to their abilities to achieve good work results, without good performance from all employees, success in achieving goals will be difficult to achieve.

Performance basically includes mental attitudes and behavior that always have the view that the work carried out now must be of higher quality than the work carried out in the past, so that the future will be of higher quality than now.

An employee will feel proud and satisfied with the achievements he has achieved based on the performance he has provided for the company. Good performance is a desirable condition in the world of work. An employee will achieve good work performance if his performance meets standards, both quality and quantity

Based on initial observations from the manager of the Yogyakarta Primadana Savings and Loans Unit, the low performance of employees is caused by some employees who arrive late, there are still some employees who seem to take a long time to complete their tasks, employee discipline is classified as poor because there are still many employees who arrive

incorrectly. time, employees who are dishonest and not focused on their work. Based on budget data and actual work achieved, percentage level that the percentage of income level at the Primadana Yogyakarta Savings and Loans Cooperative fluctuates, in 2019 the budget was IDR. 206,300,000,- and the realization level reached Rp. 260,144,175,-. 2020 Budget Rp. 316,830,000,- and the realization level reached Rp. 230,740,778, in 2021 the budget is IDR. 270,654,308,- and the realization level reached Rp. 53,316,257. Finally, in 2022 the budget was 71,735,000,- and the realization level reached 7,207,000,-. From the table and information above, it is known that the work results of the Primadana Yogyakarta Savings and Loans Cooperative employees have not been met because they were unable to achieve the targets desired by the company.

The results of research conducted by Candra (2022) shows that leadership has no significant effect on motivation, leadership has a significant effect on employee performance, compensation has a significant effect on motivation, compensation has no significant effect on employee performance, motivation has a significant effect on employee performance, and motivation had no role in this research

The results of Saputro & Siagian, (2018) entitled leadership style on employee performance through the intervening variable work motivation at the head office of PT Manifood show that there is no significant influence on employee performance. This is because to influence employee performance there must be high work motivation within the employee, such as the level of persistence and level of effort possessed by the employee as well as the motivation provided by a leader so that it has an impact on employee performance.

Another study on employee performance by Kharis (2015) shows that transformational leadership style has an indirect effect on employee performance through work motivation, while Nuraeni (2019) states that leadership style has a positive and significant effect on work motivation, compensation has a positive effect and significant effect on work motivation, leadership style has a positive and significant effect on performance, compensation has a positive and significant effect on performance, motivation has a positive and significant effect on performance. The indirect influence of leadership style has a positive and significant influence on performance through work motivation and the indirect influence of compensation has a positive and significant influence on performance through employee work motivation in Bantaeng District.

The urgency of this research is Primadana Yogyakarta Savings and Loans Cooperative has

problems with leadership style and compensation which ultimately affects employee performance. It was found that leaders were less familiar with subordinates, leaders were more focused on building relationships with superiors and less focused on subordinates, and employees felt the percentage value of each compensation was getting smaller. The problems that occur require further research to be carried out. Based on the above phenomenon, researchers are interested in taking into account research regarding the influence of Transformational Leadership and Compensation on Employee Performance through Motivation in the Yogyakarta Primadana Savings and Loans Cooperative.

THEORETICAL FRAMEWORK

Employee performance

According to Hendrayanti & Junaidi (2022), performance is a description of the level of achievement of an activity program or policy in realizing an organization's goals, objectives, vision and mission as outlined in an organization's strategic planning (Ghiffari; & Rahmayanti, 2023).

Meanwhile, according to Hendrayanti & Junaidi (2022) performance is a general term used in part or all of the actions or activities of an organization in a period with reference to a number of standards such as past costs projected on the basis of efficiency, accountability or management accountability and the like (Perdhana, 2023).

According to Mangkunegara, (2016) performance or work achievement is the quality and quantity of work results achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Ivancevich in (Kasmir, 2016) said that performance is the result achieved from what the organization or company wants. Performance indicators according to Priyanto (2016) include Quality, Quantity, Knowledge, Skills, and Punctuality.

Transformational Leadership

According to Rivai (2016) leadership is the ability of a leader to influence other people by provoking positive feelings in the people they lead to achieve the desired goals.

Leadership can be defined as the art of motivating or inspiring a group of people to act in achieving a common goal. A leader is a person in a group who has a combination of personality and skills that makes others want to follow their direction Handoko (2012). According to Judge (2013) leadership is the process of leading a group and influencing the group to achieve a

goal. Indicators of transformational leadership according to Priyanto (2016) include Inspirational, Charismatic, Intellectual stimulus, and Individual attention.

Compensation

Everyone works to earn income to meet their living needs. For this reason, everyone works to get reciprocity according to the work done. So that employees work diligently and responsibly in carrying out their duties well in order to receive awards for their work performance in the form of compensation. One way for management to increase productivity, creativity, work performance, motivation and improve employee performance is by providing compensation.

Compensation is something that employees receive as remuneration for their achievements in carrying out their duties (Nurjaman, 2014). Every company must be fair in providing compensation according to the workload received by employees. Compensation indicators according to Priyanto (2016) comprise Truth and justice, Cost of living, Incentives, and Allowance.

Work motivation

Motivation comes from the Latin word (movemore) which means encouragement or moving. Motivation in management is only aimed at human resources in general and subordinates in particular (Ghiffari & Rahmayanti, 2023) Motivation questions how to direct the potential of subordinates, so that they are willing to work together productively to successfully achieve and realize predetermined goals (Hasibuan, 2016)

According to Mangkunegara (2016) motivation is formed from employee attitudes in facing work situations in the company (Situation). Motivation is a condition or energy that moves employees who are directed or aimed at achieving the company's organizational goals. Indicators of work motivation according to Abraham Maslow in Hasibuan (2016) can be described as Physiological need, Safety need, Social need, Esteem need, and Self-actualization need.

Hypotheses Development

A hypothesis is an estimate or reference that is formulated and temporarily accepted which can explain the observed facts or conditions, and is used as a guide for further research steps (Riawan, 2017). Based on the theoretical basis and previous research, the hypothesis proposed in this research is:

- H1:** Transformational leadership influences the performance of Cooperative employees Yogyakarta Primadana Savings and Loans
- H2:** Compensation for the performance of Primadana Yogyakarta Savings and Loans Cooperative employees
- H3:** Work motivation on the performance of Primadana Savings and Loans Cooperative employees Yogyakarta
- H4:** Transformational leadership on the work motivation of Cooperative employees Yogyakarta Primadana Savings and Loans
- H5:** Compensation on the work motivation of Primadana Savings and Loans Cooperative employees Yogyakarta

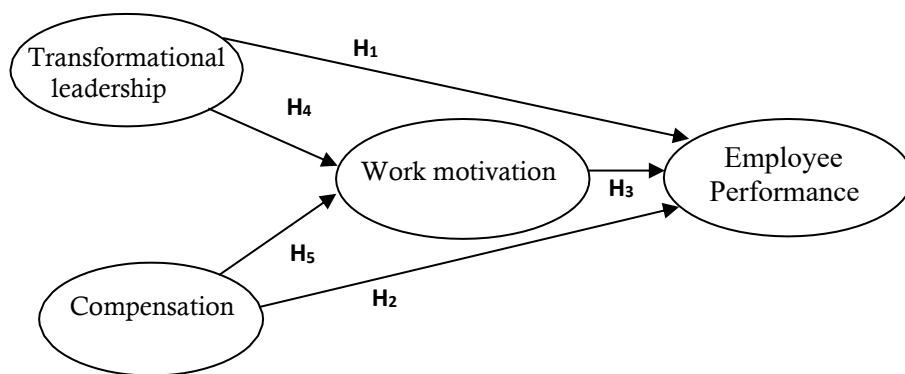


Figure 1. Research Model

METHOD

Population is a combination of all elements in the form of events, things or people who have similar characteristics and become the center of a person's attention in research because that is what is seen as a research universe (Ferdinand, 2006:

223). The population in this study were 62 employees of the Yogyakarta Primadana Savings and Loans Cooperative. The sample is part of the population to be studied. The research sample has population characteristics, so that the sample used can represent the observed population. The total population in this study was 62 respondents.

In this study, researchers used a non-probability sampling technique in which convenience sampling was carried out. The definition of convenience sampling according to Sekaran (2006) is "convenience sampling reverses to the collection of the information from members of the population who are conveniently available to provide it". So convenience sampling is a collection of information from members of the population that is easy to obtain and is able to provide that information. Thus anyone who can provide information either accidentally or by chance meets the researcher, can be used as a sample, if it is seen that the person who provided the information is suitable as a data source (Sekaran, 2006).

In this study, the analytical method used is the path analysis method. Path analysis aims to identify the path that causes a certain variable to other variables it influences (Sarwono, 2012). In this research path analysis, two types of regression

were used. The two types of regression are described below:

$$Y = \alpha + b_1X_1 + b_2X_2$$

$$Z = \alpha + b_1X_1 + b_2X_2 + Z$$

Information :

α : Constant

b_1, b_2, b_3 : regression coefficient

X_1 : Transformational leadership

X_2 : Compensation

Z: Work motivation

Y: Employees Performance

RESULT AND DISCUSSION

1. Multiple Linear Regression

For Multiple Linear Regression analysis, it will be shown by dividing the test into 2 coefficients, model 1 and model 2.

Table 3. Multiple Linear Regression Model 1

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	3.708	1.951		1.901	.062
Transformational leadership	.697	.151	.538	4.608	.000
Compensation	.339	.161	.246	2.106	.039

Table 4. Multiple Linear Regression Model 2

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	.625	1.005		.622	.537
Transformational leadership	.611	.088	.522	6.932	.000
Compensation	.282	.083	.226	3.379	.001
Work motivation	.268	.065	.296	4.114	.000

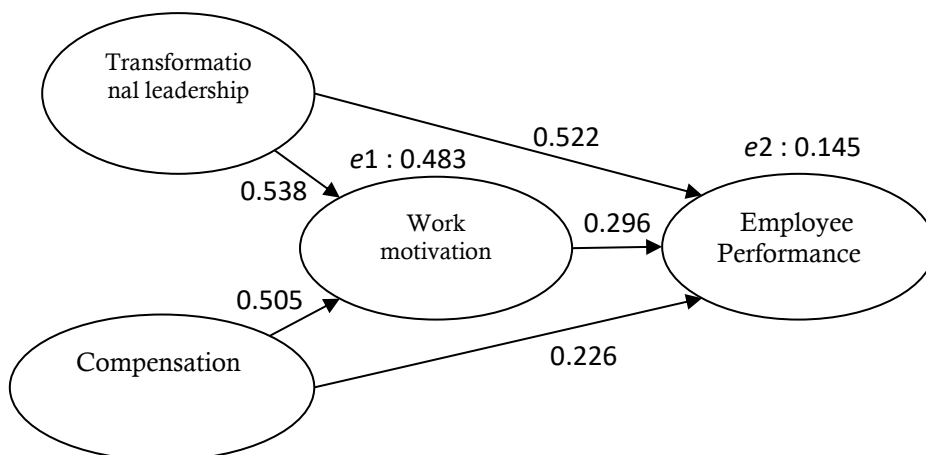


Figure 2. Result Path Analysis

TABLE 3. From the results of the analysis with the SPSS program, the regression equation from this research can be seen. The results of the linear regression equation formed are:

$$Z: 3.708 + 0.697 X_1 + 0.339 X_2$$

From the multiple linear regression equation above, it can be analyzed include the constant value is 3.708, this means that employee work motivation will be 3.708 if the transformational leadership and compensation variables are equal to zero. The transformational leadership regression coefficient is 0.691. The coefficient has a positive sign, meaning that every one unit increase in transformational leadership will be followed by an increase in work motivation of 0.697. The compensation regression coefficient is 0.339. The coefficient has a positive sign, meaning that every increase in compensation of one unit will be followed by an increase in work motivation of 0.339.

From the results of the analysis with the SPSS program, the regression equation from this research can be seen. The results of the linear regression equation formed are:

$$Y: 0.625 + 0.611 X_1 + 0.282 X_2 + 0.268Z$$

From the multiple linear regression equation above, it can be analyzed include a constant value of 0.625 means that employee performance will be 0.625 if transformational leadership, compensation and work motivation are equal to zero. The transformational leadership regression coefficient is 0.611. The coefficient has a positive sign, meaning that every increase in transformational leadership of one unit will be followed with an increase in employee performance of 0.611. The compensation regression coefficient is 0.282. The coefficient has a positive sign, meaning that every one unit increase in compensation will be followed by a decrease in employee performance of 0.282. The work motivation regression coefficient is 0.268. The coefficient has a positive sign, meaning that each increase in work motivation is one unit will be followed by an increase in employee performance of 0.268.

Based on Figure 4.5, path analysis reveals several key insights. The direct influence of transformational leadership on employee performance is - 0.522. The influence of transformational leadership on work motivation is 0.538 and the influence of work motivation on employee performance is 0.296, thus the indirect influence transformational leadership on employee performance through work motivation is $0.538 \times 0.296 = 0.159$. The total effect of transformational leadership on employee performance through work motivation is $= 0.522 + 0.159 = 0.681$.

The calculation results show that the indirect effect of transformational leadership on

employee performance through work motivation is greater than the direct effect of transformational leadership on employee performance, so it can be concluded that work motivation is intervening variable between leadership transformational impact on employee performance.

The direct effect of compensation on employee performance is $= 0.226$. The effect of compensation on work motivation is 0.246 and the effect of work motivation on employee performance is 0.296, thus the indirect effect of compensation on employee performance through work motivation is $0.246 \times 0.296 = 0.073$. The effect of total compensation on employee performance through work motivation is $= 0.226 + 0.073 = 0.299$.

The calculation results show that the indirect effect of compensation on employee performance through work motivation is greater than the direct effect of compensation on employee performance, so it can be concluded that work motivation is an intervening variable between compensation and employee performance.

The Influence of Transformational Leadership on Employee Performance at Yogyakarta Primadana Savings and Loans Cooperative

The calculated t value for transformational leadership is $4.608 < t\text{-table } 2.001$ ($df - nk - 1 = 59$). The level of significance is 0.000 while the level of significance is 0.05. This shows that the transformational leadership variable has a significant effect on work motivation. The results of this research show that the higher the level of transformational leadership, the greater the work motivation of employees at Yogyakarta Primadana Savings and Loans Cooperative. High employee performance can be achieved if supported by leaders who have a proven transformational leadership style.

The results of the questionnaire regarding respondents' responses regarding transformational leadership obtained an average of 3.51. This figure, when viewed from the index scale range of 1 - 5, means that the respondent's response is about transformational leadership is high.

The results of this research prove that transformational leadership has a direct positive and significant effect on employee performance, in line with research by Anam, (2020) showing that transformational leadership has a significant effect on employee performance with value. the significance of 0.000 is below 0.05.

The Effect of Compensation on Employee Performance at Yogyakarta Primadana Savings and Loans Cooperative

The calculation results in table 4 show that the t-calculated compensation value is 3.379

> t-table 2.001 (df — n-k-1 = 58). The level of significance is 0.001 while the level of significance is 0.05. This shows that the compensation variable has a significant effect on employee performance. The results of this research show that the higher the compensation, the higher the employee performance at Yogyakarta Primadana Savings and Loans Cooperative

. The results of the questionnaire regarding respondents' responses regarding compensation obtained an average of 3.66. This figure, when viewed from the index scale range of 1 - 5, means that the respondent's response is regarding Yogyakarta Primadana Savings and Loans Cooperative employee compensation Semarang is high.

The results of this research prove that compensation has a direct positive and significant effect on employee performance, in line with research (Siagian, 2023) shows that compensation has a significant effect on employee performance at BPR Dana Nusantara in Batam City.

Influence of Work Motivation on Employee Performance at Yogyakarta Primadana Savings and Loans Cooperative

The calculation results in table 4 show that the calculated t value for work motivation is $4.114 > t\text{-table } 2.001$ (df - n-k-1 = 58). The level of significance is 0.000 while the level of significance is 0.05. This shows that the work motivation variable has a significant effect on employee performance. The results of this research show that the higher the work motivation, the higher the performance of Yogyakarta Primadana Savings and Loans Cooperative employees

The results of the questionnaire regarding respondents' responses regarding work motivation on employee performance obtained an average of 3.69. This figure, when viewed from the index scale range of 1 -5, means that the respondent's response is about work motivation is high.

The results of this research prove that work motivation has a direct positive and significant effect on employee performance, in line with research by (Anam & Mukaffi, 2020) shows that work motivation has a significant effect on employee performance (Rahmasari & Wulansari, 2020).

The Influence of Transformational Leadership on Motivation at Yogyakarta Primadana Savings and Loans Cooperative

The calculation results in table 4.20 show that the calculated t value for transformational leadership is $4.608 < t\text{-table } 2.001$ (df — nk-1 = 59). The level of significance is 0.000 while the level of significance is 0.05. This shows that the

leadership variable (transformational) has a significant effect on work motivation. The results of this research show that the higher the transformational leadership, the higher the work motivation of employees at Yogyakarta Primadana Savings and Loans Cooperative

The results of the questionnaire regarding respondents' responses regarding transformational leadership obtained an average of 3.51. This figure, when viewed from the index scale range of 1 - 5, means that the respondent's response is about transformational leadership is high.

The results of this research prove that transformational leadership has a direct positive and significant effect on work motivation, in line with research by (Maulana, 2019) shows that transformational leadership has a positive and significant effect on work motivation PDAM Lawu Tirta, Magetan Regency.

The Influence of Compensation on Employee Work Motivation at Yogyakarta Primadana Savings and Loans Cooperative

The calculation results in table 4 show that the t-calculated compensation value is $2.106 > t\text{-table } 2.001$ (df - n-k-1 =59). The level of significance is 0.039 while the level of significance is 0.05. This shows that the compensation variable has a significant effect on work motivation. The results of this research show that the higher the compensation, the greater the work motivation of Yogyakarta Primadana Savings and Loans Cooperative.

The results of the questionnaire regarding respondents' responses regarding compensation obtained an average of 3.66. This figure, when viewed from the index scale range of 1 - 5, means that the respondent's response is regarding Yogyakarta Primadana Savings and Loans Cooperative compensation Semarang is high.

The results of this research prove that compensation has a direct positive and significant effect on work motivation, in line with research by (Priyanto, 2016) with the title shows that compensation has a positive and significant effect on employee work motivation at the PT Bo Kyung Pasuruan Footwear Industry.

CONCLUSION AND RECOMMENDATION

Based on the results of the analysis and discussion described in the previous chapter, the conclusions that can be drawn from this research are transformational leadership has a significant positive effect on employee performance at Yogyakarta Primadana Savings and Loans Cooperative. Thus hypothesis 1 in this study is accepted. Compensation has a significant positive

effect on employee performance at Yogyakarta Primadana Savings and Loans Cooperative. Thus hypothesis 2 in this study is accepted. Work motivation has a significant positive effect on employee performance at Yogyakarta Primadana Savings and Loans Cooperative. Thus hypothesis 3 in this study is accepted. Transformational leadership has a significant positive effect on work motivation at Yogyakarta Primadana Savings and Loans Cooperative. Thus hypothesis 4 in this study is accepted. Compensation has a significant positive effect on work motivation at Yogyakarta Primadana Savings and Loans Cooperative. Thus hypothesis 5 in this research is accepted.

Based on the conclusion above, that leadership (transformational, compensation, work motivation and employee performance are mutually supportive), several suggestions can be made. As a company leader, you must strive to continue to apply a transformational leadership style and develop work motivation and empowerment for employees, because this has an influence on the performance that will be achieved by company employees. The compensation provided by the company is in line with employee expectations and is given fairly. Work motivation should be maintained more so that employees are conscientious do the work, so that employee performance continues to improve and the company is able to achieve the desired goals.

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