

## **The Influence of Transformational Leadership Style and Performance Benefits on Employee Performance**

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### **Abstract**

Human resources (employees or employees) in a company/institution organization are always considered a vital asset for the organization. Performance or work achievement (performance) can be interpreted as achieving work results in accordance with the rules and standards that apply to each organization. Performance can also be said to be the result or output of a process. The aim of this research is to directly determine the transformational leadership style and performance allowances on employee performance with motivation as a mediating variable at the Jember Regency Education Office. The number of samples in this study was 135 respondents, namely employees with ASN status. Description analysis is needed to find out the respondent's description. Measuring instruments in the form of questionnaires need to be tested using validity and reliability tests. To find out the results of the research hypothesis, hypothesis testing is needed. The results of data analysis show that the transformational leadership variable has a positive influence on employee performance. Performance allowances can have a positive influence on employee performance in a government organization, especially the Education Service.

### **Keywords:**

Transformational leadership; Performance allowance; Employee performance.

## **1. INTRODUCTION**

Human resource management includes all forms of management decisions and practices that directly affect human resources themselves. Human resource management is very necessary to increase the effectiveness of resources in an organization or company. Employees or employees are one of the elements of management, in a government organization, the success of an organization is determined by the performance of its employees (Hasibuan, 2018).

According to Luthans (2014), performance is the quantity or quality of something produced or services provided by someone doing the work. According to Dessler (2015), performance is work achievement, namely the comparison between work results and the standards applied. According to Qomariah (2020), the definition of performance is the result achieved from what the organization or company wants by an employee within a certain time. Organizations are required to improve organizational performance in order to be able to compete with other similar companies. Organizational performance can increase if the performance of employees in the organization also increases. Increased organizational performance can be caused by several factors such as transformational leadership in the organization. Apart from leadership, the performance allowances received by employees can also improve employee performance.

Transformational leadership style is a leadership style where the transformational leader is a visionary leader who invites the organization's human resources to move towards the leader's vision (Rivai & Mulyadi, 2012). Leaders who have a transformational style will be able to change employee behavior into better behavior. Transformation leaders rely more on charisma and authority in carrying out their leadership. Leadership is sometimes understood as simply the power to move and influence other people. There are several factors that can move people, namely threats, rewards, authority and persuasion. With threats, subordinates will be afraid and obey all orders from superiors. Leadership has a broader meaning than power because leadership is an effort to influence people not only to do what superiors want but also to achieve organizational goals/targets. Leaders who can make employees change for the better are leaders who have

been successful. Usually employees will work harder if they have a leader who can set an example or role model.

Research conducted by Bakker et al. (2022); Majali et al. (2022); Hafifi et al. (2018); Priyono et al. (2018); Khan et al. (2021); Riyadi (2020) results that leadership can improve performance. There are many other studies on leadership which also provide positive results on employee performance, including Hadiana & Sari (2019); Mohammad et al. (2022); Purba et al. (2023); Listiani et al. (2020); Lapatta & Temaluru (2023); Atikah & Qomariah (2020); Qomariah et al. (2020); Chandra et al. (2020); Prijono et al. (2019); Panjaitan & Kristiana (2019); Jamaludin & Subiyanto (2022); A. Setiawan et al. (2022); Qomariah et al. (2021); Wiguna et al. (2022); Senjaya & Anindita (2020); Thamrin et al. (2024); Qomariah et al. (2022); Qomariah et al. (2020); Diah et al. (2024); Qomariah et al. (2023); Prasetyo et al. (2024); Puspitasari et al. (2024); Kurniawan et al. (2021); Sanosra et al. (2022); Y. Setiawan et al. (2022). Meanwhile, research which states that leadership has no impact on employee performance has been carried out (Qomariah, 2012).

The next factor that is thought to contribute to employee performance is the existence of performance allowances. According to Simamora (2019), allowances are payments and services that protect and complement the basic salary and organizations can pay all or part of these allowances. According to the KBBI Big Indonesian Dictionary, allowances can be defined as additional income outside of salary as assistance or support. So, allowances are additional compensation which aims to bind employees to continue working for the company. Employees who receive allowances will usually be active in carrying out the tasks assigned to them, so that the employee's performance will increase along with additional allowances. Research discussing the issue of allowances or incentives linked to performance was conducted by Alam & Sudianto (2021); Sundari & Rifai (2020); Ivan & Rizal (2022); Alhudhori et al. (2019); Akib et al. (2021); Nelson et al. (2021); Sundari & Rifai (2020) which states that performance allowances can improve employee performance. Research conducted by Utarindasari & Silitonga (2021); Pudjiastuti et al. (2022); Yogaswara et al. (2014); Kusuma et al. (2015); Panambunan et al. (2018) which states that incentives have an impact on employee performance.

The Jember Regency Education Office is the implementing element of the Regional Government in the field of education. The Jember Regency Education Service is led by a Head of Service who is under and responsible to the Regent through the Regional Secretary. The Head of Service is appointed and dismissed in accordance with the provisions of the applicable laws and regulations. The formation of the Education Service is an implementation of Law Number 23 of 2014 concerning Education and Government Regulation Number 66 of 2010 concerning the Management and Implementation of Education. Performance is also a benchmark in the Jember Regency Education Office. Based on the results of observations, researchers found that the performance of employees at the Jember Regency Education Service is still not in accordance with the regulations set by superiors, therefore it is important that this research was carried out with the aim of knowing and analyzing the influence of transformational leadership style and performance allowances on employee performance.

### **1.1. Transformational Leadership**

Transformational leadership style is a leadership style where the transformational leader is a visionary leader who invites the organization's human resources to move towards the vision held by the leader (Rivai & Mulyadi, 2012). Leaders who have a transformational style will be able to change employee behavior into better behavior. Transformation leaders rely more on charisma and authority in carrying out their leadership.

### **1.2. Performance Allowance**

According to Simamora (2019), allowances are payments and services that protect and complement the basic salary and organizations can pay all or part of these allowances. According to the KBBI Big Indonesian Dictionary, allowances can be defined as additional income outside of salary as assistance or support. Thus, performance benefits can also be defined as any additional benefits offered to workers or employees, for example use of company vehicles, free lunch, health services, vacation assistance and so on.

### **1.3. Employee Performance**

According to Luthans (2014), performance is the quantity or quality of something produced or services provided by someone doing the work. According to Dessler (2015), performance is work achievement, namely the comparison between work results and the standards applied. According to Qomariah (2020), the definition of performance is the result achieved from what the organization or company wants by an employee within a certain time. Organizations are required to improve organizational performance to be able to compete with other similar companies.

#### 1.4. Conceptual Framework Research

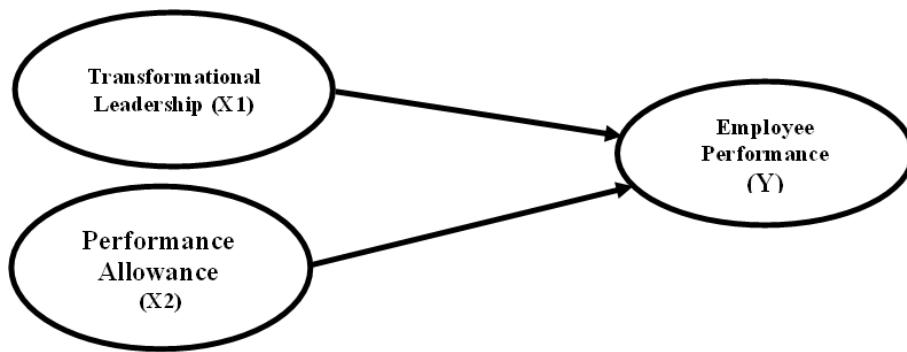


Figure 1. Conceptual Framework

#### 1.5. Hypothesis Development

##### 1.5.1. The Influence of Transformational Leadership on Employee Performance

Transformational leadership can be defined as a relational leadership style in which followers have trust and respect for the leader and are motivated to do more than is formally expected to achieve organizational goals that have been established from the start (Bass & Avolio, 1994). According to Handoko (2015), the definition of employee performance is the work results achieved by a person in carrying out the tasks given to him to achieve work targets within a certain time. Leaders who set a good example and can change their subordinates to be better, usually their subordinates will do their jobs well. Research by Lapatta & Temaluru (2023); Khan et al. (2021) states that transformational leadership influences employee performance. Thus, the first hypothesis is: transformational leadership influences employee performance.

##### 1.5.2. The Effect of Performance Allowances on Employee Performance

According to Simamora (2019), allowances are payments and services that protect and complement the basic salary and organizations can pay all or part of these allowances. According to Handoko (2015), the definition of employee performance is the work results achieved by a person in carrying out the tasks given to him to achieve work targets within a certain time. Employees who receive allowances for their achievements will usually be diligent in completing the work assigned. Research conducted by Nelson et al. (2021); Sundari & Rifai (2020) states that performance allowances can improve employee performance. Thus, the second hypothesis is: performance allowances influence employee performance.

## 2. RESEARCH METHOD

This research is experimental research that wants to find out the causes and effects of an action. This research aims to determine the significant influence between transformational leadership and performance allowances on employee performance at the Jember Regency Education Office. The population used in the research were all employees at the Jember Regency Education Service, totaling 135 people and all of them were used as samples (saturated samples). Description analysis is needed to find out the respondent's description. Indicators of the transformational leadership variable are: charisma, inspirational motivation, intellectual stimulation, consideration or individual consideration. Indicators for the performance allowance variable are receiving allowances in accordance with local government regulations, being able to increase income, timing of receiving allowances, adequacy of receiving allowances, according to employee discipline. Employee performance indicators are the amount of work, quality of work, the importance of supervision, attendance and conservation. To test the measuring instrument, validity and reliability tests are used. To find out the results of the research hypothesis, hypothesis testing is needed.

## 3. RESULTS AND DISCUSSION

### 3.1. Results

#### 3.1.1. Results Description of Respondents

Based on the results of the data analysis that has been carried out, it can be seen that on the basis of gender, it can be seen that the respondents at the Jember Regency Education Office, out of the total number of respondents of 135 people who were sampled in the research, were dominated by female respondents, namely 61% and the rest were male. Based on the educational level of the respondents, of the 135 respondents sampled in the research, the majority of respondents had a Bachelor's educational background, namely 112 (83%).

### 3.1.2. Validity Test Results

The results of the research validity test are presented in Table 1. The validity test was carried out to find out and prove that the statements in each latent variable in the research could be understood by the respondents in the same way as intended by the researcher (Solihin & Ratmono, 2013).

Table 1. Recapitulation of Validity Test Results

Variable	Indicator	Validity Test Value
Transformational Leadership (X1)	Indicator X1.1	0,865
	Indicator X1.2	0,925
	Indicator X1.3	0,898
	Indicator X1.4	0,926
Performance Allowance (X2)	Indicator X2.1	0,727
	Indicator X2.2	0,819
	Indicator X2.3	0,859
	Indicator X2.4	0,690
	Indicator X2.5	0,784
Employee Performance (Y)	Indicator Y <sub>1</sub>	0,864
	Indicator Y <sub>2</sub>	0,914
	Indicator Y <sub>3</sub>	0,894
	Indicator Y <sub>4</sub>	0,900
	Indicator Y <sub>5</sub>	0,881

The results of the analysis shown in Table 1 show that all indicator variables have a validity value above 0.7, so that all statement items are declared valid.

### 3.1.3. Reliability Test Results

The data reliability test uses the Cronbach alpha indicator. Cronbach's Alpha testing was carried out with the aim of showing whether the instrument items were relatively consistent or not. There are 5 criteria for Cronbach's alpha, namely very reliable to very unreliable. The results of the Cronbach's alpha calculation can be seen in Table 2.

Table 2. Reliability Test Results

No	Variable	Cronbach Alpha Value	Results
1.	Transformational Leadership (X1)	0,925	Very Reliable
2.	Performance Allowance (X2)	0,835	Very Reliable
3.	Employee Performance (Y)	0,936	Very Reliable

Based on the research results presented in Table 2 related to the reliability test, the Cronbach alpha value for each variable shows a value above 0.6, so it can be concluded that all variables in this research meet the reliability criteria of a construct (Solihin & Ratmono, 2013).

### 3.1.4. Research Hypothesis Test Results

Hypothesis testing in this research was carried out to find out whether the independent variable has the test results for the influence of the independent variable on the dependent variable, which are presented in Table 3.

Table 3. Hypothesis Test Results

Influence Between Variables	Coefficient Value	P-value	Information
Transformational Leadership → Employee Performance	0,354	<0,001	Hypothesis Accepted
Performance Allowance → Employee Performance	0,268	<0,001	Hypothesis Accepted

## 3.2. Discussion

### 3.2.1. The Influence of Transformational Leadership on Employee Performance

The results of statistical calculations show that H1 is accepted and H0 is rejected, this is because the coefficient result is 0.354 and the p value is less than 0.001. H1 states that leadership can improve employee performance. Leadership is the ability to influence other people, subordinates or groups as well as the ability to direct the behavior of subordinates or groups (Qomariah, 2020). According to Rivai & Mulyadi (2012)

transformational leadership style is a leadership style where the leader is able to make changes within individuals to achieve the best performance through charisma, providing intellectual stimulation, motivation, and attention to individuals. The results of this research are in line with research conducted by Hadiana & Sari; (2019); Mohammad et al. (2022); Purba et al. (2023); Listiani et al. (2020); Lapatta & Temaluru (2023); Atikah & Qomariah (2020); Chandra et al. (2020); Prijono et al. (2019); Panjaitan & Kristiana (2019); Jamaludin & Subiyanto (2022); A. Setiawan et al. (2022); Qomariah et al. (2021); Wiguna et al. (2022); Senjaya & Anindita (2020); Thamrin et al., (2024); Qomariah et al. (2022); Qomariah et al., (2020); Diah et al., 2024) Meanwhile, research which states that leadership has no impact on employee performance has been carried out (Qomariah, 2012).

### 3.2.2. The Effect of Performance Allowances on Employee Performance

The results of statistical calculations show that the coefficient value of the performance allowance variable is 0.268 with a p value of less than 0.001. This shows that H2 is accepted and H0 is rejected. H2 states that performance allowances can improve employee performance. According to Ministry of Agriculture Regulation Number 45 of 2014, performance allowances are allowances given to employees which are a function of the successful implementation of bureaucratic reform and are based on the employee's performance achievements which are in line with the performance achievements of the organization where the employee works. According to Hasibuan (2019), performance benefits are the process of providing rewards given to employees according to the work results achieved. The results of this research are in line with research conducted by Utarindasari & Silitonga (2021); Pudjiastuti et al. (2022); Yogaswara et al. (2014); Kusuma et al. (2015); Panambunan et al. (2018) the result of which is that allowances have an impact on performance.

## 4. CONCLUSION

The results of this research prove that transformational leadership has a significant positive effect on employee performance at the Jember Regency Education Office. Performance allowances also have a positive effect on performance. Thus, it is important for leaders at the Jember Regency Education Office to continue to provide good role models to their subordinates or employees because it has been proven to improve employee performance. Performance allowances should also be given to employees in accordance with the performance results obtained because it has also been proven to improve performance.

Suggestions from researchers to employees of the Jember Regency Education Office to improve their performance to be even better by paying attention to factors that can influence such as transformational leadership, performance allowances. A special review is needed for the leadership of the Jember District Education Office so that they always become transformational leaders, because based on research results, transformational leadership has the greatest influence on performance.

The implication of this research is to add to the repertoire of human resource management theory. The practical implication of this research is to improve employee performance at the Jember Regency Education Office.

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