

The Influence of Transformational Leadership on Employee Motivation and Performance in the Banking Industry

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Abstract

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This study analyzes the effect of transformational leadership on employee motivation and performance in the banking industry. The research method used is quantitative with a survey approach, involving 200 employees from several leading banks in Indonesia. Data were collected through a questionnaire that measured the respondent's profile, perceptions of transformational leadership, and employee motivation and performance. The results showed that transformational leadership has a significant positive effect on employee motivation and performance. Characteristics of transformational leadership such as charisma, intellectual stimulation, inspirational motivation, and individual consideration increase intrinsic motivation and employee performance. Employees feel appreciated, have challenging tasks, and get significant career development opportunities. This study concludes that transformational leadership can provide a significant competitive advantage for banking companies by increasing employee motivation and performance. Therefore, banking companies are advised to adopt and develop this leadership style in order to achieve long-term success.

Keywords:

Transformational leadership; Employee motivation; Employee performance; Banking industry; Human resource management.

1. INTRODUCTION

The banking industry is a highly competitive and dynamic sector, where the role of leadership is very important in achieving organizational success. One leadership style that has been proven effective in this study is transformational leadership. This article aims to analyze how transformational leadership affects employee motivation and performance in the banking industry. Transformational leadership emphasizes employee inspiration, motivation, and empowerment to achieve common goals. This leadership style consists of four main components, namely charisma or idealized influence, inspirational motivation, intellectual stimulation, and individual consideration. Transformational leaders are able to inspire employee enthusiasm and trust through a strong vision and convincing communication. The positive influence of transformational leadership on employee motivation is reflected in the increase in their intrinsic motivation. Employees feel appreciated and recognized for their contributions, which encourages them to work harder and with high spirits. In addition, transformational leadership also has a positive impact on employee performance. Employees who work under this leadership style tend to be more creative, innovative, and have a strong commitment to organizational goals. They feel empowered to take initiatives and make decisions that support the growth of the company. Case studies in the banking industry show that banks that implement transformational leadership have succeeded in increasing the productivity and efficiency of their organizations. Leadership development programs, employee rewards, and open communication are effective strategies in implementing this leadership style. In conclusion, transformational leadership not only positively influences employee motivation and performance but is also the key to long-term success for banking companies in facing the challenges of an ever-changing market. The impact of transformational leadership on

employee motivation and performance in the banking industry is a crucial area of study. Research consistently shows that transformational leadership has a positive influence on employee performance and satisfaction.

According to Hadiyatno (2024), transformational leadership is able to inspire and motivate employees to achieve better performance. This is in line with the findings of Sujana and Ardana (2020) which indicate that transformational leadership not only directly improves employee performance but also influences it through motivational factors. The dimensions of inspirational motivation and idealized influence in transformational leadership have been shown to increase employee self-efficacy. Mansyur and Almahendra (2018) found that transformational leadership that emphasizes inspirational motivation and idealized influence can increase employee confidence in their ability to achieve work goals. This is important because high self-efficacy can increase employee intrinsic motivation, which in turn can improve their performance. In addition, studies have explored the mediating role of job satisfaction in the relationship between transformational leadership and employee performance. Djuraidi and Laily (2020) emphasized that job satisfaction plays a significant mediating role in improving employee performance under transformational leadership. When employees are satisfied with their jobs, they are more likely to put in more effort and perform better. Transformational leadership is also important in guiding organizational change and optimizing employee performance, especially when influenced by factors such as readiness for change and self-efficacy. Gazali et al. (2020) showed that readiness for change is an important factor that can influence the effectiveness of transformational leadership. When employees are ready to face change, they are more likely to accept and support initiatives led by transformational leaders. Likewise, Wijaya and Dewi (2020) emphasized that employee self-efficacy is a key factor that can strengthen the positive impact of transformational leadership on employee performance. Transformational leadership is also associated with increased intrinsic motivation and employee performance. According to Natalia (2021), Transformational leaders who are able to motivate employees from within can help improve their overall performance. Intrinsic motivation is the drive that comes from within an individual to do something because of the satisfaction or joy obtained from the activity itself, not because of external incentives. When employees feel intrinsically motivated, they tend to be more dedicated and committed to their work. In the banking sector, understanding how transformational leadership affects employee motivation and performance is very important. Susanto (2021) emphasized that transformational leadership positively affects employee performance, with motivational factors acting as the main mediator. In banking, where work pressure and demands are often high, transformational leadership can help create a supportive work environment and motivate employees to achieve better performance. Furthermore, transformational leadership is significantly associated with increased employee creativity, with a focus on promotion acting as a mediator. Agustina and Putra (2021) found that transformational leaders who encourage creativity and innovation can help employees to focus more on promotion goals and self-development. A focus on promotion is an orientation that encourages individuals to pursue goals with passion and enthusiasm, as well as seek opportunities to grow and achieve better results. Transformational leadership can help create an organizational culture that encourages creativity and innovation. Employees who feel supported by their leaders in exploring new ideas and taking calculated risks tend to be more creative and innovative in their work. This not only improves individual performance but can also positively contribute to the overall performance of the organization. Other studies have also shown that transformational leadership can increase employee organizational commitment. According to a study by Rahmawati and Sari (2022), employees who feel led by transformational leaders tend to have a higher commitment to their organization. Organizational commitment is the degree to which employees feel emotionally and rationally attached to their organization, as well as a desire to remain with and contribute to the organization's success. By increasing organizational commitment, transformational leadership can help reduce employee turnover rates and increase employee retention. Employees who feel engaged and committed to an organization tend to be more loyal and willing to stay in the workforce in the long term. This is especially important in the banking industry, where the sustainability of employment relationships and employee knowledge and skills can have a significant impact on organizational performance. Transformational leadership has been widely recognized for its significant impact on motivating employees across industries, including the banking sector. This leadership style not only provides direction but also inspires and transforms individuals by raising their awareness of the importance of organizational goals. This is enabled by encouraging them to go beyond personal interests for the common good. Research consistently shows that transformational leadership plays a crucial role in increasing employee motivation (Laa, 2023). Transformational leadership focuses on several key aspects, namely inspiration, intellectual stimulation, and individual consideration. Transformational leaders are known for their ability to inspire followers through an attractive and hopeful vision of the future. They stimulate followers to think creatively and critically, solve problems in new ways, and develop innovative solutions. In addition, transformational leaders also show high attention to the individual needs of employees, providing personal guidance and support. In the banking sector, this leadership style has proven effective in increasing employee motivation and performance. Transformational leaders are able to create a supportive and enthusiastic work environment, where employees feel valued and motivated to achieve organizational goals. They encourage employees to understand the company's vision and mission in depth, as well as how their individual contributions can

support the achievement of these goals. Thus, employees feel more involved and committed to their work. In addition to the banking sector, transformational leadership has also shown its effectiveness in the education sector.

Research shows that transformational leadership can effectively motivate employees to achieve higher academic performance. In educational settings, transformational leaders play a role in uniting faculty and staff to work towards achieving better academic goals (Muliati, 2022). They are able to change the beliefs, attitudes, and personal goals of faculty so that they are aligned with the goals of the educational institution. This is done by communicating a clear vision, providing inspiring direction, and creating a positive learning environment. Transformational leadership not only increases individual motivation but also overall organizational performance. Transformational leaders have the ability to envision the future with optimism, project ideal visions, and communicate achievable goals (Sugianti & Mujiati, 2022). They encourage employees to think outside the box and create innovations that can drive organizational progress. By focusing on employee development and achieving long-term goals, transformational leadership helps organizations adapt to change and remain competitive in a dynamic market. To develop a theory regarding the influence of employee motivation and performance in the banking industry, it is important to consider the various factors that have been identified in previous studies. Motivation plays a crucial role in driving employee performance, and several studies have highlighted its significance in various organizations (Sandra, 2024; Edison & Wulandari, 2019; Farhah et al., 2020). Motivation can be influenced by various factors such as compensation, work discipline, job satisfaction, and leadership style (Sandra, 2024; Edison & Wulandari, 2019; Farhah et al., 2020). These factors can affect the level of employee motivation which in turn affects their performance within the organization. One of the main factors that influences motivation is compensation. Fair and competitive compensation is essential in maintaining employee motivation levels. When employees feel appreciated through salaries and benefits that are in accordance with their contributions, they tend to be more motivated to work hard and achieve targets set by the organization.

Studies show that good compensation not only increases motivation but can also reduce employee turnover rates (Sandra, 2024). Work discipline is also an important factor in influencing employee motivation and performance. Good discipline creates an orderly and efficient work environment, which allows employees to work more focused and productively. Discipline not only includes compliance with rules and procedures but also includes developing good work habits such as punctuality, effective time management, and dedication to tasks (Edison & Wulandari, 2019). Job satisfaction is another factor that greatly influences employee motivation and performance. Job satisfaction reflects the extent to which employees are satisfied with their jobs, including working conditions, relationships with coworkers, and career development opportunities. Employees who are satisfied with their jobs tend to be more motivated and have a higher commitment to the organization. Research shows that job satisfaction can act as a mediator in the relationship between motivation and performance, where satisfied employees are more likely to show better performance (Yuliana, 2023; Handriyani, 2024). In addition, leadership style also plays an important role in influencing employee motivation and performance. Transformational leadership style, for example, is known for its ability to inspire and motivate employees through a strong vision and effective communication. Transformational leaders are able to change employee beliefs and attitudes so that they are in line with organizational goals, which in turn increases their motivation and performance (Akhsan, 2024; Prabowo, 2020). Transformational leaders also focus on the individual development of employees, providing the support and guidance needed to reach their full potential. A positive work environment is also very important in supporting employee motivation and performance. A supportive and comfortable work environment can increase job satisfaction and reduce stress, which in turn increases productivity. Factors such as good relationships between employees, adequate work facilities, and a conducive work atmosphere contribute to the creation of a positive work environment (Putra et al., 2023; Iryani, 2019). Effective communication also plays a key role in increasing employee motivation and performance. Clear and open communication between management and employees can help ensure that all members of the organization understand goals and expectations, and provide constructive feedback. Good communication can create a strong sense of mutual trust and cooperation, which are essential to achieving organizational goals (Khongida et al., 2019). Finally, a strong organizational culture can support employee motivation and performance. Organizational culture reflects the values, norms, and practices that apply within the organization. A positive and inclusive culture can create a sense of belonging and togetherness among employees, which can increase their motivation and commitment to the organization (Hura, 2023). Good discipline also plays an important role in maintaining a strong organizational culture, by ensuring that all members of the organization adhere to established standards and expectations.

2. RESEARCH METHOD

This study uses a quantitative method with a survey approach to examine the relationship between transformational leadership and employee motivation and performance. The main objective of this study is to understand how transformational leadership implemented by managers can affect employee motivation and

performance in the workplace. The research sample consisted of 200 employees working in several leading banks in Indonesia. Respondents were selected using a purposive sampling technique, where employees with more than two years of work experience were prioritized to ensure that they had an adequate understanding of the dynamics of their workplace. The data collection instrument used was a questionnaire, which consisted of three main parts. The first part is the Respondent Profile, which aims to collect demographic information such as age, gender, education level, and length of service. This information is important to identify the general characteristics of the sample and for further analysis related to demographic variables. The second part of the questionnaire measures employees' perceptions of transformational leadership implemented by their managers. Measurements were made using a Likert scale, with items covering aspects such as charisma, intellectual stimulation, inspirational motivation, and individual consideration. This scale is designed to assess the extent to which managers are successful in influencing their employees through a transformational leadership approach. The third section assesses the level of employee motivation and performance. Employee motivation is measured through items that assess intrinsic motivation, commitment to work, and creativity. Meanwhile, employee performance is measured through items that assess their productivity. The collected data were analyzed using descriptive and inferential statistics. Pearson correlation test was used to determine the relationship between transformational leadership, motivation, and employee performance. This analysis is expected to provide insight into how effective leadership can improve employee motivation and performance in the banking environment in Indonesia. Through this study, it is expected to find empirical evidence regarding the importance of transformational leadership in improving employee motivation and performance. These findings can be used as a basis for developing more effective leadership training programs and better human resource management strategies in the banking sector. Thus, this study provides not only theoretical but also practical contributions to organizations that want to improve performance through better leadership.

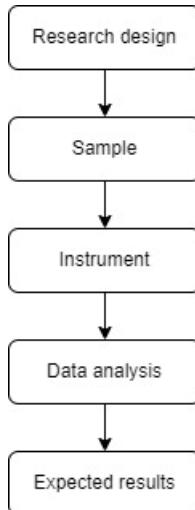


Figure 1. Research Design

This figure illustrates the research design used to examine the relationship between transformational leadership and employee motivation and performance. The study involved 200 employees from a leading bank in Indonesia, selected through purposive sampling technique, prioritizing those with more than two years of work experience. Data were collected using a questionnaire consisting of three sections: Respondent Profile (demographics), Transformational Leadership (charisma, intellectual stimulation, inspirational motivation, individualized consideration), and Employee Motivation and Performance (intrinsic motivation, commitment, creativity, productivity). Data analysis was conducted using descriptive and inferential statistics, using Pearson correlation test to assess the relationship between variables.

3. RESULTS AND DISCUSSION

3.1. Respondent Profile

In this study, the sample consisted of 200 employees working in several leading banks in Indonesia. The respondent profile provides an in-depth description of the demographic and professional characteristics of the research participants. Of the 200 employees who participated, the majority were in the age range of 25-35 years, which covered 45% of the total respondents. This shows that most of the research participants are in a productive and dynamic career stage, where they are likely to have sufficient experience and still have high motivation to develop in their careers. In addition, the last education of the majority of respondents was a Bachelor's degree (S1), with a percentage reaching 70%. This high level of education reflects that the respondents have a strong academic background, which may affect their ability to understand and respond to various leadership strategies implemented by their managers. Higher education is also often associated with

good critical thinking skills and analytical skills, which are very relevant in jobs in the banking sector. In terms of work experience, 55% of respondents have more than 5 years of work experience. This shows that more than half of the research participants have a deep understanding of the dynamics and demands of work in the banking sector. Longer work experience is often associated with better adaptability to change, including in terms of the implementation of transformational leadership by their managers. Employees with more than 5 years of work experience are likely to have experienced a variety of leadership styles and can provide a richer perspective on the effectiveness of transformational leadership. In addition to these main characteristics, this study also collected data on other demographic aspects such as gender and position. In terms of gender, the study found that the proportion of male and female employees was quite balanced, with slightly more men than women. This is important to note because perceptions of transformational leadership and employee motivation can differ based on gender. The gender balance in this sample provides a more comprehensive perspective on how transformational leadership is perceived and affects the performance and motivation of employees of different genders. In terms of position, this study covers a variety of positions ranging from staff to managers.

This variation in job position is important to understand how transformational leadership is implemented and perceived at different levels of the organization. Staff and managers may have different views on transformational leadership based on their responsibilities and roles in the organization. For example, managers may be more directly involved in implementing leadership strategies, while staff may be more on the receiving end of the leadership influence. In terms of length of service at the current bank, the study also noted that the majority of respondents had been with the bank for more than three years. This suggests that they have sufficient job stability and have passed the initial adaptation period, thus providing more accurate and reflective answers regarding their experiences with transformational leadership and its impact on their motivation and performance. The demographic and professional profiles outlined above provide important insights for this study. With the majority of respondents aged between 25-35 years, having a bachelor's degree, and having more than 5 years of work experience, as well as a diverse gender and job distribution, this study can provide deeper and more comprehensive insights into the relationship between transformational leadership and employee motivation and performance in the Indonesian banking sector. By understanding the profile of the respondents, researchers can better interpret the results of the study and their relevance to specific organizations and demographics. In addition, the characteristics of the respondents also help in identifying which groups are most affected by transformational leadership and how leadership interventions can be tailored to meet their needs and expectations. The detailed and diverse profile of the respondents confirms the validity and reliability of the research findings, and provides a strong basis for practical recommendations in leadership development in the banking sector. Thus, the analysis of the respondent profiles not only provides an overview of the characteristics of the research participants but also helps in understanding how demographic and professional variables can influence the perception and response to transformational leadership, motivation, and employee performance. This knowledge is invaluable for managers and decision makers in designing and implementing leadership programs that are effective and appropriate to the characteristics of their employees.

Table 1. Respondent Profile

Category	Information	Percentage (%)
Age	25 years	20
Age	25-35 years	45
Age	35 years	35
Last education	Senior High School	10
Last education	D3	20
Last education	S1	70
Work experience	0-2 years	15
Work experience	3-5 years	30
Work experience	5 years	55
Gender	Man	55
Gender	Woman	45
Position	Staff	60
Position	Supervisor	25
Position	Manager	15

The table above provides a detailed overview of the characteristics of the 200 employees who participated in this study. The majority of respondents are aged between 25-35 years (45%), have a Bachelor's degree (S1) (70%), and have more than 5 years of work experience (55%). In addition, the gender proportion is quite balanced with men (55%) and women (45%). In terms of position, most respondents are staff (60%), followed by supervisors (25%) and managers (15%). This profile helps understand the dynamics of the workplace and provides importance in analyzing the relationship between transformational leadership and employee motivation and performance.

3.2. Transformational Leadership

Transformational leadership is a leadership style that is widely recognized to have a positive impact on employee motivation and performance. In this study, we analyzed employee perceptions of transformational leadership implemented by their managers. Data analysis showed that the majority of employees had a very positive perception of transformational leadership. The following are the average scores obtained for each characteristic of transformational leadership.

3.2.1. Charisma

Charisma, which reflects a leader's ability to influence and inspire followers through a strong vision and personality, received an average score of 4.5. This indicates that employees perceive their managers as highly effective at building trust and confidence, and are able to lead teams toward common goals in a convincing and inspiring manner. Charismatic leaders are often respected and idolized by their subordinates, which in turn increases loyalty and dedication to the job.

3.2.2. Intellectual Stimulation

Intellectual stimulation, which involves the leader's ability to encourage employees to think critically and creatively and challenge existing assumptions to find innovative solutions, received an average score of 4.3. This indicates that managers are successful in creating a work environment where new ideas are valued and employees are encouraged to think outside the box. High intellectual stimulation often correlates with increased productivity and innovation in an organization, as employees feel empowered to explore different approaches to solving problems.

3.2.3. Inspirational Motivation

Inspirational motivation, which includes a leader's ability to communicate a compelling and passionate vision and set high standards for performance, received the highest average score of 4.6. This indicates that employees are highly inspired by the vision and expectations set by their managers. Leaders who are able to provide inspirational motivation are usually successful in generating high levels of enthusiasm and commitment from their teams, which ultimately has a positive impact on the performance and success of the organization as a whole.

3.2.4. Individual Consideration

Individualized consideration, which refers to a leader's attention and support for employees' personal needs and development, scored an average of 4.4. This indicates that employees feel cared for and supported by their managers in terms of career development and personal well-being. Leaders who demonstrate individualized consideration tend to create harmonious and positive working relationships, where employees feel valued as individuals and are motivated to do their best in their jobs.

3.3. Employee Motivation

Employee motivation is one of the key aspects of an organization's success, and transformational leadership plays a significant role in this. Transformational leadership, which emphasizes inspiration, innovation, and personal development, has been shown to be highly effective in increasing employee motivation. In this regard, data shows that employees who work under transformational leadership have very high levels of motivation. With an average intrinsic motivation score of 4.7, the majority of employees feel highly valued and are given challenging assignments and significant career development opportunities.

First, let's discuss why transformational leadership can significantly increase employee motivation. Transformational leadership is a leadership style that focuses on inspiring and empowering team members. Transformational leaders not only provide direction and set goals, but they also motivate employees in a way that ignites their passion and enthusiasm. They inspire a larger vision and help employees see how their contributions contribute to the broader goals of the organization. One of the key aspects of transformational leadership is its ability to build a sense of engagement and ownership among employees. Transformational leaders often practice a more participatory approach, where they involve employees in the decision-making process and listen to their ideas and input. This creates an environment where employees feel valued and recognized for their contributions. When employees feel valued and recognized, they are more likely to be motivated to give their best. In this regard, the average intrinsic motivation score of 4.7 is a strong indicator of the effectiveness of transformational leadership. Intrinsic motivation refers to the internal drive that drives a person to do something because of personal satisfaction and interest, rather than because of external rewards or pressure. This high score indicates that employees feel motivated by the work itself, rather than just external factors such as compensation or promotions. This is an indicator that transformational leadership is successful in creating a fun and satisfying work environment for employees.

In addition, employees who work under transformational leadership often feel that they are given challenging tasks. These tasks are not only routine and monotonous, but are also designed to test their skills and abilities. Challenging tasks not only provide opportunities for employees to learn and grow, but also help them feel more engaged and connected to their work. When employees are given challenging tasks, they feel

more excited and committed to achieving the goals that have been set. Career development opportunities are also an important element in employee motivation. Transformational leadership often involves efforts to support individual growth and development. This could involve additional training, opportunities to take on new responsibilities, or even mentoring from the leader themselves. By providing opportunities for career development, organizations not only help employees improve their skills but also show that they are invested in their future.

This can increase employee satisfaction and loyalty, which in turn can increase their motivation. Employees who feel they have the opportunity to grow and reach their full potential are more likely to work hard and contribute their best. They feel that their work is not just a daily task, but also part of their journey toward achieving their personal and professional goals.

3.4. Employee Performance

Employee performance is one of the main indicators of an organization's success because good performance not only increases productivity but also creates a healthy and innovative work environment. In management studies, many factors influence employee performance, one of which is leadership style. Among the various leadership styles, transformational leadership is considered one of the most effective in improving employee performance. Transformational leadership is defined as a leadership style that inspires and motivates employees to reach their highest potential. Transformational leaders focus on employee personal and professional development, create a shared vision, and encourage innovation and creativity. They act as change agents who facilitate the organization's adaptation to the dynamics of the ever-changing business environment. The results of the study showed a significant positive correlation between transformational leadership and employee performance ($r = 0.68, p < 0.01$). This correlation indicates that transformational leadership can effectively improve employee performance. One of the main impacts of transformational leadership on employee performance is increased motivation. Leaders who adopt this style are able to inspire with vision, provide individual support, and provide intellectual stimulation. Transformational leaders create and communicate a clear and inspiring vision of the future of the organization, providing direction and goals that motivate employees to work hard and achieve set targets. Transformational leaders also provide individual attention and support to employees, understand the needs, aspirations, and potential of each employee, and provide the necessary guidance for their development. In addition, transformational leaders encourage employees to think critically and creatively, inviting employees to explore new ideas and solve problems in innovative ways. Motivated employees show a high commitment to their work. They are more likely to work harder, show strong dedication, and strive to achieve and even exceed set targets. Transformational leadership also plays an important role in encouraging creativity and innovation in the workplace. Transformational leaders encourage the exploration of new ideas and recognize employees' creative contributions, creating an environment that supports the exploration of new ideas and dares to take calculated risks. Employees feel free to innovate without fear of failure, and recognition of creative contributions increases employee self-confidence and encourages them to continue innovating. Research shows that employees who work under transformational leadership are more likely to develop creative and innovative solutions to problems faced by the organization. They feel supported and empowered to innovate, which in turn improves their overall performance. Transformational leadership facilitates target achievement and productivity improvement by setting clear, challenging yet achievable goals and investing in employee competency development through training and education. Transformational leaders set clear goals and ensure that employees understand those goals and how their contributions impact the overall achievement of the organization. Employees who have the necessary skills are more productive and effective in carrying out their tasks. In addition to improving employee performance, transformational leadership also contributes to lower turnover rates. High turnover can disrupt operational stability and increase recruitment and training costs. However, with transformational leadership, leaders are able to increase job satisfaction and build employee loyalty to the organization. Transformational leadership creates a positive and supportive work environment where employees feel valued and recognized. Employees feel that they have opportunities to grow and are properly rewarded for their contributions. As a result, they are more likely to stay with the organization and contribute in the long term.

3.5. Discussion

The results of the study indicate that transformational leadership has a significant positive effect on employee motivation. Transformational leadership consists of four main components: charisma or idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Each of these components plays an important role in increasing employee motivation. Leader charisma, or idealized influence, reflects the leader's ability to inspire and motivate employees through a strong vision and high conviction. Charismatic leaders are able to build trust and confidence among employees, provide a clear and convincing vision, which motivates employees to work harder and with high spirits. Inspirational motivation includes the leader's ability to communicate an attractive vision and set high standards for performance. Transformational leaders who provide inspirational motivation are able to generate high enthusiasm and commitment from employees. The results of the study indicate that inspirational motivation has a strong

correlation with increased employee intrinsic motivation, which is an internal drive that makes employees motivated by personal satisfaction and interest in their work. Intellectual stimulation is an aspect of transformational leadership that encourages employees to think critically and creatively. Leaders who implement intellectual stimulation create an environment where new ideas are valued and employees are encouraged to explore new approaches to completing tasks. This not only enhances employee creativity but also increases their motivation to innovate and contribute better to the organization. Individualized consideration refers to the leader's attention and support for the personal needs and career development of employees. Transformational leaders who demonstrate individualized consideration create harmonious and positive working relationships, where employees feel cared for and supported.

This support increases employee job satisfaction, which in turn increases their motivation to work hard and contribute better to the organization. In addition to influencing motivation, transformational leadership also has a significant impact on employee performance. Employee performance is measured through productivity, target achievement, creativity, and innovation. Transformational leaders are able to create a work environment that supports employee performance improvement in various ways. Employees who work under transformational leadership demonstrate better target achievement. Transformational leaders set a clear vision and provide supportive direction, ensuring that employees understand the organization's goals and how their contributions contribute to its overall achievement. This gives employees a greater sense of ownership and responsibility for their work, which in turn increases their productivity and target achievement. Transformational leadership also encourages creativity and innovation in the workplace. Leaders who encourage the exploration of new ideas and recognize employees' creative contributions create an environment where employees feel free to innovate without fear of failure. Recognition of creative contributions boosts employee self-confidence and encourages them to continue innovating, which ultimately improves their overall performance. In addition to improving employee performance, transformational leadership also contributes to lower turnover rates. High turnover can disrupt operational stability and increase recruitment and training costs.

However, with transformational leadership, employees feel more satisfied with their jobs and are more loyal to the organization. Transformational leadership creates a positive and supportive work environment, where employees feel valued and recognized. As a result, they are more likely to stay in the organization and contribute in the long term. The study concluded that transformational leadership has a significant and positive impact on employee motivation and performance. By implementing transformational leadership, banking organizations can create a supportive, innovative, and productive work environment. Through motivation, inspiration, support, and encouragement for innovation, transformational leaders are able to increase employees' intrinsic motivation, which in turn improves their performance. Organizations looking to improve employee performance should consider implementing transformational leadership as part of their management strategy. By doing so, organizations can achieve long-term goals and create sustainable added value.

4. CONCLUSION

This study provides in-depth insights into the influence of transformational leadership on employee motivation and performance in the banking industry. Using a quantitative method with a survey approach involving 200 employees from several leading banks in Indonesia, this study measures the profile of respondents, perceptions of transformational leadership, and employee motivation and performance. The results of the analysis indicate that transformational leadership has a significant positive impact on employee motivation and performance. Transformational leadership consists of four main components: charisma or idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. Each of these components contributes significantly to improving employee motivation and performance. Leader charisma, or idealized influence, allows leaders to inspire and motivate employees through a strong vision and high conviction. Charismatic leaders are able to build trust and confidence among employees, provide a clear and convincing vision, which motivates employees to work harder and with high spirits. Inspirational motivation includes the leader's ability to communicate an attractive vision and set high standards for performance. Transformational leaders who provide inspirational motivation are able to generate high spirits and commitment from employees. The results of the study showed that inspirational motivation has a strong correlation with increasing employee intrinsic motivation, which is the internal drive that makes employees motivated by personal satisfaction and interest in their work. Intellectual stimulation is an aspect of transformational leadership that encourages employees to think critically and creatively. Leaders who implement intellectual stimulation create an environment where new ideas are valued and employees are encouraged to explore new approaches to completing tasks. This not only increases employee creativity but also increases their motivation to innovate and contribute better to the organization. Individualized consideration refers to the leader's attention and support for the personal needs and career development of employees. Transformational leaders who demonstrate individualized consideration create harmonious and positive working relationships, where employees feel cared for and supported. This support increases

employee job satisfaction, which in turn increases their motivation to work hard and contribute better to the organization. In addition to influencing motivation, transformational leadership also has a significant impact on employee performance. Employee performance is measured through productivity, target achievement, creativity, and innovation. Transformational leaders are able to create a work environment that supports employee performance improvement in various ways. Employees who work under transformational leadership show better target achievement. Transformational leaders set a clear vision and provide supportive direction, ensuring that employees understand the organization's goals and how their contributions contribute to its overall achievement. This gives employees a greater sense of ownership and responsibility for their work, which in turn increases their productivity and goal achievement. Transformational leadership also encourages creativity and innovation in the workplace. Leaders who encourage the exploration of new ideas and recognize employees' creative contributions create an environment where employees feel free to innovate without fear of failure. Recognizing creative contributions boosts employees' self-confidence and encourages them to continue innovating, which ultimately improves their overall performance. In addition to improving employee performance, transformational leadership also contributes to lower turnover rates. High turnover can disrupt operational stability and increase recruitment and training costs. However, with transformational leadership, employees feel more satisfied with their jobs and are more loyal to the organization. Transformational leadership creates a positive and supportive work environment, where employees feel valued and recognized. As a result, they are more likely to stay in the organization and contribute in the long term. This study concludes that transformational leadership has a significant and positive impact on employee motivation and performance. By implementing transformational leadership, banking organizations can create a supportive, innovative, and productive work environment. Through motivation, inspiration, support, and encouragement for innovation, transformational leaders are able to increase employees' intrinsic motivation, which in turn improves their performance. Organizations seeking to improve employee performance should consider implementing transformational leadership as part of their management strategy. By doing so, organizations can achieve long-term goals and create sustainable added value. This study makes a significant contribution to the human resource management literature and offers practical insights for banking companies seeking to improve their leadership effectiveness and employee performance.

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