
The Role of Motivation Mediation on the Effect of Transformational Leadership Style on Employee Performance

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ABSTRACT

This research was conducted to determine the effect of transformational leadership style on employee performance mediated by work motivation variables. This type of research is explanatory research with a quantitative approach. In this study, the data used are primary data obtained and collected through direct surveys using questionnaires to respondents. Sampling in this study using a random sampling method with samples taken as many as 67 employees. PT. Maxalmina Compressed Natural Gas Transportation. Explanatory methods and Structural Equation Modeling (SEM) are used to explain between variables. In analyzing the data in this study, evaluation of Outer model, evaluation of the Inner model, evaluation of Goodness of fit, and testing of the research hypothesis using Bootstrapping was carried out. The results of this study indicate that transformational leadership style has a positive and significant effect on employee performance, transformational leadership style has a positive and significant effect on motivation, work motivation has a positive and significant effect on employee performance. This study also proves that work motivation is successful in mediating the effect of transformational leadership style on employee performance.

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I. INTRODUCTION

In achieving company goals, both in the commercial sector and in the public sector, employee performance plays an important role in achieving these goals. The performance of these employees will determine the achievement of plans formulated and issued by company leaders. The goals expected by the leadership and the company can be achieved, but on the other hand, if the employee's performance is not good, the expectations and goals of the leadership and the company will not be achieved. Performance as actions or behaviors that are related to and related to the goals the organization wants to achieve [1]

When employee behavior and actions meet organizational goals, it will be easier to achieve these goals, but if employee behavior and actions do not meet organizational goals, organizational goals will be difficult or impossible to achieve. Many factors influence individual performance, namely: their ability, personal motivation, personal support, job presence, and their relationship with the organization or company relationship [2]. Among the factors mentioned above, the motivational factor is the basic factor that must be present among employees. Another factor that is no less important is the leadership style of the organization leadership and its subordinates hereinafter referred to as the leadership style.

In this study, the leadership style is focused on the appropriate transformational leadership style applied to the research subject. When the leadership of the organization and their subordinates work well, the

employees here will feel accepted and happy at work, so their motivation is high. Transformational leadership style factors, work motivation, and employee performance are then used as variables in this study. Several studies show that various research results are related to the influence of transformational leadership styles on employee performance, including research showing that transformational leadership has an impact on the quality of the relationship between leaders and subordinates, including transformational leadership [3]. There is a positive correlation between employee style and performance.

The quality of the relationship between leaders and subordinates will affect employee attitudes, and in the long run, will affect the employee's performance. Research is aimed at public service research. If the interaction between leaders and subordinates is good, it will have a positive impact on employee performance, on the other hand, if the interaction between leaders and subordinates is not good, it will hurt harm impact on work motivation and employee performance. Will have an impact on achieving organizational goals. Other studies also support and show the same results, which focuses on banking research, also finding that there is a significant relationship between transformational leadership style and employee performance [4]

In addition to the research findings above, the findings of several other studies are inversely related to the findings of the above research, regarding the object of research for coal mining companies, which found that transformational leadership style has no significant effect on employee performance [5]. The Indonesian police organization as an object of research which shows that transformational leadership style has no direct effect on employee performance [6]. Another study conducted on French industrial and service employees aimed to find that there is a partial relationship between transformational leadership style and employee performance. This relationship is partially or partly understood, not comprehensive [7]. From some of the research results above, there are inconsistencies and research gaps, where each study has different results according to the research object under study, but here there is no research that examines the object of oil palm mills with the same research variables.

Several academic studies have found and confirmed that a leader's transformational leadership style can improve employee performance. The transformational leadership style adopted by a leader has a positive effect on employee performance [8]. Transformational leadership also has a direct role in increasing employee motivation. The application of transformational leadership styles can increase work motivation at work and improve employee performance [3]. The charismatic and inspiring personality and traits of a leader can be a good role model for employees to increase their current potential, enabling them to continue to be better than ever. Employee performance that is not optimal can come from low motivation in doing work so that employees do work not seriously. The role of a transformational leader here must be able to increase the work motivation of its employees in doing work, in order to create maximum employee performance.

Employee performance is an important aspect for a company because the good performance of employees has an important effect in achieving company goals. Many aspects can be seen to determine how a company is performing, one of which is by looking at the achievement of production targets from year to year. Employee performance on PT. Maxalmina Compressed Natural Gas Transportation is still considered low because the target set by the company, which on average cannot be achieved, is based on productivity data from September 2019 until April 2020. Below is achievement data for the period 2019 – 2020.

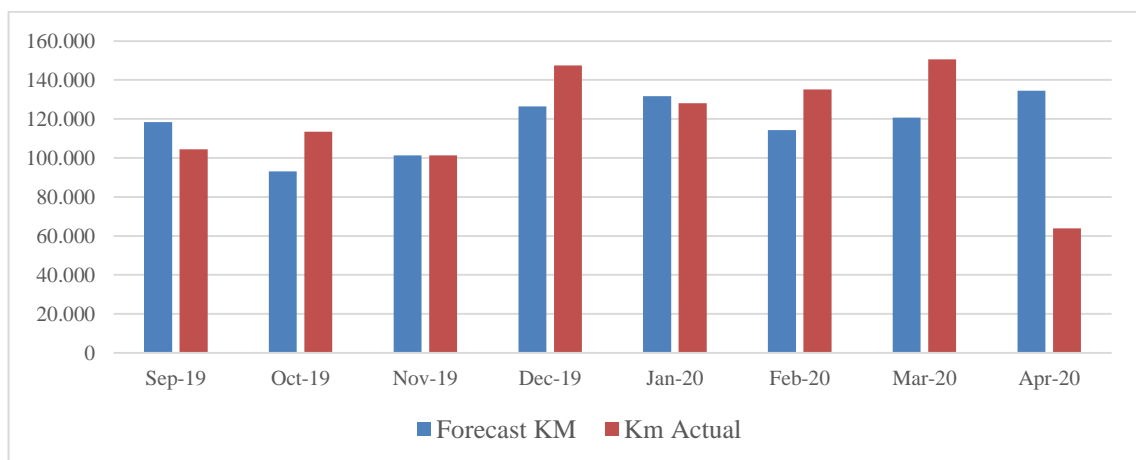


Figure 1. achievement data for the period 2019 – 2020

Source: Maxalmina achievement data, 2020

Based on Figure 1. shows that the achievement of acquisition of kilometers in 2019 to 2020 is still a lot that is not under with the forcase or target that has been set, even in April 2020 there has been a very drastic decrease in the achievement of kilometers, resulting in a different or less than the target specified. This is due to the decline in employee performance which has decreased so that the target has not been achieved

High work motivation proves that employee performance is also high, or it can be said that high employee performance is directly proportional to high work motivation. Work motivation has a positive and significant effect on employee performance, and work motivation is also an important predictor of improving employee performance [9]. Apart from other aspects that can support employee performance, work motivation is the basic capital for every employee to work by following per under respective jobs. Work motivation can come from within the employee or from outside. Externals can come from the stimulus provided by the leader through a transformational leadership style.

The purpose of this study was to determine the effect of transformational leadership style on employee performance, to determine the effect of transformational leadership on motivation, to determine the effect of motivation on employee performance, and to determine the effect of transformational leadership on employee performance mediated by motivation. The findings and results of this study are expected to become a reference for further research in scientific development, especially in the field of human resources with the same research variables. Also besides, the results and results of this study are expected to serve as guidelines and solutions for companies in improving employee performance to be better than before.

2. RESEARCH METHOD

The approach used in this research is a quantitative approach with this type of explanatory research. Explanatory research is a type of research that emphasizes the causality relationship or commonly known as a cause and effect relationship between two or more variables, where these variables influence each other. This study uses three variables, namely the transformational leadership style variable (X), work motivation variable (Z), and employee performance variable (Y). This research was conducted on employees' PT. Maxalmina Compressed Natural Gas Transportation located in Cikarang, Bekasi. The sampling technique in this study uses proportional random sampling, this sampling method provides equal and unlimited opportunities for each population to be selected to be sampled from each existing division with a proportional amount. The sampling method is first by determining the work division, each population has a probability of being selected once, to apply this method a sample frame is required that contains the entire population clearly and in detail. The Slovin formula is used to determine the sample size in this study with a tolerance error rate of 5% and a sample of 67 respondents was obtained. In analyzing the data that has been collected in this study, the analysis method of Structural Equation Modeling (SEM) is used through the Partial Least Square (PLS) approach, which data processing uses the SmartPLS software.

3. RESULTS AND ANALYSIS (10 PT)

3.1 Testing the Structular Model (Inner Model)

This test is a test of a structural model by looking at the value of the R-square which is the result of the goodness of fit model test. The transformational leadership style model for employee performance provides an R-square value of 0.798 which can be interpreted that the variability of the Employee performance construct can be explained by the transformational leadership style construct variable by 79.8% while 20.2% is explained by other variables outside of this study. Another influence model is variable motivation with a value shown that is 0.644 so it can be interpreted that 64.4% of the construct of motivation with the dependent variable is transformational leadership style and employee performance. Meanwhile, 35.6% is explained by other variables that are not included in this study.

Table 1. R-Square

Variable	R Square
Employee Performance	0.798
Motivation	0.644

After the determination test, path analysis is carried out to determine the causal relationship between exogenous and endogenous variables by bootstrapping smart PLS 3.0 to get predictions from the path analysis results in this model.

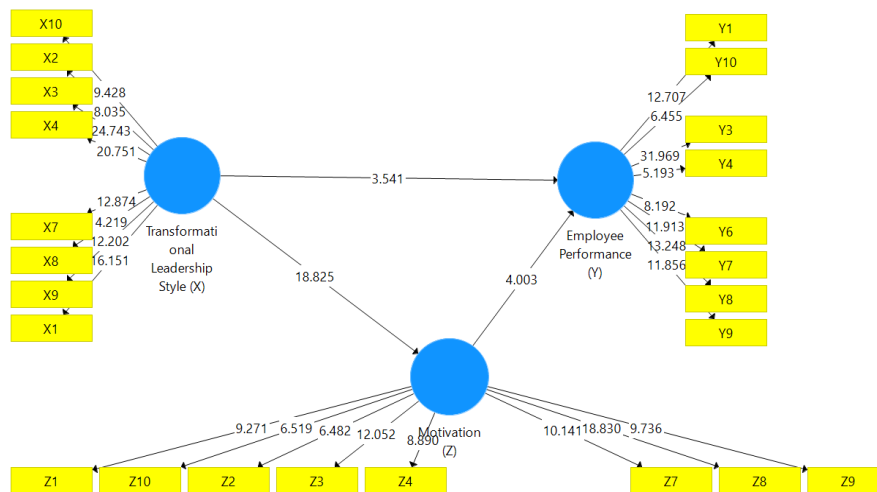


Figure 2 Bootstrapping Output

Source: Researcher (2020)

For more details, detailed in table 2 the path coefficient, which explains the coefficient value of the T value and P-value to be a reference for the casual relationship in this model.

Table 2. Path Coefficient

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O / STDEV)	P Values
Transformational Leadership Style -> Employee Performance	0.454	0.435	0.128	3,541	0,000
Transformational Leadership Style -> Motivation	0.802	0.813	0.043	18,825	0,000
Motivation -> Employee Performance	0.487	0.510	0.122	4,003	0,000

Based on table 2. The path coefficient explains the direct effect, then table 3 specific indirect explains the indirect effect.

Table 3. Specific Indirect Effects

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O / STDEV)	P Values
Transformational Leadership Style -> Employee Performance -> Motivation	0.391	0.417	0.111	3,511	0.000

3.2 The Influence of Transformational Leadership on Employee Performance

The results of this research hypothesis indicate that transformational leadership style has a positive and significant effect on employee performance. The results of the first hypothesis are in line with the results of this study, and also in line which shows that some transformational leaders have a significant influence on employee performance [10]. These results are also consistent with research which also found that transformational leadership has a positive effect on employee performance [6]. Other findings confirm the same thing, the application of transformational leadership styles can improve employee performance [11]. When employees are treated properly according to the expectations and desires of employees, it will increase employee motivation. This high or increased motivation will have an impact on the performance given, the

role of a leader here is very important in terms of increasing the work motivation of these employees. The difference with previous research is in the object of research, where the object in the previous research above is not the industry Compressed Natural Gas Transportation. However, the results of this study also confirm that transformational leadership has a positive and significant effect

3.3 The influence of transformational leadership style on motivation

The second hypothesis in this study is that the effect of transformational leadership on work motivation shows a positive and significant effect. The results of the first hypothesis are in line which shows that transformational leadership style has a positive and significant effect on work motivation [10], [12]. This result is also in line with Yunanto's (2014) research which found that one of the most important factors to increase employee morale is the leadership style to lead subordinates, which will have an impact on employee performance. The role of transformational leadership can increase employee motivation to work. Although several previous studies have examined different subjects [13]

3.4 The influence of motivation on employee performance

The results of the third hypothesis of this study indicate that work motivation has a positive and significant effect on employee performance. The results of this third hypothesis are in line which also confirms the same thing [14]. Motivation is the most influential variable in terms of affecting employee performance [15]. Motivation has a significant positive effect on employee performance [16]. Therefore, this study also confirms this, namely work motivation has a positive and significant effect on employee performance.

3.5 The influence of transformational leadership style on employee performance is mediated by motivation

The results of the fourth hypothesis in this study indicate that work motivation can mediate and have a significant effect. These results are in line and obtained the same results [16]. The difference lies in the research objectives. Work motivation here plays a very important role and becomes interesting in mediating the influence of transformational leadership styles on employee performance. The results of the first hypothesis previously indicated that transformational leadership style has a positive effect on employee performance.

4. CONCLUSION

This research proves that the transformational leadership style has a significant positive effect on employee performance, transformational leadership style has a significant positive effect on motivation, work motivation has a significant positive effect on employee performance. work motivation variable successfully mediates the relationship between transformational leadership style and employee performance. The role of work motivation here looks positive, that employee performance can be better if the employee is motivated to work, and also the role or task of a leader here must be the best motivator for employees to achieve the stated vision and mission. The results of this study influence the organization. The transformational leadership style applied by company leaders must emphasize more persuasive methods for employees because the relationship between transformational leadership styles and employee performance is obtained from the research results. Still positive, but not important. This means that leaders must be better able to lead employees. Also besides the existing work motivation of employees will be very important, because work motivation like this affects employee performance. If employees are more motivated to work, it will produce a good performance and vice versa. The task of a company leader here must be able to increase employee work motivation, many ways can be done so that employee motivation to work is higher, including making employees feel comfortable and safe at work.

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