

The Impact of Transactional Leadership Style, Transformational Leadership, and Motivation on the Performance of Trade Service Employees in Palopo City

Hasrul Wijaya¹ Arianto Dangkung² Muh.Ramlil³
Lecturer Faculty Mega Buana University Business Palopo
Email: hasrulwijaya94@gmail.com

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Abstract

Leadership is the art of influencing others, including subordinates and followers, to aspire towards achieving the objectives set forth by the leader. In the field of management science, there exist three primary models of leadership. These three leadership models are frequently observed in the practical management of offices or companies. Each model possesses its unique characteristics, some emanating from divine favor, some closely linked to an individual's inherent nature or character, and others developing as a consequence of the learning process. The outcomes of this study are based on a sample eagerly awaited, employing a total population of 50 individuals as research subjects. The survey was conducted between the months of August and September. The findings of this study indicate the following: the transformational leadership style exhibits a positive, albeit statistically insignificant, impact on employee performance; conversely, the transactional leadership style demonstrates a negative, yet statistically insignificant, effect on employee performance. Moreover, motivation displays a positive influence on employee performance, although again, it is not statistically significant. It is noteworthy that motivation emerges as the dominant factor influencing leadership style. The cumulative contribution of transformational leadership, transactional leadership, and motivation to employee performance is evaluated at 20%. This implies that a proficient leadership style stands as one of the pivotal determinants of employee performance.

1. INTRODUCTION

The leadership style within an organization is a significant factor. The internal environment has a clear influence on the formulation of policies and the determination of the organization's strategy. This importance should be given attention because a leader operating in their role observes varying attitudes. The leadership style in the business world holds strong influence over the organization's manner and ongoing existence. A highly strategic leadership role is crucial for achieving the mission, vision, and goals of an organization. It serves as a driving force for individuals to continuously explore the intricacies associated with leadership. The quality of a leader is often considered the most crucial factor for an organization's success or failure (Robbins, 2002).

The leadership style is highly strategic and essential in an organization as a determining factor for success in achieving the mission,

and goals of the organization. The challenge in developing a clear organizational strategy primarily lies within the organization itself and is contingent on the leader. This statement is affirmed by Hutson (2005), who noted that a future manager's success is determined by their ability to understand the behavior of their subordinates. The alignment between leadership style, norms, and organizational culture is seen as a key precondition for the successful performance of an organization's objectives (Yukl, 2001).

Leaders pay attention to cultivating, motivating, and guiding the potential of employees within their unique environments. Different patterns emerge due to the diversity of leadership styles, each distinct among various leaders. Leadership remains an intriguing topic within management, garnering enough interest for discussions to mature. Leadership is a topic that continues to be studied and researched, as

observed phenomena are often not well understood.

The phenomenon of leadership style becomes an intriguing and highly influential issue in organizational life. Success or failure of something within an organization, be it in a business or public context, is often attributed to the success or failure of a leader. The pivotal role of a leader underscores the captivating nature of leader-related discussions among researchers in the field of organizational behavior. Leaders hold a key role in formulating and implementing organizational strategies (Nimran, 2000). Organizational leaders can influence behavior by designing appropriate organizational systems and processes that cater to individual, group, and organizational needs, thereby bearing consequences. Leaders are duty-bound to genuinely pay attention to fostering, motivating, and directing the potential of employees within their environment to achieve specific work goals (Siagian, 2002).

Leaders possess authority in planning, directing, coordinating, and overseeing the behavior of employees (Davis, 2001). Organizational leaders can influence behavior by designing suitable organizational systems and processes that accommodate individual and group needs, as well as organizational needs. Leadership describes the connection between the leader and the followers and how a leader's guidance influences followers' progress toward objectives or the leader's aspirations.

No individual within an organization is exempt from the influence of cultural values and the organizational climate. These elements interact with organizational devices, technology, systems, strategy, and leadership style. Litwin (1998) asserts that the organizational climate is the inherent quality of the internal environment, continually experienced by members of the organization, which significantly impacts the behavior of its members.

2. LITERATURE REVIEW

2.1. Leadership Style

a. Understanding Leadership

Leadership within an organization is inevitably tied to the role of a leader. Each leader possesses their unique leadership style. The following are definitions of leadership according to experts: "Leadership is the ability, process, and art of influencing others, as well as groups of people, to be willing to pursue the objectives of the organization." (Badeni, 2014: 126) "In contrast to other interpretations, leadership can be understood as an individual's ability to guide, direct, and influence thought patterns and the ways in which each member independently behaves in work, especially in making decisions to accelerate the achievement of predetermined goals." (Revelation, 2017: 119).

From these explanations of leadership, it can be deduced that leadership style is the distinct manner in which a leader demonstrates certain characteristic attitudes to influence their employees in achieving the organization's objectives. (Mulyadi, 2015: 150). Another explanation characterizes leadership style as the method by which a leader is capable of influencing employees, motivating them to willingly engage in coordinated actions directed by leadership, without feeling coerced, to attain the organization's goals. (Busro, 2018: 226).

Based on these descriptions, it can be concluded that leadership style encompasses a comprehensive pattern of actions undertaken by a leader to guide their subordinates, showcasing characteristic traits that are dominant within them, all aimed at achieving the organization's objectives.

b. Various Kinds of Leadership Styles

Leadership styles can be categorized into five types according to Siagian's perspective as cited by Busro (2018: 229). These styles are as follows:

- 1) Autocratic Leadership Style: This style is characterized by a powerful leader who fully exercises authority within the organization. Employee needs are not given much attention, as the leader tends to align personal objectives with organizational objectives.

- 2) Militaristic Leadership Style: In this style, leaders guide employees through issuing orders based on their positions. Strict discipline and adherence to orders are emphasized.
- 3) Paternalistic Leadership Style: This nurturing style of leadership revolves around the belief that employees cannot make decisions independently. They constantly rely on the leader's guidance and protection.
- 4) Charismatic Leadership Style: Characterized by a leader's strong personal influence, this style draws followers, often among a sizable membership, who exhibit a blind loyalty to the leader due to their charismatic qualities.
- 5) Democratic Leadership Style: This style places a priority on discussions and strives to collectively prioritize work in achieving organizational objectives. Leaders exhibiting this style are open to suggestions and criticism, and they understand the needs of employees.

These leadership styles encompass diverse approaches that leaders may adopt to guide their teams and achieve organizational goals.

2.2. Employee Performance

a. Definition of Employee Performance

Performance can be defined as the outcomes or degree of success achieved by an individual over a specific period while performing tasks, measured in comparison with various possibilities, such as established work standards, set targets, or predetermined criteria that have been previously agreed upon. Essentially, performance refers to what an employee accomplishes or fails to accomplish. (Rivai & Basri in Masram, 2017: 138). Management of performance involves all the activities undertaken to enhance the overall performance of a company or organization, encompassing the performance of each individual and group within the company. (Mathis and Jackson in Masram, 2017: 138).

b. Employee Performance Indicators

Employee performance needs to be rated in order to provide an assessment of the achieved performance or the dedication an employee has shown towards the company. This rating can be accomplished through various methods, as outlined by several experts. Simamora in Masram (2017:142) suggests that while it might not be feasible to identify a universal set of criteria applicable to all jobs, there are a number of essential characteristics that can be used for evaluating employee performance. These characteristics include:

- 1) Stability and Consistency: This criterion should be measurable through reliable methods. It involves assessing the employee's ability to consistently maintain a stable level of performance.
- 2) Evaluation of Member Performance within the Organization: This criterion should have the capability to differentiate between individuals based on their respective performances within the organization.
- 3) Effectiveness of Individual within the Organization: This criterion should be responsive to the input and actions of individuals holding specific positions.
- 4) Measurability: This criterion should be quantifiable and able to be assessed by knowledgeable individuals currently engaged in rating employee performance.

By considering these characteristics, organizations can establish a structured approach to evaluating employee performance that takes into account various relevant factors.

2.3. Motivation Work

Motivation in the workplace, as described by Hasibuan (2015), refers to the internal state or driving force within employees that directs their efforts toward achieving the objectives of the organization or company. It is the positive mental attitude of employees towards their work situation that reinforces their motivation to achieve maximum performance. Herzberg (in Robbins & Judge, 2013) defines work motivation as an individual's attitude towards work that brings satisfaction to their performance.

Herzberg's well-known theory, the Two-Factor Theory, distinguishes between motivational factors and hygiene factors. Motivational factors pertain to intrinsic rewards and sources of encouragement for achievement that come from within an individual. On the other hand, hygiene factors are extrinsic and relate to external sources that contribute to an individual's satisfaction or dissatisfaction in the workplace.

Considering the explanations provided, it can be concluded that work motivation involves the internal drive within employees to achieve the objectives of the organization or company, and it encompasses the energy and enthusiasm that propels them to work. Winardi (2011) identifies two categories of factors that influence work motivation:

- 1) Internal Factors: These originate from within the employee. They encompass perceptions of self, self-worth, achievements, expectations, individual needs, personal traits, education level, and past experiences.
- 2) External Factors: These originate from outside the employee. They include the work environment, leadership style, organizational development demands, and encouragement from superiors. In essence, work motivation is influenced by both internal factors that are intrinsic to the individual and external factors that stem from the work environment and leadership dynamics.

3. RESEARCH METHODS

The research method employed is a descriptive method with a quantitative approach. The descriptive method involves collecting data to test hypotheses or answer questions related to a specific issue or topic. A quantitative study is based on gathering and analyzing numerical data to explain, predict, and control the phenomenon of interest. In quantitative research, the focus is on analyzing processed numerical data using statistical methods. This approach allows for establishing significant relationships between variables. Operational definition refers to defining a variable based on the theoretical concept, while considering the

practical characteristics that can be measured or tested by the researcher or other researchers. A study variable is an attribute, characteristic, or aspect of a person, object, or activity that exhibits specific variations specified by the researcher for study and subsequent conclusions. Operational variables encompass all the variables that are defined for study in order to gather information and draw conclusions based on the formulated research question. The chosen approach for the research is a quantitative approach. This decision is primarily because the quantitative approach offers numerous advantages, such as a known subject and sample, pre-established data collection instruments, flexibility, time efficiency, and practicality. Additionally, the quantitative approach enables the testing of correlations and influences using statistical methods. The research will take place at the Office of Trade of the City of Palopo, with the planned implementation duration spanning three months from May to August 2022..

4. RESULTS AND DISCUSSION

4.1 Leadership influence test results transformational (X_1) on employee performance (Y)

From the partial test results, it is evident that the influence of transformational leadership style on employee performance is indicated by a t-value of 0.441, accompanied by a significance level of 0.662. Upon comparing the t-value test results with the critical t-value from the table at a significance level ($\alpha = 0.05$), which is 2.014, it becomes clear that the transformational leadership style does not exert a significant influence on employee performance. This conclusion is drawn because the calculated t-value (t-count) is less than the critical t-value (t-table), and the significance value (sig value) is greater than the set significance level (α). Consequently, the hypothesis (H1) in this study, which posits that "transformational leadership has a significant effect on employee performance," is not supported by the gathered data and statistical analysis.

4.2 Leadership influence test results transactional (X_2) on employee performance (Y)

Based on the partial test results, it is evident that the impact of transactional leadership style on employee performance is reflected in a t-value of -0.190, accompanied by a significance level of 0.985. Upon comparing the calculated t-value test results with the critical t-value from the table at a significance level ($\alpha = 0.05$), which is 2.014, it is evident that the transactional leadership style does not exert a significant influence on employee performance. This conclusion is reached because the calculated t-value (t-count) is smaller than the critical t-value (t-table), and the significance value (sig value) is greater than the set significance level (α). Therefore, the hypothesis (H2) presented in this study, suggesting that "Transactional Leadership Style has a significant effect on employee performance," is not supported by the data and statistical analysis conducted.

4.3 motivational influence test (X_3) on employee performance (Y)

Based on the partial test results, it is observed that the effect of motivation on employee performance is represented by a t-value of -1.194, accompanied by a significance level of 0.239. Upon comparing the calculated t-value test results with the critical t-value from the table at a significance level ($\alpha = 0.05$), which is 2.014, it becomes apparent that motivation does not exert a significant influence on employee performance. This conclusion is drawn due to the calculated t-value (t-count) being smaller than the critical t-value (t-table), and the significance value (sig value) being greater than the predetermined significance level (α). Hence, the hypothesis (H3) put forth in this study, suggesting that "motivation has a significant effect on employee performance," is not substantiated by the empirical evidence and statistical analysis conducted. Both leadership and motivation are among the myriad factors that impact employee performance. Leadership, in itself, encompasses various styles, including transformational and transactional leadership

styles. The upcoming discussion will delve into the influence of these leadership styles, along with motivation, on employee performance at the Palopo City Trade Office.

5. CLOSING

5.1 Conclusion

Based on the described results and modifications made, the following conclusions can be drawn:

1. Transformational leadership has a positive influence, although not statistically significant, on employee performance at the Department of Trade of the City of Palopo.
2. Transactional leadership has a negative influence, but it is not statistically significant, on employee performance at the Department of Trade of the City of Palopo.
3. Motivation has a positive influence, albeit not statistically significant, on employee performance at the Department of Trade of the City of Palopo.
4. Motivation stands out as the dominant factor influencing employee performance at the Department of Trade of the City of Palopo.
5. The combined contribution of transformational leadership, transactional leadership, and motivation to employee performance at the Department of Trade of the City of Palopo is 20%.

These conclusions reflect the observed relationships between the variables and their impacts on employee performance, based on the conducted research and the data analysis performed.

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