

To cite this article: Ganesa Eka Yudha Paksi, Harianto Respati and Bambang Supriyadi (2023). Impact of Transformational Leadership on Employee Performance through Work Motivation as Mediation in a Company. International Journal of Education, Business and Economics Research (IJEBER) 3 (6): 19-27

## IMPACT OF TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE PERFORMANCE THROUGH WORK MOTIVATION AS MEDIATION IN A COMPANY

Ganesa Eka Yudha Paksi<sup>1</sup>, Harianto Respati<sup>2</sup> and Bambang Supriyadi<sup>3</sup>

<sup>1</sup>Student of Postgraduate Master of Management  
University of Merdeka Malang, Indonesia

<sup>2</sup>Postgraduate Master of Management  
University of Merdeka Malang, Indonesia

<sup>3</sup>Postgraduate Master of Management  
University of Merdeka Malang, Indonesia

<https://doi.org/10.59822/IJEBER.2023.3603>

### ABSTRACT

This journal aims to reveal a deeper understanding of the important role of human resource management in managing the company's most important asset, the employee. This study discusses issues about transformational leadership, work motivation, and employee performance. The purpose of this journal is to examine and solve the magnitude of the influence of transformational leadership on employee performance by mediating work motivation. This study took the population and samples in cigarette factory, where samples were taken as many as 95 people. This research design uses a causality design with a quantitative approach, where this study is made to determine the causal relationship of the variables studied and also to answer the research objectives. Quantitative data in this journal comes from questionnaire data obtained and collected from company employees who will answer various questions related to variables as a research instrument. The result of this study is that transformational leadership affects employee performance mediated by work motivation.

**KEYWORDS:** Human resources, Transformational leadership, employee performance, work motivation.

© The Authors 2023  
Published Online: Nov 2023

Published by International Journal of Education, Business and Economics Research (IJEBER) (<https://ijeber.com/>) This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: <http://creativecommons.org/licenses/by/4.0/legalcode>

## 1. INTRODUCTION

It has become a fundamental basis that companies must have strong competitiveness to survive and grow. The company's human resources are one of the key elements that influence its growth and success. Human resources are the most valuable assets that have a strategic role in driving all aspects of the company's operations and development. Therefore, research on the important role of human resources in the development of companies has high relevance. Qualified and skilled employees can increase company productivity. So do those who are well trained, have the knowledge and skills necessary to execute their tasks efficiently and effectively. Good employees can also assist the company in designing, developing, and improving the products and services offered. This is key in meeting customer expectations and winning market share. Therefore, research on the important role of human resources in the development of companies has significant strategic implications. Understanding how HR can be well managed, developed and motivated in a corporate context is key to achieving sustainable growth and long-term success.

Employee performance refers to an individual's intended behaviour and function in relation to the responsibilities that have been delegated to them (Gibson, 2006). It describes the degree to which a person successfully carries out his or her obligations at work in compliance with the standards established by the business or organization where they are employed. This performance is also an evaluation of the extent to which an employee achieves the goals and targets that have been set, which is usually measured through various indicators such as productivity, quality of work, punctuality, initiative, and other positive contributions brought by employees to the company. Any expectation about a person's behaviour when performing a task indicates a position within the organisation. Only the actors inside the organisation can make the organization's goals a reality via their efforts.

The transformational leadership of a manager or leader is one of the aspects that might impact the sustainability of employee performance in an organisation. One of the key components of good leadership is transformational leadership, which is also the best indicator of the results of leadership, such as the extra effort made by subordinates to develop their leadership abilities. (Kharis, 2015). It is anticipated that a transformational leader's style of leadership will motivate followers to put forth more effort in order to produce their best work. This type of leadership may create an ideal vision for the future, encourage others to view it that way, and effectively communicate that vision to others in order for it to come to pass. (Tampi, 2014).

Work motivation is another element that can be used to mediate or establish a link between employee performance and transformational leadership. Work motivation is one of the variables that can impact an individual's performance since it can elicit excitement, activity, productivity, and creativity in workers as they strive to produce their best work. The definition of work motivation is the internal drive to use one's skills to accomplish organizational objectives. (Mangkunegara, 2017). It can also be interpreted that work motivation is an internal or external force that stimulates a person to achieve goals or tasks in the work environment, this has a significant impact on how well employees perform and how the organisation performs. The significance of work motivation stems from the fact that driven workers are typically more devoted, enthusiastic, and productive to the

organisation, and have higher levels of job satisfaction. As a result, organizations that can understand and stimulate employee motivation will have an edge in achieving goals.

In this journal, the issue of transformative leadership's impact on worker motivation and performance will be carried out in one of the cigarette companies that also have this problem. The phenomenon of employee performance in this company is that in the last 3 years production has stagnated. The absence of a significant increase can be influenced by various things, one of which is work motivation. Of course, when production stagnates, the company or factory does not increase or even decrease in a significant period of time. This can be a serious problem with various dangers and negative impacts such as decreased profitability, loss of market share, inability to meet customer demands, and also the company is unable to adapt to market changes.

With this problem in mind, the authors wanted to examine whether work motivation that mediates transformational leadership could improve employee performance. With previous studies and supporting theories from experts, this research is feasible.

## **2. LITERATURE REVIEW**

### **2.1 Employee Performance**

Employee performance is the conduct displayed by each individual as a result of the accomplishments made by employees at work. (Rivai, 2009). The performance of employees is also one of the most important keys for organizations or companies, because any company cannot experience improvement only through the efforts of one or two people, but with the efforts of the members of the company. (Suharnomo, 2013). The influence of employee performance on the success and growth of the company is very significant. Employees who perform well tend to be more productive. They are able to complete tasks efficiently and earn more in less time. Employees who are motivated to perform higher are often more inclined to innovate. They can contribute new ideas, creative solutions, and strategic thinking that can help companies thrive and deal with market changes. Consequently, a key factor in the expansion and success of the business is staff performance. Good performers can raise the company's competitiveness, quality, productivity, and innovation. Of course, good management plays a big part in this. Other crucial elements in attaining sustainable development for the business are employee growth and appreciation.

### **2.2 Transformational Leadership**

According to Robbins and Judge (2008), transformational leadership is a type of leadership that motivates followers to set aside their personal interests and possesses great influencing powers. A leader that practices transformational leadership also gives careful consideration to the issues that his followers encounter and their individual requirements for development, supporting them as they work towards their objectives (Robbins, 2008). In the context of transformational leadership, the interaction between superiors and subordinates touches each person's value system in addition to only exchanging goods or financial benefits. Transformational leaders have the ability to bring all of their subordinates together and transform their attitudes, beliefs, and personal objectives in order to accomplish organisational goals, even beyond the predetermined ones.

### 2.3 Work Motivation

According to Mangkunegara (2017), work motivation is the state that propels employees who are directed to accomplish organisational goals. In management, motivation is focused solely on subordinates and human resources in general. The purpose of motivation is to successfully direct the potential and power of subordinates to collaborate in a constructive manner in order to realise predefined goals. The significance of motivation stems from the fact that it drives, directs, and sustains human behaviour, encouraging individuals to put in great effort and strive tirelessly to attain the best possible outcomes. According to Hasibuan (2008), motivation can achieve a number of goals, including boosting employee morale and job satisfaction, boosting productivity, preserving employee stability in agencies or organisations, enhancing employee discipline, streamlining employee procurement, fostering positive relationships and a positive work environment, boosting employee participation and loyalty, raising the bar for employee welfare, and heightening a sense of responsibility. Respond to the worker's responsibilities.

### 3. Research Method and Hypothesis

A causality research design in which to examine the possibility of a cause and effect relationship on one variable and another variable is used in this journal. Researchers have been able to predict the cause and effect relationship, so they can classify the independent, dependent, and mediating variables used in this journal. Utilizing quantitative techniques, where the creation of theoretical models and analysis serves as the foundation for hypothesis formation. After that, go forward and gather operational concepts so that the results can be considered study findings. This study uses two variables: the mediation variable, the dependent variable, and the independent variable. These variables are:

- a. Variables independent : Transformational Leadership
- b. Variables dependent : Employee Performance
- c. Variables mediation : Work Motivation

Because there were only 100 people in the population, the data in this journal was gathered by employing non-probability sampling techniques or saturated sampling to distribute questionnaires to all respondents, or 95 people who worked for the company. Quantitative data, which is the outcome of primary data collected through questionnaire responses distributed to all respondents, was obtained for this study. Utilizing reliability tests to gauge the degree of consistency in measuring findings and validity test research instruments to gauge accuracy. Using descriptive data analysis techniques then carried out by classical assumption tests that meet heteroscedasticity-free, multicollinearity, auto-correlation-free, and normality tests. The 4 hypotheses contained in this study are:

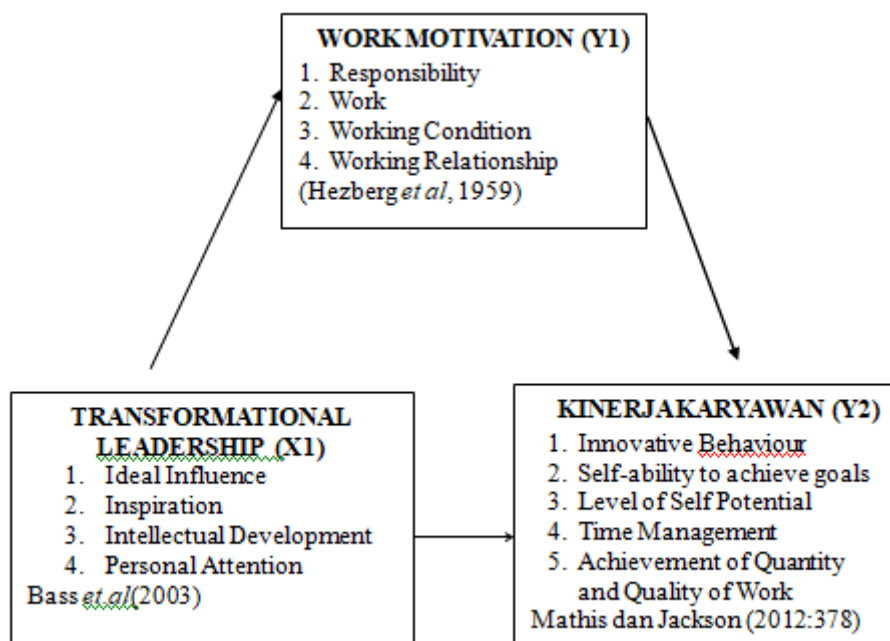
H1: It is suspected that transformational leadership affects work motivation

H2: It is suspected that transformational leadership affects employee performance

H3: It is suspected that work motivation affects employee performance

H4: It is suspected that transformational leadership affects employee performance in the mediating role of work motivation

Figure 1. Kerangka Konseptual



#### 4. Analysis and Discussion

The driving force of this study was 95 individual respondents. The classification of respondents is based on gender and age. There are more female respondents than men, with a total of 51 female respondents (53.7%) and 44 male respondents (46.3%). Then in the age classification, most of the respondents ageing 35-44 years with a total of 62 individuals (65.3%), followed by the age of 25-34 years as many as 10 individuals (10.5%), then the age of <25 years and 45-56 years each as many as 9 individuals (9.5%), and the last aged >56 years as many as 5 individuals (5.3%).

Table 1. Statistical test result of variable research

Research Variable	Instrument	r validity	CA	mean
Transformational Leadership - TL	TL1-Ideal Influence	0,614	0,831	4,173
	TL2- Inspiration	0,718		4,215
	TL3-Intellectual Development	0,721		3,995
	TL4-Personal Attention	0,734		4,231
Work Motivation - WK	WK1-Responsibility	0,802	0,849	4,042
	WK2- Work	0,494		3,947
	WK3- Working Condition	0,762		4,042
	WK4- Working Relationship	0,734		4,194

Employee Performance EP	EP1- Innovative Behaviour	0,672	0,806	3,731
	EP2-Self-ability to achieve goals	0,631		3,910
	EP3-Level of Self-Potential	0,547		4,174
	EP4-Time Management	0,680		3,916
	EP5-Achievement of Quantity and Quality of Work	0,522		3,979

According to the above table, personal attention indicators have the biggest impact on transformational leadership variables, work motivation variables have the biggest impact on labour relationship indicators, and the level of self-potential has the biggest influence on employee performance indicators.

In this test, path analysis is required in order to determine whether an investigated analysis is legitimate or invalid. Utilizing the coefficient of determination (R<sup>2</sup>) and the coefficient of total determination (Rm<sup>2</sup>), two metrics for evaluating the model's validity. The interpretation of the coefficient of determination (R<sup>2</sup>) in regression analysis and the coefficient of total determination (Rm<sup>2</sup>) in this study are same.

$$\begin{aligned}
 R^2(\text{model}) &= 1 - (\sqrt{1 - R_1^2} * \sqrt{1 - R_2^2}) \\
 &= 1 (\sqrt{1 - 0.342} * \sqrt{1 - 0.722}) \\
 &= 0,573
 \end{aligned}$$

Based on the aforementioned computation results, a total coefficient of determination (Rm<sup>2</sup>) value of 0.573 was obtained, indicating that the 57.3% variation in data that the research model can explain is equivalent to the information found in the 57.3% data that the research model can explain. In the meantime, factors not included in the analysis explained 42.7% of the data.

**Table 2. Rekapitulasi hasil analisis jalur**

Variable	Direct Influence	Indirect Influence	Total Influence	Result
Transformational Leadership (X <sup>1</sup> ) → Work Motivation (Y <sup>1</sup> )	0,585	-	-	H1 Accepted
Transformational Leadership(X <sup>1</sup> ) → Employee Performance (Y <sup>2</sup> )	0,289	-	-	H2 Accepted
Work Motivation (Y <sup>1</sup> ) → Employee Performance (Y <sup>2</sup> )	0,648	-	-	H3 Accepted
Transformational Leadership(X <sup>1</sup> ) → Work Motivation(Y <sup>1</sup> ) → Employee Performance (Y <sup>2</sup> )	0,425	0,585 x 0,648 = 0,379	0,668	H4 Accepted

With a route analysis value of 0.585, table 2 indicates that the work motivation variable is directly influenced by the transformational leadership variable. This suggests that the study's H1 is accepted. A route analysis score of 0.289 indicates that transformational leadership can also directly affect employee performance, indicating that the H2 in this study is likewise accepted. Next, with a path analysis value of 0.648, the work motivation variable was also able to directly affect employee performance variables, indicating that H3 was accepted. Lastly, compared to direct influence, which has a value of just 0.425, the total influence value of transformational leadership characteristics on employee performance through work motivation is 0.668. Given that the value of overall influence outweighs that of direct influence, it can be concluded that work motivation effectively functions as a mediating variable in the relationship between transformational leadership and employee performance.

## 5. Discussion

According to Robbins and Judge (2008), transformational leadership is a type of leadership that motivates followers to set aside their personal interests and possess exceptional capacity for influence. Transformational leaders inspire their team members to realize their greatest potential and produce exceptional outcomes. They push staff members to be inventive, use their imaginations, and actively participate in reaching organisational objectives. Managers and corporate leaders are undoubtedly better equipped to inspire their staff members when they exhibit transformational leadership. The study's findings corroborate those of Putra and Sudibya's (2019) investigation, which found that transformational leadership has an impact on employees' motivation at work.

Employee performance is impacted by transformational leadership, which implies that when a company's leader practices this type of leadership, staff performance rises. Employee performance and transformative leadership are positively correlated because transformational leaders can give their workforce a sense of ownership over the objectives and tasks they must accomplish. The findings of this study corroborate those of Agus et al. (2020), Masduki et al. (2020), and Sabaruddinsah (2022) who found that transformational leadership has an impact on worker performance.

Employee performance is impacted by work motivation; hence more work motivation among employees translates into higher performance levels. The presence of strong work motivation undoubtedly affects performance, as it enables each person to focus and direct their efforts towards improving their work beyond what they were previously able to. Motivated workers typically put up more effort and are more committed to completing their tasks. They have a strong intrinsic motivation to achieve goals and deliver the best results. Motivated employees have the mental and emotional strength to overcome failures, learn from mistakes, and constantly strive to achieve goals. Their long-term success is positively impacted by their tremendous perseverance and refusal to give up. The findings of this study corroborate studies by Iko et al. (2022) showing that employee performance is impacted by work motivation.

Employee performance is impacted by transformational leadership through the role of motivation at work. This demonstrates how transformative leadership, when bolstered by job motivation, can

enhance employee performance in an organisation. The transformational leadership has a leadership approach where the leader focuses on inspiring, motivating, and transforming employees to achieve higher goals and achieve extraordinary success. Transformational leaders strive to create positive change in employees and the organization as a whole. Employee performance will increase sharply if a leader they follow is able to provide a good approach to employees with several aspects of leadership. Motivation at work combined with a leader's transformational leadership style will significantly influence how well-being improves among the company's workforce. in order for employee performance to gradually improve.

## 6. Conclusion

Descriptive statistics show that transformational leadership are shaped by ideal influence, inspiration, intellectual development and personal attention. The main indicator on which the transformational leadership is based the superior's personal attention to employees. Work motivation is formed by responsibilities, employment, working conditions, and labor relations. The main indicator on which work motivation is based is from work relations. Employee performance is shaped by innovative behavior, self-ability to achieve goals, degree of one's own potential, time management skills, and production of both high- and low-quality work. The main indicator that is the basis of employee performance is the level of self-potential.

Transformational leadership successfully influences work motivation directly, which means that the better the leader applies and adopts this leadership style, the more work motivation his subordinates have.

Employee performance is affected by transformational leadership, which implies that a manager's transformational leadership can have an impact on employees' performance on a big or small scale. Employee performance is impacted by work motivation, therefore when workers in an organisation are highly motivated, their level of performance will rise in tandem with their increased drive for their jobs.

Employee performance is impacted by transformational leadership through the role of work motivation; therefore managers of companies can improve employee performance by using transformational leadership, so that the leader can provide good work motivation to his subordinates to help improve the performance of each employee.

## REFERENCES

- Bass, B.M., B.J, Avolio., D.I, Jung. & Y. Berson. (2003). Predicting Unit Performance by Assessing Transformational and Transaksional Leadership. *Journal of Applied Psychology*, Vol. 88, No.2
- Gibbons, John. (2006). *Employee Engagement: A Review of Current Research and Its Implications*. Conference Board, 2006.
- Hasibuan, Malayu S.P. (2008). *Manajemen Sumber Daya Manusia*. Edisi Revisi. Jakarta : PT. Bumi Aksara
- Herzberg, F., Mausner, B., and Snyderman, BB. (1959). *The Motivation to Work*, John Wiley & Sons, Newyork



- Kharis, I. (2015). Pengaruh Gaya Kepemimpinan Transformasional Terhadap Kinerja Karyawan Dengan Motivasi Kerja Sebagai Variabel Intervening (Studi Pada Karyawan Bank Jatim Cabang Malang). Jurnal
- Mangkunegara, A. A. A. (2017). Manajemen Sumber Daya Manusia Perusahaan. Bandung: Remaja Rosdakarya
- Mathis, Robert L dan John H. Jackson, 2012, Manajemen Sumber Daya Manusia, Edisi Pertama Salemba Empat, Jakarta
- Rivai. (2009). Manajemen Sumber Daya Manusia. Jakarta: PT.Raja Grafindo Persada
- Robbins, P Stephen dan Judge, Timothy A. (2012). Perilaku Organisasi. Jakarta : Salemba Empat
- Robbins, S. (2008). Perilaku Organisasi, Jilid I dan II, alih Bahasa : Hadyana Pujaatmaja. Jakarta : Prenhallindo
- Suharnomo, S. (2013) "Pengaruh Pembinaan, Pelatihan Dan Pengembangan, Pemberdayaan Dan Partisipasi Terhadap Kinerja Karyawan," Jurnal Studi Manajemen Organisasi, vol. 10, no. 2, pp. 142-151. <https://doi.org/10.14710/jsmo.v10i2.5912>
- Tampi, B. J. (2014). Pengaruh Gaya Kepemimpinan dan Motivasi Terhadap Kinerja Karyawan