

# THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP AND TRANSACTIONAL LEADERSHIP ON MOTIVATION MODERATED BY REWARD ON EMPLOYEE PERFORMANCE (STUDY ON CV. GALAXY MEGA INDAH)

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<https://doi.org/10.37715/rmbe.v2i2.3360>

**Abstract-**CV. Galaxy Mega Indah is a company engaged in the distribution of consumer good products. In terms of performance, policies related to reward, work motivation, and leadership style in CV are needed. Mega Galaxy Beautiful. The purpose of the study was to test the influence of transformational and transactional leadership with work motivation on performance moderated by rewarding employees. This research is quantitative. The population and sample of the study constituted all 50 employees. Data analysis techniques using SEM-PLS with Smart-PLS 3.0 and SPSS 23 software. Hasil research concluded that: (1) Transformational leadership does not have a significant effect on the work motivation of CV employees. Galaksi Mega Indah; (2) Transactional leadership has no significant effect on the work motivation of CV employees; (3) Rewarding does not moderate the effect of transformational leadership on the work motivation of CV employees. Galaksi Mega Indah; (4) Reward provision does not moderate the effect of transactional leadership on the work motivation of CV employees; and (5) Work motivation has a significant positive effect on the performance of CV employees. Mega Galaxy Beautiful.

**Keywords:** *Transformational leadership, transactional leadership, reward, work motivation, performance*

## 1. Introduction

CV. Galaksi Mega Indah is a company engaged in the distribution of consumer good products and has a salesman as the spearhead. This time CV. Galaksi is transitioning the leadership of a new generation, so it requires a change in the mindset of the old leadership with the new leadership. As a result, human resource management must improve employee performance through the interaction of leadership styles, behavioral motivational encouragement, and performance support rewards. Therefore, CV. Galaksi Mega Indah feels the need to improve employee performance through leadership styles (transformational and transactional) towards motivation moderated by rewarding.

## 2. Literature Review

### 2.1 Previous Research

In the research of Fajrin & Susilo (2018) found authoritarian, participatory, and delegative leadership styles have a significant influence on employee motivation and performance. Research by Sihombing et al., (2018) showed that serving leadership has a strong impact on incentives and organizational culture, but not on employee

performance. Other results show that rewards have a positive effect on organizational culture and employee performance, and organizational culture has a strong influence on employee performance. Research by Pawirosumarto, Sarjana, & Gunawan (2017) found that work environment, leadership style, and organizational culture all have a good and significant impact on employee satisfaction, but what has a significant and positive effect on employee performance is only leadership style.

## **2.2 Theoretical Foundations**

### **2.2.1 Transformational Leadership**

Transformational leadership is characterized as the capacity to connect the needs and desires of followers with the interests of the organization, which can also drive additional efforts in the workplace (Bass, 1999). According to Darawong, (2020: 1121) transformational leadership indicators include: (1) charisma, (2) inspirational stimulation, (3) intellectual stimulation and (4) individual considerations.

### **2.2.2 Transactional Leadership**

Leaders in this style provide contingent reinforcement and offer constructive rewards such as monetary incentives and promotions, in exchange for achievements (Jung et al., 2008). According to Darawong, (2020: 1121) transactional leadership indicators include: (1) contingent rewards and (2) management with exceptions.

### **2.2.3 Reward**

According to Gibson et al., (2010: 173) extrinsic incentives are awards that are not related to work, such as salary, promotion, or additional benefits, while intrinsic awards are rewards related to work, such as responsibilities, difficulties, and types of tasks. Reward indicators according to Siegrist et al., (2004: 1496) include: (1) Award component; (2) The Reward component associated with the promotion (career) prospects; and (3) Work Safety Components.

### **2.2.4 Work Motivation**

Motivation according to Wibowo (2014: 323), is the stimulation of the process of human behavior in pursuit of goals. There are two types of motivation that are fundamentally artificial (extrinsic) and intrinsic (intrinsic). According to Theodora (2015:189) indicators of work motivation include: (1) Existence; (2) Relatedness; and (3) Growth.

### **2.2.5 Employee Performance**

Employee performance is defined as the process of achieving work achievements, both subjectively and quantitatively, in accordance with the company's work goals (Rahman & Kistyanto, 2019: 416). According to Koopmans et al., (2014:4) employee performance indicators include: (1) Task Performance; (2) Situational Performance; and (3) Counterproductive Work Practices.

## **3. Research Framework**

### **3.1 Analysis Models**

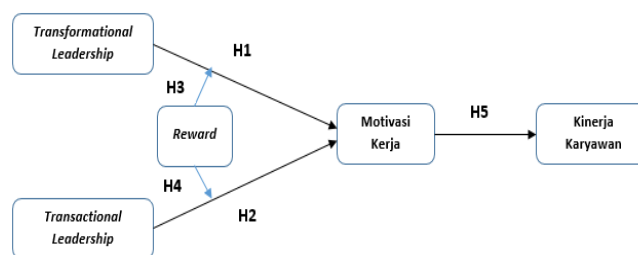


Figure 3.1 Research Model

### 3.2 Hypothesis

**H1:** Transformational leadership has a positive effect on employee motivation at CV. Galaksi Mega Indah.

**H2:** Transactional leadership has a positive effect on employee motivation at CV. Galaksi Mega Indah

**H3:** Transformational leadership has a positive effect on work motivation which is moderated by giving rewards to employees of CV. Galaksi Mega Indah.

**H4:** Transactional leadership has a positive effect on work motivation which is moderated by giving rewards to employees of CV. Galaksi Mega Indah.

**H5:** Work motivation has a positive effect on employee performance CV. Galaksi Mega Indah.

## 4. Research Methods

### 4.1 Types of Research, Samples, and Data Collection

This research uses quantitative methodology. The place of research is a company CV. Galaksi Mega Indah with the period September-November 2021. The study population of all employees amounted to 50 employees. The research sample used a saturated sample technique, which is the total population of 50 employees. The research data is primary data from a survey taken with a questionnaire and measured using a Likert scale of 1-5.

### 4.2 Operational Variables and Definitions

Table 4.1 Table of Operational Definitions of Variables

Variable Definition	Indicators	Questionnaire Items	Source
"Transformational leadership (X1) is defined as the ability to connect followers' needs and wants with company goals, which can motivate employees to work harder."	Transformational leadership includes (1) charisma, (2) inspirational stimulation, (3) intellectual stimulation and (4) individual consideration".	1. I have full confidence in a team leader 2. In my mind, a team leader is a symbol of success and achievement 3. A team leader is engaged in words and deeds that enhance their image of competence 4. A team leader serves as a role model for me 5. A team leader instills pride in being associated with him 6. A team leader displays exceptional talent and competence in whatever he decides 7. I am ready to trust a team leader to overcome any obstacle 8. A team leader always listens to my concerns 9. Team leadership made me aware of shared values, ideals and aspirations 10. A team leader mobilizes a sense of collective mission 11. A team leader projects a strong, dynamic, and magnetic presence 12. A team leader shows how to look at problems from a new point of view	Darawong (2020: 1121)

		<p>13. A team leader made me support my opinion with good reason</p> <p>14. A team leader articulates a vision of future opportunities</p> <p>15. A team leader gives advice when needed</p> <p>16. A team leader honors me as an individual rather than as a member of a group.</p> <p>17. A team leader expressed optimism for the future.</p>	
A leader who effectively communicates the interests, goals, and direction of his people is known as transactional leadership (X2).	Transactional leadership includes: (1) contingent rewards and (2) management with exceptions.	<p>1. A team leader focuses on deviations, errors, exclusions, and deviations from the norm.</p> <p>2. A team leader keeps track of errors carefully</p> <p>3. A team leader monitors performance for errors that require correction</p> <p>4. The team leader showed me what I would get if I followed the instructions The team leader told me what I should do to get rewarded for my efforts</p> <p>5. A team leader is wary of failure to meet standards</p> <p>6. A team leader and I made a deal on what I would get if I did what had to be done. A team leader talks about a special award for good work</p> <p>7. A team leader demonstrates a strong belief in his beliefs and values</p>	Darawong (2020: 1121)
Reward (Z) is a reward system given by a company to employees who have devoted their time, energy and thoughts to the organization.	<p>1. Award component</p> <p>2. Reward component related to the prospect of promotion (career); and</p> <p>3. Components of job security</p>	<p>1. I received the respect I deserved from my superiors.</p> <p>2. I received the respect I deserved from my co-workers.</p> <p>3. I experienced adequate support in difficult situations.</p> <p>4. I was treated unfairly at work.</p> <p>5. Considering all my efforts and achievements, I received the respect and prestige I deserved at work.</p> <p>6. My job promotion prospects are bad.</p> <p>7. My current job position adequately reflects my education and training.</p> <p>8. Given all my efforts and achievements, my job prospects are quite adequate.</p> <p>9. Given all my efforts and achievements, my salary/income is sufficient.</p> <p>10. I have experienced or I expect to experience unwanted changes in my work situation.</p> <p>11. My job security is poor.</p>	Siegrist et al., (2004: 1496)
Work motivation (Y1) is a form of encouragement to a set of human behavioral processes aimed at achieving goals.	<p>1. Existence, that is, the physiological and security aspects of existence.</p> <p>2. Relatedness or exchanging thoughts and thoughts with others, which is called connectedness.</p>	<p>1. To meet my daily needs, I simply receive a salary</p> <p>2. I get bonuses awarded according to my performance</p> <p>3. I get the safety guarantee provided by the company</p> <p>4. I feel safe with the safety guarantee from the company</p> <p>5. I got a treatment facility from the company</p> <p>6. I get food money and transport money when I come to work</p> <p>7. I had the opportunity to attend a family event with my family</p>	Theodora (2015: 189)

	3. Growth, which means honing your current skills.	8. I had the opportunity to participate in a company togetherness event 9. I got the training that was in the company 10. I get benefits when I take the training provided 11. I feel that there is an opportunity to improve the career path that exists in the company	
"Employee performance (Y2) is a way of achieving work achievements, both in terms of quality and quantity, which are carried out in accordance with the work goals set by the organization in that situation."	1. Task performance, which is defined as the ability of an individual to solve fundamental substantive or technical tasks that are the core of his work. 2. Performance in organizational, social, and psychological contexts is referred to as situational performance. 3. The term "counterproductive work practice" refers to any behavior that harms the health of the organization.	1. I can schedule my work to be completed on time. 2. At work, my planning is pretty good. 3. I remember the goals I set for myself at work. 4. At work, I can distinguish between major problems and minor problems. 5. I can complete my tasks with a little time and effort. 6. I take on more tasks at work 7. I start a new task after the previous task is completed 8. I accept the arduous task of the job if offered 9. I strive to keep my work knowledge up to date 10. I work to keep my job skills up to date 11. I came up with a new approach to new issues. 12. In my job, I'm always looking for new challenges. 13. I actively participate in all company work meetings 14. There is a small gap at work. 15. At work I bring up a lot of steaming. 16. a bad part of the work environment than a positive one. 17. I discuss the unpleasant part of my job with colleagues. 18. I confide in the annoying aspects of my work to those who are not affiliated with the company.	Koopmans et al., (2014: 4).

Analysis using the SEM-PLS method. Evaluate the Outer Model and Inner Model with SmartPLS 3.0 software.

## 5. Results and Discussion

### 5.1 Analysis

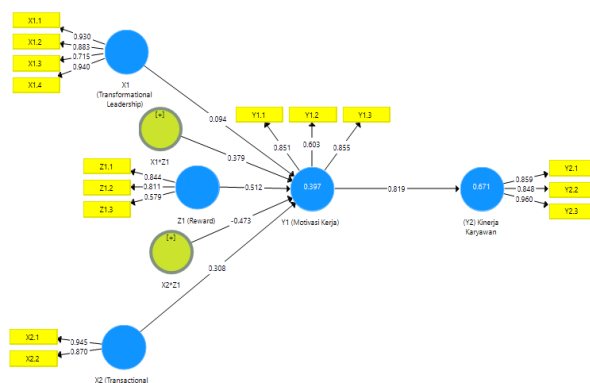
#### 5.1.1 Respondent Descriptive Analysis

Male respondents dominated by 41 or 82%. The highest age is 21-30 years at 50%. The highest last education was high school at 44 or 88%. The most job positions are sales at 32%. The longest working period is 1-5 years at 38%.

#### 5.1.2 Variable Descriptive Analysis

Transformational leadership is relatively high with an answer average score of 4.09. Variable *transactional leadership* in the high category with an average answer score of 4.02. Variable reward in the medium category with an average answer score of 3.29. Variable work motivation belongs to the high category with a mean value of 3.90. Variable employee performance in the medium category with an answer mean value of 3.45.

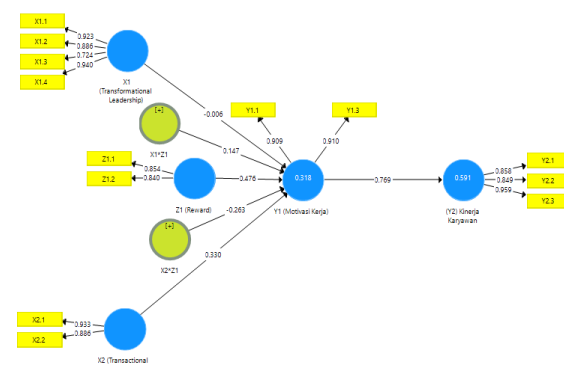
#### 5.1.3 Evaluation of the Outer Model



**Figure 5.1 Initial Model of the Questionnaire**

Source: Data processed, 2021.

In the initial outer model test, two indicators were found that did not meet the 0.7 requirement. The indicators are Z1.3 by 0.579 and Y1.2 by 0.603 so they are invalid. Therefore, the removal of two indicators is carried out and the following results are obtained:



**Figure 5.2 Final Model of the Questionnaire**

Source: Data processed, 2021.

## 1. Validity Test

**Table 5.1 Outer Loading Results**

Variabel	Indikator	Outer Loading	Kesimpulan
Transformational leadership (X1)	X1.1	0,923	Valid
	X1.2	0,886	Valid
	X1.3	0,724	Valid
	X1.4	0,940	Valid
Transactional leadership (X2)	X2.1	0,933	Valid
	X2.2	0,886	Valid
Reward (Z1)	Z1.1	0,854	Valid
	Z1.2	0,840	Valid
Motivasi kerja (Y1)	Y1.1	0,909	Valid
	Y1.3	0,910	Valid
Kinerja Karyawan	Y2.1	0,858	Valid
	Y2.2	0,849	Valid
	Y2.3	0,959	Valid

Sumber : Data diolah (2021)

Based on the test results after removal two indicators show that all indicators are more than 0.7 and are valid.

**Table 5.2 AVE Results**

Variabel	AVE
<i>Transformational leadership (X1)</i>	0,761
<i>Transactional leadership (X2)</i>	0,828
<i>Reward (Z1)</i>	0,717
Motivasi kerja (Y1)	0,828
Kinerja Karyawan	0,793

Sumber : Data diolah (2021)

The test results show that all variables have values above 0.5 so that the correlation with latent variables is categorized as good.

**Table 5.3 Fornell Larcker values**

	X1	X2	Y1	Y2	Z1
<i>Transformational leadership (X1)</i>	0,872				
<i>Transactional leadership (X2)</i>	0,615	0,910			
Motivasi kerja (Y1)	0,317	0,294	0,910		
Kinerja Karyawan (Y2)	0,444	0,312	0,769	0,890	
<i>Reward (Z1)</i>	0,297	0,118	0,472	0,443	0,847

Sumber : Data diolah (2021)

The results show that the value between the latent variable and the variable itself is not smaller than that of the other latent variables, so it is categorized as good.

**Table 5.4 Cross Loading Values**

	X1	X2	Y1	Y2	Z1
X1.1	0,923	0,484	0,293	0,363	0,271
X1.2	0,886	0,510	0,193	0,288	0,293
X1.3	0,724	0,602	0,192	0,374	0,238
X1.4	0,940	0,580	0,364	0,482	0,254
X2.1	0,677	0,933	0,298	0,325	0,112
X2.2	0,412	0,886	0,231	0,233	0,102
Y1.1	0,238	0,222	0,909	0,666	0,512
Y1.3	0,338	0,313	0,910	0,733	0,346
Y2.1	0,292	0,222	0,543	0,858	0,179
Y2.2	0,435	0,262	0,525	0,849	0,441
Y2.3	0,445	0,330	0,885	0,959	0,510
Z1.1	0,209	0,108	0,408	0,428	0,854
Z1.2	0,297	0,092	0,391	0,321	0,840

Sumber : Data diolah (2021)

The result of *the cross-loading* value between indicators and other latent variables is smaller than that of the parent latent variable, so the data is normal.

## 2. Reliability Test

**Table 5.5 Reliability**

	Cronbach's Alpha	Composite Reliability
<i>Transformational leadership (X1)</i>	0,896	0,927
<i>Transactional leadership (X2)</i>	0,796	0,906
<i>Reward (Z1)</i>	0,606	0,835
Motivasi kerja (Y1)	0,792	0,906
Kinerja Karyawan	0,870	0,920

Sumber : Data diolah (2021)

Results show that *Cronbach's alpha* is greater than 0.6 and *composite reliability* is more than 0.7 so variables are reliable.

### 5.1.4 Inner Model Evaluation

## 1. Model Goodness Test (Goodness of Fit)

Table 5.6 R-Square

	R-Square	R-Square Adjusted
Motivasi Kerja (Y1)	0,318	0,241
Kinerja Karyawan (Y2)	0,591	0,583

Sumber : Data diolah (2021)

The model's test of goodness is measured with R-Square. The results showed values of 0.318 (Y1) and 0.591 (Y2). That is, independent and moderation variables influenced the work motivation variable by 31.8% with a residue of 68.2% outside the study and for employee performance by 59.1% with a residue of 40.9% outside the study.

## 2. Hypothesis Test

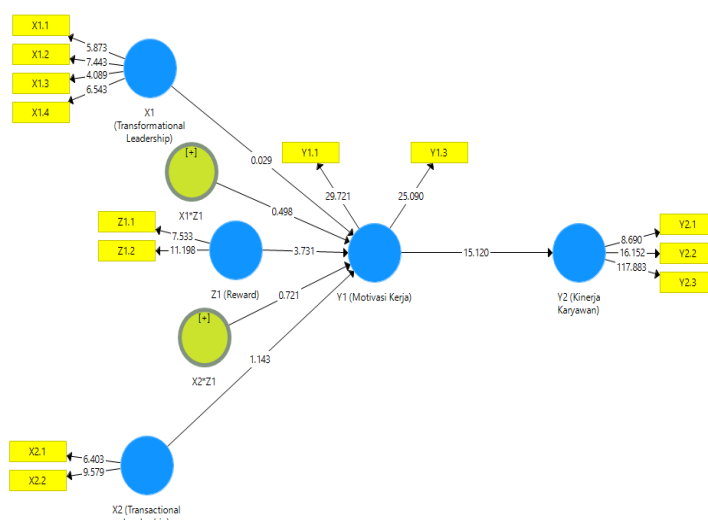


Figure 5.3 Bootstrapping Test Model

Source: Data processed, 2021.

The value seen when *bootstrapping* test is the T-statistical value, so it is obtained as follows:

Table 5.7 T-Statistics

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Value
X1 → Y1	-0,006	0,011	0,207	0,029	0,977
X2 → Y1	0,330	0,367	0,288	1,143	0,254
Y1 → Y2	0,769	0,773	0,051	15,120	0,000
Moderasi Z1 (X1 → Y1)	0,147	0,185	0,295	0,498	0,619
Moderasi Z1 (X2 → Y1)	-0,263	-0,249	0,364	0,721	0,471

Sumber : Data diolah (2021)

The results showed that only the work motivation variable (Y1) had a significant positive effect on the employee performance variable (Y2). The other variables have no significant influence.

## 5.2 Discussion

### 5.2.1 The Influence of Transformational Leadership on Work Motivation

This study provides the results of transformational leadership variables that have no significant effect on work motivation. Transformational leadership is unlikely to be a contextual factor in employee motivation. It is



because of the respondents' employees' CV. Mega Indah Galaxy has the attitude and belief in interacting with leaders that require them to comply with all policies set by the leadership as long as they don't go out of the corridor.

### **5.2.2 The Effect of Transactional Leadership on Work Motivation**

This research is known that transactional leadership does not have a significant effect on work motivation. That is, an increase in transactional leadership will not increase employee motivation. The type of leadership on which the exchange is based has not been able to motivate employees to carry out their duties. It shows employee loyalty CV. Mega Indah does not prioritize rewards in completing work.

### **5.2.3 Rewarding Moderates the Influence of Transformational Leadership on Work Motivation**

This research provides the results of giving rewards without having an impact on moderating transformational leadership on work motivation. A lower value in the reward variable reward factor of the reward component associated with the promotion (career) prospects in the event of a poor job promotion prospect. It can motivate CV Mega to provide constructive opinions and ideas, even without or with prizes.

### **5.2.4 Rewarding moderates the influence of transactional leadership on work motivation**

This study shows that reward-giving does not have a moderating impact on transactional leadership on work motivation. There is a lower value in the reward variable of the reward component factors associated with promotion (career) prospects in the event of poor job promotion prospects. It also shows that CV. Galaksi Mega Indah employees do not prioritize rewards in motivation to complete work.

### **5.2.5 The Effect of Work Motivation on Employee Performance**

This research shows that work motivation has a significant positive effect on employee performance. Work motivation can be a contextual factor in improving employee performance. This influence is based on the support from the leadership of CV. Galaksi Mega Indah such as adequate work facilities to facilitate work, creating a pleasant atmosphere, and establishing cooperation.

## **5.3 Managerial Implications**

Transformational leadership does not have a significant impact on performance, so leaders should re-enhance their transformational spirit through giving confidence to their subordinates to create and innovate, examples of good work patterns, stimulating enthusiasm, increasing employee competence, being an example, instilling a sense of pride in the company's vision and mission, seeing problems from a new perspective, supporting opinions, advising, respecting, and respecting employees. Transactional leadership does not have a significant effect on work motivation, so the leader must be more selective and wiser on deviations or mistakes made by employees, explain in detail and logical reasons about punishment, explain in detail and logical reasons about employee rewards if he excels. Work motivation can improve employee performance, this can be improved in terms of giving food money, transport money, and providing more opportunities to participate in family events with employees' families.

## **6. Conclusions and Suggestions**

### **6.1 Conclusion**

1. Transformational leadership has no significant effect on employee motivation at CV. Galaksi Mega Indah.

2. Transactional leadership has no significant effect on employee motivation at CV. Galaksi Mega Indah.
3. Giving rewards does not moderate the effect of transformational leadership on employee motivation at CV. Galaksi Mega Indah.
4. Giving rewards does not moderate the effect of transactional leadership on employee motivation at CV. Galaksi Mega Indah.
5. Work motivation has a significant positive effect on employee performance at CV. Galaksi Mega Indah.

## 6.2 Suggestion

Advice for companies should not focus too much on the type or style of leadership applied (transformational or transactional) and giving rewards, but it is important to pay attention to the level of employee job satisfaction for example employee psychology, company work culture, or job training programs that can improve employee performance. Further research can increase the number of respondents and free variables can be carried out such as organizational culture, leadership that serves, organizational commitment and support, work environment, job satisfaction, and so on. Mediating variables the study of appropriate leadership styles is best used.

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