



The Effect of Transformational Leadership Style and Compensation on Employee Performance at Pamella Supermarket Employees 7

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ABSTRACT

This research is a replication research from Rolasmana's research (2013). This research includes causal associative research using a quantitative approach. This population is a population study because the number of subjects is less than 100 people, so that all members of the population are taken. The population of this study were all Pamella Supermarket 7 employees, totaling 65 people. Data was collected using a questionnaire that had been tested for validity and reliability. The data analysis technique used is multiple regression. The results of the research at the 5% significance level show that: (1) Transformational leadership style has a positive effect on employee performance. This is evidenced by the beta coefficient (β) 0.317 (** $p < 0.05$; $p = 0.000$) and the contribution of the influence of transformational leadership style on employee performance is (ΔR^2) 0.088; (2) Compensation has a positive effect on employee performance. This is evidenced by the results of the beta coefficient (β) 0.236 (** $p < 0.05$; $p = 0.008$) and the contribution of the effect of compensation on employee performance (ΔR^2) 0.039; and (3) transformational leadership style and compensation have a positive influence on employee performance. This is evidenced for transformational leadership style with a beta coefficient (β) of 0.286 (** $p < 0.05$; $p = 0.000$) and for compensation with a beta coefficient (β) of 0.174 (* $p < 0.05$; $p = 0.031$). The contribution of transformational leadership style and compensation to employee performance is (ΔR^2) 0.108.

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1. INTRODUCTION

Companies are currently facing various challenges in entering the era of globalization. This era eventually led to a tough competition among companies. This will indirectly encourage companies to maintain themselves in the midst of this competition. Human resources (HR) is one of the important organizational assets that can drive other resources. Today, many organizations have realized the importance of maintaining human resources. HR has a very large contribution in determining the success of a company so that demands arise for the important role of human resource management in a company.

The company seeks to develop employee capabilities with various efforts to support the success of achieving company goals. The efforts made by the company in developing employee capabilities are expected to improve employee performance so that the company can achieve its ultimate goal, namely output that is in accordance with organizational goals. Employee performance is measured using performance appraisal. Employee performance appraisal is used by the company to find out whether the activities and outputs produced are in accordance with the company's goals. This assessment is used to determine the extent to which the company's goals have been achieved within the period or period determined by the company. Employee performance is influenced by several factors including transformational leadership style and compensation. The role of leadership in a company is very decisive in achieving organizational or company goals. Various attempts were made by a leader to influence employees to be able to do work in accordance with a predetermined concept.

Compensation also influences the overall strategy of an organization because compensation has a strong influence on job satisfaction, productivity, employee turnover and other processes in an organization. the company must design its compensation system to comply with the rules and policies that apply in the company. So it will not cause new problems such as jealousy between employees.

The results of the pre-survey on the performance of Pamella Supermarket 7 employees experienced a decline in work marked by work quality, quantity, and completion time that did not comply with the provisions. The decline in the quality of work is indicated by the laziness of employees which makes the work done not produce good and maximum results. The decrease in the quantity of work is indicated by employees being bored in the supermarket room and employees feeling that the rest hours given are still lacking. Meanwhile, a decrease in work completion time is indicated by the fact that cashiers are closed during prayer hours, resulting in long queues.

This is supported by the results of the pre-survey, it is known that of the 5 employees who are not at work during working hours, especially during prayer times. This situation is also supported by the presence of 4 cashiers that are closed during prayer hours, resulting in long queues. In addition, there are 7 employees who are less friendly towards buyers. According to the employee, this situation occurs because employees are bored in the self-service room and employees feel that the rest hours given are still lacking. This is what causes employees to stall for time off.

Table 1. Pre-Survey Data

Factors affecting performance employee	Amount (Person)	Percentage (%)
Leadership Style	8	26.67%
Compensation	7	23.33%
Workload	6	20.00%
Work Conflict	5	16.67%
Work Discipline	4	13.33%
Amount	30	100.00%

Based on the results of the pre-survey, it was found that out of 30 Pamella Supermarket 7 employees, they were given open questions regarding "what factors influence employee performance?" shows Leadership Style and Compensation ranked first and second. The results of the pre-survey also show that the dominant factors influencing employee performance at Pamella Supermarket 7 are leadership style and compensation. In addition, it is also known that Pamella Supermarket 7 employees lack discipline, this is shown from the arrival of employees who are often late and many employees are stalling for time during recess.

Leadership style was chosen as a variable in this study because to achieve company goals and employee goals, the right leadership style is needed. This is not an easy job to do, because the effectiveness of a leader is measured by the performance and growth of the organization he leads. It is also known from the pre-survey results that the leadership at Pamella Supermarket 7 has not been able to influence their subordinates to carry out the tasks ordered. Subordinates must still be forced and will not voluntarily behave and perform according to organizational demands through the direction of

their leaders. This fact indicates that there are still employees who do not receive support and attention from the leadership of Pamella Supermarket 7, resulting in a decrease in employee performance which is less than optimal.

The second factor that affects performance is compensation. Companies are often considered unfair in implementing compensation management. In addition, the acceleration of the amount of compensation is much slower than the acceleration of the soaring cost of living. Compensation includes direct cash payments, indirect payments in the form of employee benefits, and incentives to motivate employees to work harder and to achieve higher performance.

Table 2. Research Interview Results with Employees

Question	Interview result
1. Internal employees (knowledge, skills, work ethic, work experience and work motivation)	<ul style="list-style-type: none"> - Employees get work skills through training during the first month of work. - Some employees are absent during working hours for various reasons, especially during prayer times - Many cashiers are closed during prayer hours, resulting in long queues. - Some employees who are less friendly to buyers. - Pamella 7's regular recitations make employees form good personalities, such as not stealing, do not lie, comply not to smoke, veil, and others.
2. organization's internal environment (organizational goals, organizational policies, compensation system, leadership, etc.)	<ul style="list-style-type: none"> - Rules regarding employees who may not smoke and must wear headscarves are strictly adhered to. - The company provides compensation to employees, but employees feel dissatisfied with the compensation offered by the company. The company provides compensation in financial form when the employee has worked for at least 10 years or when the employee's performance is considered good by the company. - Leaders have very good relationships with employees. - Lack of supervision from the leadership resulted in increased employee absenteeism.
3. organization's external environment (social life)	Through their social institutions, Pamella owners often hold social activities such as food distribution programs, foster children, blood donations, and free medical treatment. Employee pamella 7 is involved in every activity carried out by the company

Another problem faced by managers is the high employee absenteeism for the last 4 months, which shows that the level of employee absenteeism has increased from March with the number of 9 people increasing to 16 people in June. This resulted in low performance of Pamella Supermarket employees due to decreased service to consumers.

Table 3. Employee Absenteeism Rate (last 4 months)

Month	Permiss ion	absence		Amount	Percentage
		Sick	Without explanation		
March 2014	4	3	2	9	1.8%
April 2014	5	3	4	12	2.4%
May 2014	5	5	3	13	2.6%
June 2014	8	3	5	16	3.2%

Based on the interviews that have been conducted, it turns out that Pamella's work environment is positive but there are still some problems that must be faced by management. Problems at Pamella Supermarket arise when leaders are unable to think creatively, are not innovative, and are not open to new ideas. This problem can have a negative impact on decreasing employee performance.

Therefore, to find out the extent to which employees are performing, Pamella's leaders need to know how their employees behave. Leaders must have good skills in leading companies such as: leaders must be proactive in their thinking, more radical, innovative and creative and more open to new ideas (Bass, 1985). Without such capabilities, employees will not want to listen to them, because leaders must be able to inspire the respect of their employees. This is where there is a need for a leadership assessment, regarding how employees assess the leadership of their leaders through different points of view.

2. RESEARCH METHOD

Causal associative research is research that aims to determine the effect of two or more variables. This study will explain the relationship between influencing and being influenced by the variables to be examined, namely the influence of transformational leadership style variables and compensation variables on employee performance variables. A quantitative approach is used because the data to be used to analyze the influence between variables is expressed in numbers. This research was conducted at Pamella Supermarket 7, Ds. Broomonilan, Purwomartani, Kalasan, Sleman, Yogyakarta. While the implementation time starts from October 2014 to December 2014. The population is a combination of all elements in the form of events, things or people who have similar characteristics which are the center of attention of a researcher because it is seen as a study (Ferdinand, 2006). The population of this study were all Pamella Supermarket 7 employees, totaling 65 people. If the number of research subjects is less than 100, it is better to take all of them so that the research is a population study (Arikunto, 2006: 112), because the study population is only 65 people, then all members of the population become respondents. The data collection technique used in this study was a questionnaire in the form of a number of written questions to obtain information from respondents in the sense of personal reports or things they knew. According to Ferdinand (2006) the questionnaire produces primary data, where primary data is data obtained from direct research results in the field of companies that are the object of research. The data analysis technique used is multiple linear regression analysis and uses a tool in the form of SPSS computer software. SPSS (Statistical Package for Social Sciences) is a computer program used to analyze data with statistical analysis, the SPSS used in this study is SPSS version 13.

3. RESULTS AND DISCUSSIONS

Research result

1. Descriptive Analysis

Descriptive analysis in this study included: analysis of the characteristics of Pamella Supermarket 7 employees, descriptive statistical analysis consisting of: maximum, minimum, mean, and standard deviation values, as well as categorizing the answers of Pamella Supermarket 7 employees.

a. Pamella Supermarket Employee Characteristics 7

Pamella Supermarket 7 employee characteristics observed in this study include: gender, education, age, and occupation. The description of Pamella Supermarket 7 employee characteristics is presented as follows:

Table 4. Gender

Gender	Frequency	Percentage (%)
Man	26	40.0
Woman	39	60.0
Amount	65	100.0

Table 4 above shows that there are 26 male Pamella Supermarket 7 employees (40%) and 39 female Pamella Supermarket 7 employees (60%).

Table 5. Age

Age	Frequency	Percentage (%)
<21 years	9	13,8
21-25 years	9	13,8
26-30 years	22	33,8
31-35 years	16	24,6
>35 years	9	13,8
Amount	65	100.0

Table 5 above shows that Pamella Supermarket 7 employees are less than 21 years old as many as 9 people (13,8%), Pamella Supermarket 7 employees aged 21-25 years are 9 people (13,8%), Pamella Supermarket 7 employees are aged 22 people (33,8%) aged 26-30 years, 16 Pamella Supermarket 7 employees aged 31-35 years (24,6%) and 9 Pamella Supermarket 7 employees aged over 35 years (13,8%)

Table 6. Last Education

Education	Frequency	Percentage (%)
JUNIOR HIGH SCHOOL	15	23,1
SENIOR HIGH SCHOOL	50	76.9
Amount	65	100.0

Table 6 above shows that 15 Pamella Supermarket 7 employees have junior high school education (23,1%) and 50 Pamella Supermarket 7 employees have high school education (76,9%). This shows that the majority of Pamella Supermarket 7 employees have high school education (76,9%), because employees with a high school education level are equipped with knowledge about customer service that can support employee performance.

Table 7. Length of Work

Length of work	Frequency	Percentage (%)
< 1 year	10	15,4
1-5 years	16	24,6
6-10 years	22	33,8
> 10 years	17	26,2
Amount	65	100.0

Table 7 above shows that Pamella Supermarket 7 employees who have worked for less than 1 year are 10 people (15,4%), Pamella Supermarket 7 employees who have worked between 1-5 years are 16 people (24,6%), Pamella Supermarket 7 employees who have worked between 6-10 years are 22 people (33,8%), and Pamella Supermarket 7 employees who have worked more than 10 years are 17 people (26,2%). This shows that the majority of Pamella Supermarket 7 employees have worked between 6-10 years (33,8%), because employees receive health benefits and company facilities that keep employees working at Pamella Supermarket 7.

2. Variable Category Description

The description of the variable category describes the responses of Pamella Supermarket 7 employees regarding the influence of transformational leadership style and compensation on the performance of Pamella Supermarket 7 employees. The research data are then categorized into three groups, namely high, medium and low.

a. Transformational Leadership Style

The results of the descriptive analysis on the transformational leadership style variable obtained a minimum value of 22; maximum value of 43; mean of 35,12; and a standard deviation of 4,35. Furthermore, transformational leadership style variables are categorized using the mean score (M) and standard deviation (SD).

Table 8. Transformational Leadership Style

Category	Score Intervals	Frequency	Percentage (%)
Tall	$X \geq 39.47$	11	16,9
Currently	$30.77 \leq X < 39.47$	46	70,8
Low	$X < 30.77$	8	12,3
Amount		65	100.0

Table 8 above shows that employees who provide an assessment of the Pamella Supermarket 7 manager's transformational leadership style are in the high category, namely 11 people (16.9%), employees who provide an assessment of the Pamella Supermarket 7 manager's transformational leadership style are included in the medium category. that is as many as 46 people (70.8%), and employees who provide an assessment of the transformational leadership style of Pamella Supermarket 7 managers are in the low category, namely as many as 8 people (12.3%).

b. Compensation

The results of the descriptive analysis on the compensation variable obtained a minimum value of 10; maximum value of 19; mean of 15.38; and a standard deviation of 2.16. Furthermore, the compensation variable is categorized using the mean score (M) and standard deviation (SD).

Table 9. Compensation

Category	Score Intervals	Frequency	Percentage (%)
Tall	$X \geq 17.54$	12	18,5
Currently	$13.23 \leq X < 17.54$	40	61,5
Low	$X < 13.23$	13	20.0
Amount		65	100.0

c. Employee performance

The results of descriptive analysis on employee performance variables obtained a minimum value of 11; maximum value of 20; mean of 16.26; and a standard deviation of 1.93. Furthermore, employee performance variables are categorized using the mean score (M) and standard deviation (SD).

Table 10. Employee Performance

Category	Score Intervals	Frequency	Percentage (%)
Tall	$X \geq 18.41$	16	24,6
Currently	$14.54 \leq X < 18.41$	36	55,4
Low	$X < 14.54$	13	20.0
Amount		65	100.0

Table 10 above shows that 16 employees rated their performance in the high category (24.6%), 36 employees rated their performance in the medium category (55.4%), and 13 employees rated their performance in the low category. people (20%).

3. Prerequisite Analysis Test

Analysis prerequisite testing was carried out before carrying out multiple linear regression analysis. The prerequisites used in this study included normality tests, linearity tests, multicollinearity tests and heteroscedasticity tests which were carried out using the SPSS 20.00 for Windows computer program.

a. Normality test

Testing normality is testing about normality of data distribution (Santosa and Ashari, 2005). In this research,

Table 11. Normality Test Results

Variable	Significance	Information
Leadership Style transformational	0.397	Normal
Compensation	0.393	Normal
Employee performance	0.265	Normal

The results of the normality test show that all research variables have a significance value greater than 0.05 at ($\text{sig} > 0.05$), so it can be concluded that the research data is normally distributed.

b. Linearity Test

The purpose of the linearity test is to determine whether the relationship between the independent variable and the dependent variable is linear or not. The criteria for testing linearity is if the significance value is greater than 0.05, then the relationship between the independent variable and the dependent variable is linear.

Table 12. Linearity Test Results

Variable	Significance	Information
Leadership Style transformational	0.321	linear
Compensation	0.667	linear

The results of the linearity test in the table above show that all variables have a significance value greater than 0.05 ($P > 0.05$), this indicates that all research variables are linear.

c. Multicollinearity Test

Multicollinearity test was conducted to determine the magnitude of the intercorrelation between the independent variables in this study. If there is a correlation, then it is called a multicollinearity problem. To detect whether there is multicollinearity, it can be seen in the tolerance and VIF values. If the tolerance value is above 0.1 and the VIF value is below 10, multicollinearity does not occur.

Table 13. Multicollinearity Test Results

Variable	tolerance	VIF	Conclusion
Style	0.889	1.125	Non Multicollinearity
Transformational leadership			
Compensation	0.889	1.125	Non Multicollinearity

Discussion

1. The Influence of Transformational Leadership Style on Employee Performance Pamella Supermarket 7

The results showed that the transformational leadership style variable had a positive effect on employee performance. This is evidenced by the results of the regression calculation, which obtained a value of (β) 0.317 (** $p < 0.05$; $p = 0.000$). The contribution of the influence of transformational leadership style on employee performance is (ΔR^2) 0.088; then the first hypothesis is accepted.

One form of leadership style is transformational leadership. The transformational leadership style has charismatic dimensions, intellectual stimulus, individual consideration, and inspirational motivation. If the leader succeeds in influencing his subordinates with his vision, instilling his charisma, motivating and inspiring, intellectually stimulating, creative and appreciating his employees, then it is certain that employees will work well, earnestly and be loyal to the company so that their performance increases.

Transformational leadership style has proven to have a positive effect on employee performance. The results of this study are in accordance with the opinion of Siagian (2003) who says that the success of an organization, both as a whole and various groups within a particular organization, is highly dependent on the effectiveness of the leadership in the organization concerned. It can be said that the quality of leadership contained in an organization plays a very dominant role in the success of the organization in carrying out its various activities, especially seen in the performance of its employees.

2. Effect of Compensation on Pamella Supermarket Employee Performance 7

Compensation is one that relates to all types of individual awards in exchange for performing organizational tasks. Compensation is the main cost of expertise or work and loyalty in organizational activities (Kadarisman, 2012:91). Compensation in an organization must be regulated in such a way that it is a good system within the organization. The company provides compensation in the hope that there will be a sense of reciprocity from the employee to work with good performance.

Compensation must be appropriate, fair, acceptable, satisfying, motivating, rewarding and in accordance with needs. Compensation will provide benefits to both parties, both the company and the employees. With a compensation program that is felt to be fair, employees can improve their performance. This is consistent with the results of research conducted by Setiawan and Dewi (2014) which proves that compensation has a positive and significant direct effect on employee performance.

3. The Influence of Transformational Leadership Style and Compensation on Pamella Supermarket Employee Performance 7

Performance is the result of work that can be achieved by a person or group of people in an organization in accordance with their respective authorities and responsibilities, in an effort to achieve the goals of the organization concerned legally, not unlawful and in accordance with morals and ethics. Employee performance is more directed at the level of employee performance.

In stimulating and encouraging employees to improve performance, leaders must pay attention to transformational leadership styles and compensation to employees. Transformational leaders change followers' awareness of problems by helping them see old problems in new ways, and they are able to excite, excite, and inspire followers to put extra effort into achieving group goals so as to create good employee performance.

If a leader applies transformational leadership, the leader will pay attention to the welfare of employees, one of which is by providing compensation. This compensation is a driving force in improving employee performance. So that with the application of the right transformational leadership and compensation that exceeds the wishes of employees, the employee's performance will also be higher.

Compensation is also a determining factor that can affect employee performance. Compensation is an award to employees in a fair and proper manner for work performance and services that have been issued towards organizational goals in order to achieve organizational goals. Compensation must be managed properly so that it can assist the company in achieving its goals of obtaining, maintaining and maintaining good employees so as to create better employee performance. This is consistent with the results of research conducted by Rolasmana (2013) showing that leadership style, decision-making, and incentive compensation together have a positive and significant effect on employee performance.

4. CONCLUSION

Based on the results of the research and discussion, several conclusions can be drawn as follows. Transformational leadership style has a positive effect on employee performance. This is evidenced by the beta coefficient (β) of 0.317 (** $p < 0.05$; $p = 0.000$) and the contribution of the influence of transformational leadership style on employee performance is (ΔR^2) 0.088. Compensation has a positive effect on employee performance. This is evidenced by the results of the beta coefficient (β) of 0.236 (** $p < 0.05$; $p = 0.008$) and the contribution of the effect of compensation on employee performance of (ΔR^2) 0.039. Transformational leadership style and compensation have a positive influence on employee performance. This is evidenced for the transformational leadership style with a beta coefficient (β) of 0.286 (** $p < 0.05$; $p = 0.000$) and for compensation with a beta coefficient (β) of 0.174 (* $p < 0.05$; $p = 0.031$). The contribution of transformational leadership style and compensation to employee performance is (ΔR^2) 0.108.

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