

The Influence of Transformational Leadership and Reward Systems on Employee Performance

Zaenal Abidin^{1*}, Fuadi², Anis Fuad Salam², Heri Sapari Kahpi²

¹Sekolah Tinggi Ilmu Administrasi Banten

² Sekolah Tinggi Ilmu Ekonomi Banten

*e-mail:zal_din_af@yahoo.co.id

Abstract

The purpose of this study was to analyze the transformational leadership and reward system to employee performance. The main task of a leader is to empower, motivate the employees in order to optimize their ability to achieve organizational goals. This research was conducted at the Department of Building Supervision and Control of Jakarta in July and August 2014 the total respondents eighty employees collected by simple random sampling technique. To analyze the data collected, the type of data being analyzed researchers used quantitative data. The method of analysis used in this study is multiple regression analysis in which this analysis can be used to look at the relationship and the influence of transformational leadership and reward system on employee performance at the Department of Building Supervision and Control of Jakarta. The results of the study found that transformational leadership and reward systems have a significant effect on employee performance.

Keywords: Transformational Leadership, Reward System, Employee Performance.

1. Introduction

The increasingly rapid development of Information technology requires the leadership of the Building Supervision and Control Office to take very fundamental and strategic policies in order to provide better services, along with the rapid development of increasingly complex developments, to make it happen, namely the need for a sophisticated Information Technology system and supported by increasing quality of human resources in providing public services and building control and control systems that can utilize information technology (S. Sutia et al., 2020).

Considering that until now there are still many problems faced in the implementation of buildings in the Special Capital Region of Jakarta, one of the reasons is that it cannot be separated from a leader, a leader who must provide role models and role models for his subordinates, and who can influence subordinates to achieve the vision and mission (Simpen et al., 2019). organization along with the existence of human resource apparatus as public servants who are negligent and abuse their authority or do not carry out their duties and functions properly in accordance with the provisions of Governor Regulation Number 123 of 2009 concerning the Organizational Structure and Work Procedure of the DKI Jakarta Provincial Building Control and Control Service (Zuhri et al., 2020).

The data on violations / abuse of authority referred to in 2012 were 13 people, in 2013 there were 17 people and in 2014 there were 9 people, a total of 39 officers and had been given sanctions in the form of mild, moderate and severe disciplinary sentences. So that the problem of service quality and building supervision is still considered less than optimal (Wahidin et al., 2020).

In addition, in order to support the main tasks and functions of SKPDs within the DKI Jakarta Provincial Government, SKPDs receive direct and indirect spending budgets to finance activities carried out as benchmarks in an effort to improve employee performance within the DKI Jakarta Provincial Building Supervision and Control Office (Supriadi et al., 2020). However, seeing the realization of the budget absorption, especially the Direct Expenditures of the DKI Jakarta Provincial Building Supervision and Control Service, is still relatively small compared to the oral instructions from the Governor of DKI Jakarta, which must reach a minimum of 90%, this is a benchmark for achieving the performance of the relevant SKPD as well as data on the realization of the expenditure budget Direct Year 2011 to 2013.

Table 1. Budgeting

Year	Budgeting	Realization	Realization Percentage
2011	15.781.282.626,00	7.191.294.326,00	45,57%
2012	24.951.781.258,00	14.428.948.388,00	57,83%
2013	28.779.980.000,00	21.393.676.794,00	74,33%

In addition, the attendance rate of employees at the place of assignment is in accordance with the provisions that all employees must be present at the place of duty from 07.30 to 16.00 (for Monday to Thursday) and 07.30 to 16.30 (for Friday) because attendance is an employee commitment that must be obeyed by every employees because attendance is one of the factors in employee performance appraisal, below it can be seen that there are still some employees whose attendance is still not in accordance with applicable regulations, this is a factor that affects the performance of employees of the DKI Jakarta Province Building Supervision and Control Service and can be seen from the attendance data. employees in 2012 (Juhandi & Fahlevi, 2018).

Seeing the phenomenon described above, there are many factors that influence, including leadership factors, the Building Supervision and Control Office needs a leader who is firm, role model, can nurture and understand the difficulties of his subordinates in addition to being able to explain the vision, mission of a clear organization that can be understood by all subordinates, a leader who can transform the vision and mission of the organization (visionary) but can make an emotional approach to subordinates "walk the talk", reward (minimum salary, performance allowances, health benefits and other non-financial benefits) and organizational commitment, namely loyalty to the organization. attendance at work on time and have a sense of belonging and pride in the duties and responsibilities of the organization (Mochammad Fahlevi, 2019). All of these variables greatly affect employee performance starting from how to motivate employees, provide clear direction about the vision and mission and organizational goals, provide examples of behavior that can be emulated by subordinates, can influence subordinates in achieving organizational goals (Rita et al., 2019).

From the description above, researchers can see and feel empirically in the DKI Jakarta Provincial Building Control and Control Office in the last few years that there has been a decrease in employee performance, the failure to achieve targets and targets of the vision, mission and goals of the organization is strongly influenced by factors that include: Other Leadership that has not been optimal has not been able to fully embrace and understand the difficulties of employees to the lowest level, a lack of kinship, not fully able to protect their subordinates to the lowest level because this will not be formed by itself without any influencing factor or relationship which can improve employee performance. One of the factors causing the ups and downs of employee performance is the role of leadership and reward received by employees (Istan & Fahlevi, 2020).

2. Literature Review

Transformational Leadership

According to M. Fahlevi et al. (2020), the view is that transformational leadership is a process where "leaders and followers raise each other to a higher level of morality and motivation". According to Burns, transformational leadership can be shown by anyone in the organization in any type of position. The main characteristics of transformational leadership include the ability to act as an agent of change for the organization, so that it can create new strategies in developing more relevant organizational practices.

Transformational leaders must be able to define, communicate and articulate the organization's vision, and subordinates must accept and acknowledge the credibility of their leaders. Hater and Bass stated that "the dynamic of transformational leadership involves strong personal identification with the leader, joining in a shared vision of the future, or going beyond the self-interest exchange of rewards for compliance". Thus, transformational leaders are charismatic leaders and have a central and strategic role in bringing the organization to its goals. Transformational leaders must also have the ability to equate future visions with those of their subordinates, as well as enhance the needs of subordinates at a higher level than what they need (Purwanto et al., 2020).

Reward System

Human Resources are the main asset in running the wheels of government organizations that require special attention in managing them (Sabar Sutia et al., 2020). At present, almost all lines in an organization realize that human resources are the most needed asset for the running of the organization, but it can be a burden for the organization in terms of having to think about the welfare of its employees. Therefore, it is very important to manage this main asset. In general, employees / employees, apart from wanting equal reward and rewards from the company / organization, also expect guaranteed welfare for themselves and their families, while they are still actively working and when they reach retirement age. By fulfilling employee welfare, it is expected that employee performance will increase, and employee loyalty to the organization will also increase. This of course will have a positive impact on performance and achievement of organizational goals. One of the ways for managers to increase work productivity, job satisfaction and motivation is through reward (Mochammad Fahlevi, 2020).

Reward is something that employees receive for the services they contribute to their work, they contribute what they think is valuable, both in their energy and knowledge. (Turmidzi et al., 2019). The definition of reward according to (Kadiyono et al., 2020) states: "Reward can be defined as any form of reward given to employees as remuneration for the contributions they make to the organization". Furthermore, according to (Noviantoro et al., 2020) states that: "Reward is something that employees receive as a substitute for their services to the company". Reward according to (Sabar Sutia et al., 2019) states that reward is something that is considered something comparable. In employment, gifts in the form of money are reward given to employees as an award for their service."

Employee Performance

In the large Indonesian dictionary, performance is defined as something that one wants to achieve, the achievements shown and one's abilities. Many limitations have been given by experts regarding the term performance, although different in the pressure of the formula, but in principle

performance is about the process of achieving results. The term performance comes from the word job performance or actual performance (actual work performance or achievement achieved by someone). So it can be defined that performance is the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities assigned to him (Suwarni et al., 2020).

According to (Kadiyono et al., 2020) states that performance is every movement, action, implementation, activity or real behavior directed to achieve certain goals or targets. (Rita et al., 2019) suggests that performance is the result of work achieved by employees or real behavior that is displayed in accordance with their role in the organization. Employee performance is a very important thing in an organization's efforts to achieve its goals, so that various activities must be carried out by the organization to improve it.

Meanwhile, according to (Juhandi et al., 2019) performance is basically what employees do and don't do. Employee performance affects how much they contribute to the organization. (Suryaman et al., 2020) further provide a performance standard that is seen as the quantity of output, quality of output, duration of output, workplace attendance and cooperative attitude. The performance standards are set based on job criteria, namely explaining what the organization has given its employees to do, therefore individual performance in job criteria must be measured, compared with existing standards and the results must be communicated to all employees. (Kasbuntoro et al., 2020) also explain that performance standards can be in the form of production output or better known as numerical performance standards and non-numerical performance standards.

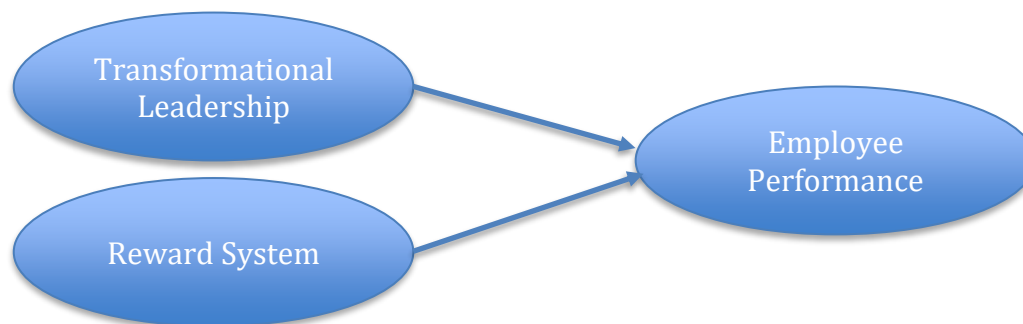


Figure 1. Research Framework

3. Methodology

The research object is Transformational Leadership, Reward and Organizational Commitment to employees of the DKI Jakarta Provincial Building Control and Control Service, to several employees. The research location is the Office of the Jakarta Provincial Building Control and Control Office, which is located at Jalan Jatibaru No. 1 Central Jakarta, the research period began in April 2020. The population object to be investigated by the author is known that the population of the DKI Jakarta Province Building Control and Control Service Employees is 100 employees.

The sample is part of the population that will be used as an object in conducting research and testing data. There are various sampling techniques that can be used. The sampling technique used in this study is probability sampling technique. Based on calculations with the Slovin formula, the sample to be used in this study is 80 employees of the DKI Jakarta Province Building Control and Control Office.

The inclusion and exclusion criteria of this research sample are:

1) Inclusion criteria are criteria that are used as general characteristics of research subjects in the population, so that subjects can be included in the study, namely:

- a) Willing to be a respondent
- b) Minimum work period of 3 years

2) Exclusion criteria are criteria that allow some subjects who meet the inclusion criteria not to become respondents in the study for reasons, namely:

- a) Employees who are on leave
- b) Employees including leadership

Multiple linear regression analysis is an analysis that aims to determine whether there is a dependency relationship, and the direction of the dependency relationship between two or more independent variables and the dependent variable whether positive or negative.

4. Result and Discussion

To see whether there is a linear regression between transformational leadership and reward on employee performance, we can carry out the following analysis steps. Regression lines resulting from the analysis. The amount of the beta coefficient can be seen in the coefficient table.

Table 2. Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	(Constant)	15.409	3.347		
TRANSFORMASIONAL	.129	.086	.162	1.488	.000
REWARD	.280	.089	.317	3.146	.002

From the Coefficient table, the regression equation is obtained:

$$Y = 15.409 + 0.129X_1 + 0.280X_2$$

Based on the regression equation obtained, the regression model can be interpreted as follows. Beta constant coefficient = 15.409. This means that, if the values of X₁, X₂ and X₃ are equal to zero (0), then the level or magnitude of the dependent variable Y (employee performance) will be 15.409. Beta coefficient b₁ = 0.129, meaning that the value of X₁ (transformational leadership) has increased by one point, while the other independent variables are constant, so the level of variable Y will increase by 0.129. Beta coefficient b₂ = 0.280, meaning that the value of X₂ (reward) has increased by one point, while the other independent variables are fixed, so the level of variable Y will increase by 0.280. Both variables, namely transformational leadership and reward system, are known to have a sig < alpha value, so it can be concluded that H₀ is rejected and H₁ and H₂ are accepted.

5. Conclusion

The main task of a leader is to empower, motivate the employees in order to optimize their ability to achieve organizational goals. This research was conducted at the Department of Building Supervision and Control of Jakarta in July and August 2014 the total respondents eighty employees

collected by simple random sampling technique. To analyze the data collected, the type of data being analyzed researchers used quantitative data. The method of analysis used in this study is multiple regression analysis in which this analysis can be used to look at the relationship and the influence of transformational leadership and reward system on employee performance at the Department of Building Supervision and Control of Jakarta. The results of the study found that transformational leadership and reward systems have a significant effect on employee performance.

References

- Fahlevi, M., Moeljadi, Aisjah, S., & Djazuli, A. (2020). The impact of board independence and CEO education on earning manipulation beneath M-score models. *Test Engineering and Management*, 83(March-April), 18264–18276.
<http://www.testmagzine.biz/index.php/testmagzine/article/view/6957/5365>
- Fahlevi, Mochammad. (2020). Economic Analysis of Child Labor Based Households. *Open Journal for Research in Economics*, 3(1), 21–32. <https://doi.org/10.32591/coas.ojre.0301.03021f>
- Fahlevi, Mochammad. (2019). The Influence of Exchange Rate, Interest Rate and Inflation on Stock Price of LQ45 Index in Indonesia. *First International Conference on Administration Science (ICAS 2019)*, 157–163. <https://doi.org/10.2991/icas-19.2019.34>
- Istan, M., & Fahlevi, M. (2020). The Effect of External and Internal Factors on Financial Performance of Islamic Banking. *Jurnal Ekonomi & Studi Pembangunan*, 21(72), 137–145.
<https://doi.org/10.18196/jesp.21.1.5036>
- Juhandi, N., & Fahlevi, M. (2018). TAX POLICY AND FISCAL CONSOLIDATION ON CORPORATE INCOME TAX. *Journal of Research in Business, Management, and Accounting*, 1(1), 21–33. <https://e-journal.stie-kusumanegara.ac.id/index.php/jobma/article/view/9>
- Juhandi, N., Rahardjo, B., Tantriningsih, H. A., & Fahlevi, M. (2019). The GROWTH OF SHARIA BANKING IN ASIA. *Journal of Research in Business, Economics and Management*, 12(2), 2341–2347. <http://www.scitecresearch.com/journals/index.php/jrbem/article/view/1708>
- Kadiyono, A. L., Sulistiobudi, R. A., Haris, I., Wahab, M. K. A., Ramdani, I., Purwanto, A., Mufid, A., Muqtada, M. R., Gufron, M., Nuryansah, M., Ficayuma, L. A., Fahlevi, M., & Sumartiningsih, S. (2020). Develop leadership style model for Indonesian teachers performance in education 4.0 era. *Systematic Reviews in Pharmacy*, 11(9).
<https://doi.org/10.31838/srp.2020.9.52>
- Kasbuntoro, Irma, D., Maemunah, S., Mahfud, I., Fahlevi, M., & Parashakti, R. D. (2020). Work-Life Balance and Job Satisfaction : A Case Study of Employees on Banking Companies in

Jakarta. *International Journal of Control and Automation*, 13(4), 439–451.

<http://sersec.org/journals/index.php/IJCA/article/view/16461/8242>

Noviantoro, R., Maskuroh, N., Santoso, B., Abdi, M. N., Fahlevi, M., Pramono, R., Purwanto, A., Purba, J. T., Munthe, A. P., & Juliana. (2020). Did quality management system ISO 9001 version 2015 influence business performance? Evidence from Indonesian hospitals. *Systematic Reviews in Pharmacy*, 11(8). <https://doi.org/10.31838/srp.2020.8.71>

Purwanto, A., Asbari, M., Fahlevi, M., Mufid, A., Agistiawati, E., Cahyono, Y., & Suryani, P. (2020). Impact of Work From Home (WFH) on Indonesian Teachers Performance During the Covid-19 Pandemic : An Exploratory Study. *International Journal of Advanced Science and Technology*, 29(5), 6235–6244.

<http://sersec.org/journals/index.php/IJAST/article/view/15627/7883>

Rita, Rabiah, A. S., & Fahlevi, M. (2019). WOMEN ENTREPRENEURS IN INDONESIA. *Journal of Research in Business, Economics and Management*, 13(2), 2416–2425.

<http://www.scitecresearch.com/journals/index.php/jrbem/article/view/1728>

Simpem, I. N., Abdi, M. N., Fahlevi, M., Noviantoro, R., & Muhtar. (2019). The Effect of Socialization, Sanction, and E-Filing on Annual SPT Reporting. *The 4th International Conference on Energy, Environment, Epidemiology and Information System (ICENIS 2019)*, 125, 1–5. <https://doi.org/10.1051/e3sconf/201912522001>

Supriadi, O., Musthan, Z., Sa'odah, Nurjehan, R., Haryanti, Y. D., Rafid Marwal, M., Purwanto, A., Mufid, A., Yulianto, R. A., Farhan, M., Fitri, A. A., Fahlevi, M., & Sumartiningsih, S. (2020). Did transformational, transactional leadership style and organizational learning influence innovation capabilities of school teachers during covid-19 pandemic? *Systematic Reviews in Pharmacy*, 11(9). <https://doi.org/10.31838/srp.2020.9.47>

Suryaman, M., Cahyono, Y., Muliansyah, D., Bustani, O., Suryani, P., Fahlevi, M., Pramono, R., Purwanto, A., Purba, J. T., Munthe, A. P., Juliana, & Harimurti, S. M. (2020). COVID-19 pandemic and home online learning system: Does it affect the quality of pharmacy school learning? *Systematic Reviews in Pharmacy*, 11(8). <https://doi.org/10.31838/srp.2020.8.74>

Sutia, S., Riadi, R., Fahlevi, M., Istan, M., Juhara, S., Pramono, R., Purwanto, A., Purba, J. T., Munthe, A. P., & Juliana. (2020). Benefit of benchmarking methods in several industries: A systematic literature review. *Systematic Reviews in Pharmacy*, 11(8).

<https://doi.org/10.31838/srp.2020.8.72>

- Sutia, Sabar, Adha, S., & Fahlevi, M. (2019). Why do Customers Intend to Repurchase Transportation Online in Indonesia? *The 4th International Conference on Energy, Environment, Epidemiology and Information System (ICENIS 2019)*, 125, 1–5.
<https://doi.org/10.1051/e3sconf/201912523010>
- Sutia, Sabar, Fahlevi, M., Rita, Rabiah, A. S., & Adha, S. (2020). The Influence of Endorsement on Instagram toward Customer Behavior. *International Journal of Psychosocial Rehabilitation*, 24(08), 6628–6634. <https://doi.org/10.37200/IJPR/V24I8/PR280685>
- Suwarni, Noviantoro, R., Fahlevi, M., & Abdi, M. N. (2020). Startup valuation by venture capitalists: An empirical study Indonesia firms. *International Journal of Control and Automation*, 13(2), 785–796. <http://sersc.org/journals/index.php/IJCA/article/view/11226/5969>
- Turmidzi, I., Mahfud, I., Zuhri, S., Imron, M. A., & Fahlevi, M. (2019). The Concept of Quality Control and The Role of HRM in The World of Business and Education. *International Journal of Business and Management Invention (IJBMI)*, 8(08), 61–65.
[http://www.ijbmi.org/v8i8\(series2\).html](http://www.ijbmi.org/v8i8(series2).html)
- Wahidin, Basri, Wibowo, T. S., Abdillah, A., Kharis, A., Jaenudin6, Purwanto, A., Mufid, A., Maharani, S., Badiati, A. Q., Fahlevi, M., & Sumartiningsih, S. (2020). Democratic, authocratic, bureaucratic and charismatic leadership style: which influence school teachers performance in education 4.0 era? *Systematic Reviews in Pharmacy*, 11(9).
<https://doi.org/10.31838/srp.2020.9.45>
- Zuhri, S., Fahlevi, M., Abdi, M. N., Irma, D., & Maemunah, S. (2020). The Impact Of Merger And Acquisition On Financial Performance In Indonesia. *Journal of Reseacrh in Business, Economics, and Education*, 2(1), 326–338. <https://e-journal.stie-kusumanegara.ac.id/index.php/jrbee/article/view/69/45>