

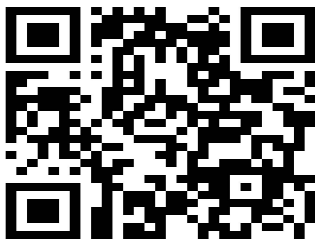
**SOCIAL SCIENCE**



# The Influence of Transformational Leadership Style, Compensation, And Organizational Commitment to Employee Performance

Putu Ayu Diah Widari Putri<sup>1</sup> | Ida Ayu Komang Tiara Pratistha Sari<sup>2</sup>

<sup>1,2</sup>Faculty of Economics and Business Mahasaraswati University Denpasar, Bali, Indonesia email: [diahwidariputri@unmas.ac.id](mailto:diahwidariputri@unmas.ac.id)



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## Abstract:

This study aims to partially and simultaneously influence transformational leadership styles, compensation, and organizational commitment on employee performance at the head office of PT. BPR Sukawati Pancakanti in Gianyar. The population in this study were all employees of PT. BPR Sukawati Pancakanti in Gianyar as many as 69 people. Determination of the sample using a saturated sample, so that the entire population is used as a sample, the data is analyzed using multiple linear regression. The results of the analysis show that employee performance is positively and significantly influenced by transformational leadership style, compensation, and organizational commitment at the head office of PT. BPR Sukawati Pancakanti in Gianyar. Suggestions that can be put forward in this research are to PT. BPR Sukawati Pancakanti in Gianyar to further encourage employees to be creative in dealing with the problems they face and to be independent without waiting for orders from the leadership.

## Introduction:

Employees are the main wealth owned by the company, because without their participation, the company's activities will not occur. Employees play an active role in setting plans, systems, processes and goals to be achieved by showing good performance in every job they do. Employee performance is the result of quality work achieved by an employee in carrying out their duties in accordance with the responsibilities given (Mangkunegara, 2019). According to (Sugianingrat et al., 2017)

"indicators that can be used in measuring employee performance include quality of work, speed and accuracy, work initiative, ability to work, and ability to communicate at work".

The transformational leadership style is a type of leadership that combines or motivates their followers in achieving the goals that have been set (Rivai, 2018). Research conducted by (Elronny et al., 2021) shows that partially the transformational leadership style has a positive and significant influence on employee performance.

The results of this study are supported by (Amalia et al., 2021), (Krisnawan & Djastuti, 2021), and (Kusumalita & Satrya, 2019) stating that the leadership style transformational has a positive and significant impact on employee performance. That is, the better the application of the transformational leadership style, the better the performance shown by employees.

Compensation is all income in the form of money, direct or indirect goods received by employees as a reward for services provided to the company (Hasibuan, 2019). Research (Amalia et al., 2021) shows that partially compensation has a positive and significant effect on employee performance. The results of this study are supported by (Dewi et al., 2022), (Krisnawan & Djastuti, 2021), (Elronny et al., 2021) stating that compensation has a positive and significant effect on employee performance. That is, the better the compensation system, the better the employees will work so that the resulting performance will also increase.

Organizational commitment is a level where an employee side with an organization and its goals and desire to maintain membership in the organization (Rahmawati, 2019). Good employee performance will not materialize if the employee does not have a high commitment to the company (Burhannudin, 2019). The research conducted (Kusumalita & Satrya, 2019) shows that partially organizational commitment has a positive and significant influence on employee performance. Reinforced by research (Burhannudin, 2019), (Dewi et al., 2022), and (Prihartini & Nitakomala, 2021) states that organizational commitment has a positive and significant influence on employee performance.

It means, BPR which is quite large in Bali, namely PT. BPR Sukawati Pancakanti, which has a head office in the Batubulan area, Gianyar Regency, 2 (two) branch offices in Denpasar and Badung and 5 (five) cash offices located in several areas in Bali. Being a large financial institution, PT. BPR Sukawati Pancakanti is inseparable from various problems, one of which is employee performance

which is not optimal. This can be seen from the targets set by PT. BPR Sukawati Pancakanti has not been able to reach its full potential.

In 2020 the total percentage of savings, deposits and credit reached 101.71% which has exceeded the target set, but for the deposit target only reached 97.75% which has not reached the target. In 2021 all targets have not been achieved, be it savings, deposits and loans with a total achievement of 90.52%, this will also occur in 2022 where the total target achieved is only 83.20% which is decreasing compared to the previous year. This condition indicates that employees have not been able to perform optimally so that the targets set cannot be achieved.

The performance of employees of PT. BPR Sukawati Pancakanti is one of the possibilities because the application of leadership styles is still lacking, especially the transformational leadership style that has not been implemented properly, which has made several employees of PT. BPR Sukawati Pancakanti still relies on the leadership and waits for the leadership's orders first to resolve the problems encountered in the field. The transformational leadership style if applied properly should be able to increase employee motivation which will ultimately result in better employee performance.

The results of interviews with several employees also stated that compensation was not in line with employee expectations. Every employee who succeeds in achieving a certain target value, whether in deposits, credit or savings, should receive a commission or incentive in accordance with the regulations set by the company, but in reality the employee feels that he has not received the incentive. Employees who should be more enthusiastic about working, such as looking for new customers, become less motivated because the incentives that should be obtained are still low. This caused complaints from some employees, besides that it also made employees less motivated

to meet targets and showed poor work performance.

On the other hand, based on data turnovers During the 2018-2022 period, there were 17 new employees who entered, and 20 employees who left or stopped working from PT. BPR Sukawati Pancakanti, and every year there are employees who stop working. Based on the results of interviews conducted with employees, many employees want to stop working at PT. BPR Sukawati Pancakanti, some have even started applying for jobs in several companies. This indicates that employees' organizational commitment is still low, and they feel they have no obligation to continue working at PT. BPR Sukawati Pancakanti in Gianyar.

From the background that has been stated, the hypothesis that can be put forward in the study these are:

H1: Transformational leadership style has a positive influence on employee performance

H2: Compensation has a positive influence on employee performance

H3: Commitment organizational has a positive influence on employee performance

### Research Methods:

The location of the research was carried out at the Head Office of PT. BPR Sukawati Pancakanti,

located at Jalan Batuyang No. 67 B, Batubulan Village, Kec. Sukawati, Kab. Gianyar, Bali.

The population of this research is all employees of PT. BPR Sukawati Pancakanti as many as 69 people.

The sample used in this study was the entire population of 69 people. Research variables are divided into independent variable is transformational leadership style (X1), compensation (X2), and organizational commitment (X3), as well as the dependent variable namely employee performance (Y).

Data was collected by observation, interview, documentation, and questionnaire methods with a Linkert scale used with five answer choices consisting of strongly agree answers were given a score of 5, agreed answers were given a score of 4, disagreed answers were given a score of 3, disagreed answers were given a score of 2, and answers that strongly disagree were given a score of 1 (Sugiyono, 2020).

### Results and Discussion:

Testing the validity and reliability of each independent and dependent variable indicator is very important to obtain valid and reliable research results. The test results are shown as following:

Table 1. Recapitulation of Research Instrument Results

No	Variabel	Item Pernyataan	Validitas		Reliabilitas	
			Pearson Correlation	Ket.	Alpha Cronbach	Ket.
1	Kinerja karyawan (Y)	Y1	0,860	Valid	0,865	Reliabel
		Y2	0,827	Valid		
		Y3	0,541	Valid		
		Y4	0,920	Valid		
		Y5	0,932	Valid		
2	Gaya Kepemimpinan Transformasional (X1)	X1.1	0,912	Valid	0,911	Reliabel
		X1.2	0,861	Valid		
		X1.3	0,916	Valid		
		X1.4	0,879	Valid		
3	Kompensasi (X2)	X2.1	0,802	Valid	0,760	Reliabel
		X2.2	0,752	Valid		
		X2.3	0,774	Valid		
		X2.4	0,751	Valid		
4	Komitmen Organisasional (X3)	X3.1	0,848	Valid	0,852	Reliabel
		X3.2	0,852	Valid		
		X3.3	0,937	Valid		

The provisions of an instrument are said to be valid or valid if they have pearson correlation ( $r$ )  $> 0.30$  and is said to be reliable or reliable if it has an alpha coefficient ( $\alpha$ ) greater than 0.6 (Ghozali, 2018). Test result indicates that the data is valid and reliable.

Classic Assumption Test

Before being analyzed using multiple linear regression analysis techniques, the regression equation model must pass the classical assumption test (Ghozali, 2018). The test results look as follows as follows.

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		69
Normal Parameters <sup>a..b</sup>	Mean	.0000000
	Std. Deviation	2.42777285
Most Extreme Differences	Absolute	.156
	Positive	.156
	Negative	-.137
Kolmogorov-Smirnov Z		1.293
Asymp. Sig. (2-tailed)		.070

a. Test distribution is Normal.

Normality testing can use the test Kolmogorov-Smirnov provided that if the significance of each variable is greater than 0.05 then it is normally distributed. Test results with a significance of  $0.070 > 0.05$ , the data is normally distributed.

Table 3. Collinearity Test Results

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
Model		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	7.194	1.491			
	X1	.327	.140	.323	.390	2.566
	X2	.201	.081	.244	.760	1.316
	X3	.362	.165	.287	.429	2.329

a. Dependent Variable: Y

Detection of the presence or absence of multicollinearity in a regression model can be done by looking at the valuetolerancewhich is greater than 0.10 andInflation Factor Variant

(VIF) which is smaller than 10 (Ghozali, 2018). Test result concluded that there were no symptoms multicolonearity.

**Table 4. Heteroscedasticity Test Results**

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.593	.712		3.643	.001
	X1	-.102	.067	-.280	-1.529	.131
	X2	.077	.039	.261	1.990	.051
	X3	-.084	.079	-.185	-1.059	.294

a. Dependent Variable: abs

The heteroscedasticity test aims to test whether the model in the regression has an inequality of variance and residuals from one observation to another with the criteria for the significance value of all variables above 0.05 (Ghozali, 2018). The test results concluded that there were none heteroscedasticity symptoms.

compensation and work environment on the performance of employees of PT. BPR Sukawati Pancakanti.

Based on Table 5. constant value ( ) = 7,194 and coefficient regression ( 1) = 0,327, ( 2) = 0,201, and ( 3) = 0,362. The results of the test values can be made into the following equation:

**Results Multiple Linear Regression Analysis**

The hypothesis put forward in this study is related to the effect of transformational leadership style,

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3$$

$$Y = 7,194 + 0,327X_1 + 0,201X_2 + 0,362X_3$$

**Table 5. Regression Analysis Test Results**

		Coefficients <sup>a</sup>				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.194	1.491		4.824	.000
	X1	.327	.140	.323	2.340	.022
	X2	.201	.081	.244	2.474	.016
	X3	.362	.165	.287	2.185	.032

a. Dependent Variable: Y



**Results of Determination Analysis:**

Determination analysis is an analysis to find out how much influence the independent variable has

on the dependent variable simultaneously (Sugiyono, 2020). The test results are as follows.

**Table 6. Determination Analysis Test Results**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.720 <sup>a</sup>	.519	.496	2.483

a. Predictors: (Constant), X3, X2, X1

b. Dependent Variable: Y

The test results stated that the correlation coefficient value was 0.496, thus the magnitude of the influence of transformational leadership style, compensation, and organizational commitment on employee performance at the head office of PT. BPR Sukawati Pancakanti in Gianyar, is 49.6% while the remaining 50.4% is influenced by other factors that are not examined, for example work environment, competence, workload, and others.

**Test Results t**

The results of the t-test can be explained as follows.

1. The Influence of Transformational Leadership Style on Employee Performance Test results prove transformational leadership style has positive and significant effect on performance employees with a regression coefficient value of 0.327, the value of tcount 2.340 and sig. 0.022<0.005. That is, a good transformational leadership style can improve the performance of PT. BPR Sukawati Pancakanti in Gianyar. The results of the study (Elronny et al., 2021) stated "partially the transformational leadership style has a positive and significant influence on employee performance". Strengthened by research (Amalia et al., 2021), (Krisnawan & Djastuti, 2021), and (Kusumalita & Satrya, 2019) states "transformational leadership

style has a positive and significant influence on employee performance. Transformational leadership style is defined as a leadership style that is able to humanize followers, treat followers as intelligent and respectable human beings, able to stroke the hearts of their followers, in order to bring out the maximum human potential so as to produce better performance.

2. Effect of Compensation on Employee Performance

Test results prove compensation has a positive and significant effect on performance employees with a regression coefficient value of 0.201, the value of tcountof 2.474 and sig. 0.016<0.005. That is, compensation which can improve the performance of employees of PT. BPR Sukawati Pancakanti in Gianyar. Research results (Amalia et al., 2021) states "partially compensation has a positive and significant influence on employee performance". Strengthened by the results of research (Dewi et al., 2022), (Krisnawan & Djastuti, 2021), and (Elronny et al., 2021) stating "compensation has a positive and significant effect on employee performance. Compensation is all income in the form of money, direct or indirect goods received by employees as compensation for services provided to the company. Payment of compensation that is good and in accordance with

the workload of employees can motivate employees so that work productivity and employee performance are even better.

### 3. The Effect of Organizational Commitment on Employee Performance

The test results prove that organizational commitment has a positive effect and significant to performance employees with a regression coefficient value of 0.362, the value of tcount of 2.185 and the sig.  $0.032 < 0.005$ . That is, good organizational commitment can improve the performance of employees of PT. BPR Sukawati Pancakanti in Gianyar. Results research (Kusumalita & Satrya, 2019) states "partially organizational commitment has a positive and significant influence on employee performance". Strengthened by the results of research (Burhannudin, 2019), (Dewi et al., 2022), and (Prihartini & Nitakomala, 2021) stated "organizational commitment has a positive and significant influence on employee performance. Organizational commitment is an attitude that reflects employee loyalty to the organization and is an ongoing process in which members of the organization express their concern for the organization and its continued success and progress. Employees who have high organizational commitment will show better performance so they can show their loyalty to the company and maintain their position in the company.

### Conclusion:

The study show that: transformational leadership style has a positive and significant effect on performance employees at PT. BPR Sukawati Pancakanti. Compensation has a positive and significant effect on employee performance at PT. BPR Sukawati Pancakanti. Organizational commitment has a positive and significant effect on performance employees at PT. BPR Sukawati Pancakanti. Regarding the transformational leadership style, it is suggested to PT. BPR Sukawati Pancakanti to

encourage employees to be more creative in dealing with the problems they face and to be independent without waiting for orders from the leadership. Suggestion Another thing that can be given is that the leadership of PT. BPR Sukawati Pancakanti pays more attention to individual employees, pays attention to the interests and abilities of each employee which can be developed and placed in positions according to their interests and abilities so that they can show better performance.

Regarding compensation, it is suggested to PT. BPR Sukawati Pancakanti so that in providing salaries that can be adjusted to the workload of employees, so that employees are more satisfied and enthusiastic at work to show better performance. Another suggestion that can be given should be the leadership of PT. BPR Sukawati Pancakanti to pay attention to the incentives that employees should receive, employees who take on more work or overtime can be given incentives to increase the enthusiasm of these employees at work.

Regarding organizational commitment, it is suggested to PT. BPR Sukawati Pancakanti to motivate employees to be more loyal to the company, more responsible for their work, and to survive working at PT. BPR Sukawati Pancakanti. Another suggestion that can be given should be PT. BPR Sukawati Pancakanti pays more attention to the rights of employees and the needs of other employees so that employees at work feel they have a higher obligation to provide the best work results.

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