

Transformational Leadership and Compensation on Employee Performance at PT Blambangan Foodpackers Indonesia: The Mediating Role of Motivation

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Abstract: *The purpose of this study was to determine the effect of transformational leadership and compensation on employee performance with motivation as an intervening variable. The study was conducted by looking at the research gap as a result of the influence of transformational leadership on motivation and the effect of compensation on performance and also on PT Blambangan FoodPackers Indonesia, which has a high turnover rate. The study was conducted on 73 employees using a likert scale in their measurements. Validity and reliability tests are performed to ensure that the questionnaire statement is valid and reliable. It also conducted a classic assumption test to determine whether there are symptoms of multicollinearity and latency. The results obtained using Path Analysis show that transformational leadership and compensation directly influence employee motivation and performance, meanwhile motivation does not significantly influence the performance of the employees of PT Blambangan FoodPackers Indonesia.*

Keywords: *Transformational Leadership, compensation, Motivation, performance.*

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I. Introduction

Human resources are one of the most important parts in an organization or company. Errors in the placement of human resources will make work not go according to plan even worse impact the work will be abandoned. Human resources who are experts in their respective fields will make the company's goals can be achieved properly. The achievement of company goals is one of the keys to the success of the leadership in managing the company. Leaders have a big role in maximizing the performance of human resources. Leadership is defined as the process of directing in influencing the work activities of group members (Rivai 2003: 34). Leader's leadership style can also affect the performance of human resources or employees.

The success of transformational leadership in managing a company can be demonstrated by good employee performance in order to achieve company goals. Simamora (2004: 485) states the performance goals to set goals that are useful for performance evaluation at the end of the period and to manage work processes during the period. Mangkunegara (2005: 9) states that employee performance as a result of work in quality and quantity achieved by an employee in carrying out their duties in accordance with the responsibilities given to him. The effect of transformational leadership on employee performance is evidenced by several research findings. As a result of research conducted by Muslichah and Asrori (2018) states the transformational leadership style has a positive and significant effect on employee performance. The same results were also shown by (Ilyas&Novianti, 2019), (Jiang et al., 2017) and (Adinata, 2015). The success of transformational leadership in improving employee performance is certainly supported by several other variables. There are several variables that can affect employee performance, including compensation and motivation variables.

Transformational leadership and the value of compensation in accordance with performance will increase employee motivation. As stated by Hasibuan (2009: 120) that motivation is part of the purpose of compensation. Motivation is an individual's willingness to spend high effort to achieve organizational goals (Robbins, 2001). According to Hasibuan (2003: 146) one of the goals of providing motivation is to increase employee productivity. This theory is supported by the results of research conducted by Hanafi (2017) asserting that motivation has a significant influence on performance. Some other studies also suggest that motivation has a significant influence on performance, including (Hartanto et al., 2018), (Ehsan, 2019) and (Laksono&Iqbal, 2020). The effect of transformational leadership on motivation has different research results. Syaiful et al., (2016) shows that transformational leadership style has no significant effect on work motivation. The same results obtained from Paijan and Ali(2016) namely transformational leadership style does not affect motivation. Surely this is contrary to the results of research conducted by (Suputra et al., 2016) and (Septyan et al., 2017).

Differences in research results or also referred to as a gap in the effect of transformational leadership

on motivation makes researchers more interested in exploring other variables. Other variables besides transformational leadership and motivation are compensation variables. Researchers have found that the gap is in the compensation variable. In research conducted by (Gunawan&Amalia, 2015) concluded that wages or compensation negatively affect employee performance. Likewise by (Shanty &Mayangsari, 2017) concluded that compensation does not affect performance. In contrast to research conducted by (Njoroge&Kwasira, 2015) concluded compensation has a positive effect on sustainable performance. Likewise what has been done (Suprihatini, 2016) states that compensation has a positive and significant effect on performance.

The gap between the effect of transformational leadership on motivation and compensation on performance makes researchers interested in conducting research. This shows the existence of results that are not in accordance with the theory. Because according to Hasibuan (2009: 120) one of the goals of compensation is for employee stability and discipline. From these objectives show that compensation has an influence on the performance of human resources or employees. So there is a difference in understanding of the results conducted by (Gunawan&Amalia, 2015) and (Shanty &Mayangsari, 2017).The theory conveyed by Hasibuan is certainly supported by a number of assessments that have been made. Differences in research results from (Syaiful et al., 2016), (Paijan& Ali, 2016) on the theory of Robbins and Judge (2008: 90) as well as (Gunawan&Amalia, 2015) and (Shanty &Mayangsari, 2017) with the theory of hasibuan(2009: 120) made researchers interested in testing the effect of transformational leadership and compensation on employee performance with motivation as an intervening variable. The object of research will be conducted at PT Blambangan Foodpackers Indonesia.

PT Blambangan FoodPackers Indonesia is one of the objects in accordance with the objectives of the researcher. Besides having a leader who has transformational leadership style, PT Blambangan FoodPackers Indonesia also has compensation in accordance with the Regency Minimum Wage (UMK). The determination of the District Minimum Wage amount is based on the results of a decent living needs survey. The necessities of decent living are the standard needs of a single worker to be able to live physically fit in one month. Even though wages are in accordance with MSE, this has not yet increased employee motivation.

II. Literature Review

Transformational Leadership

Leadership is a tool or process of persuading others to be willing to do something voluntarily. Leadership is also interpreted as a process of directing in influencing the work activities of group members (Rivai 2003: 34). Leadership is an important factor in achieving organizational goals. According to Soekarso (2010: 28), leadership is a process of social influence and the power to influence the behavior of others towards the achievement of certain goals. Leadership can be concluded as a process of behavior influencing other people or group members in achieving organizational goals.

Leadership has several styles, one style of leadership is transformational leadership. Transformational leadership is one type of leadership style that leads to positive change and provides good morale. According to Danim (2004: 54), transformational leadership is the ability of leaders to transform organizational resources optimally to achieve goals according to established targets. This statement is supported by Yukl (2010: 313), that employees have trust, admiration, loyalty, and respect for transformational leaders and are motivated to do something more than expectations. According to Robbins and Judge (2008: 90), transformational leaders are leaders who are able to have a big influence and inspire their employees to put aside personal interests for the good of the organization. Transformational leadership is concluded as a leader who pays attention to the needs of the employee's personal development and changes employee awareness of existing issues by helping others see old problems in new ways. Transformational leadership is also able to please the heart and inspire employees to work hard to achieve common goals.

According to Robbins and Judge (2008: 91) indicators in measuring transformational leadership style there are 4 points, namely: Charismatic (Idealized Influence) is a charismatic-minded leader, ie subordinates have confidence and are proud to be able to work with their leaders, and trust the ability of their leaders in overcoming every problem . Inspirational Motivation is a leader who can communicate the high expectations of his employees according to the shared vision and inspire his subordinates to achieve goals that produce important progress for the organization. Stimulating intelligence at work (Intellectual Stimulation) is the behavior of leaders who are able to increase the intelligence of subordinates to increase creativity and innovation, increase rationality, and careful problem solving. Individualized attention (Individualized Consideration) is the attitude of leaders who pay attention to their subordinates individually in providing advice according to different needs, abilities and aspirations.

Compensation

There are some experts who interpret the meaning of compensation. Hasibuan (2009: 118) defines compensation as income in the form of money, direct or indirect goods received by employees as compensation

for services. Employees work well and expect compensation in the form of a company from Notoadmojo (2003: 153) suggesting compensation is something that is received by employees as a reward from performance. According to Panggabean (2002: 75), compensation is also called an award or reward and can be defined any form of award given to employees as compensation for contributions that have been given to the organization. According to BejoSiswanto (2003: 181) compensation is a broad term relating to financial rewards received by company or organizational employees. According to Nawawi (2005: 419) compensation for an organization or company is an award or reward to workers who have contributed in realizing their goals through activities called work. Willliam B. Werther and Keith Davis in the book Hasibuan (2004: 52) describes compensation in the form of something received by workers in return for the work they provide. In the book Hasibuan (2009: 118) Andrew F. Sikula defines compensation as something constituted or regarded as an equivalent remuneration.

Compensation has important value for employees because the amount of compensation reflects the size of the work or the performance of the employee itself. The community sees compensation as fairness, where the company determines salary not based on gender but based on qualifications. Stake holders or shareholders pay employees to use shares so that employee performance increases. Managers see compensation as the biggest expense and also a tool to influence workers so that performance increases. For employees compensation is a return of membership in the company and a reward for completing work well (Milkovich, 2008: 29). The definition of compensation can be concluded based on some understanding from the experts. Compensation is a return received by employees given by the company based on contributions or performance made.

According to Simamora (2004), there are 4 (four) indicators to measure employee compensation. Salaries and wages are a payment base that is often used by production and maintenance workers. Wage rates are related to hourly salaries whereas salaries usually apply to annual, monthly or weekly pay rates. Incentives are additional compensation above or outside the salary or wages provided by the company. Benefits can be in the form of health and life insurance, pension plans, and other benefits relating to employment relations. Facilities are something to do with enjoyment such as a company car, a special parking space and enjoyment for employees.

Motivation

Motivation is the willingness of individuals to put forth high effort to achieve organizational goals (Robbins, 2001). Motivation is the power of resources that move and control human behavior. Motivation teaches how to encourage the morale of subordinates to want to work harder and work hard by using all the abilities and skills they have to be able to advance and achieve company goals. The motivation is the driving force that results in an organization member willing and willing to take the time to carry out various activities and carry out their obligations in order to achieve the goals and various goals of the organization that are predetermined (Siagian, 2003: 138)

There are three key elements in motivation, namely effort, organizational goals and needs. Effort is a measure of intensity. Someone who is motivated will make every effort to achieve the goal, but not necessarily a high effort will produce high performance. Required intensity and quality and focus on organizational goals. Needs are internal conditions that give rise to impetus. Unfulfilled needs will create tension that stimulates impulses from within the individual. The impulse raises a person's behavior to search for and find certain goals. Basically motivated employees are in tense conditions and try to reduce tension by making an effort. Maslow in Sofyandi and Garniwa's book (2007: 102) describes indicators of work motivation based on the results of research that has been done. Physiological needs (Physiological-need) is a hierarchy of the most basic human needs which is a need to be able to live such as eating, drinking, housing, oxygen, sleep and so on. Safety needs include safety protection from the dangers of workplace accidents, guarantees of continuity of work and guarantees of old age when no longer working. Social needs (social-need) namely the need for friendship, affiliate funds and closer interaction with others. Social needs in organizations are related to the need for compact work groups, good supervision, join recreation and so on. The need for appreciation (Esteem-need) includes the need for a desire to be respected, rewarded for achievement, recognition of the ability and expertise and effectiveness of one's work. Self-actualization needs are related to the process of developing the actual potential of a person. Potential can increase when a person actualizes his behavior. Someone who has high self-actualization needs will like a task that challenges his abilities and expertise.

Performance

The term performance comes from the word job performance or actual performance (work performance or actual achievement achieved by someone). According to Mangkunegara (2005: 67) performance is the result of quality and quantity of work achieved by an employee in carrying out the tasks assigned to him. According to Suntoro in Tika (2008: 121) defines performance as the work that can be achieved by a person or group of people in an organization in order to achieve organizational goals within a

certain time period. According to Pamungkan in Tjandra (2005: 38) performance is the appearance of ways to produce results obtained with the activities achieved with a performance. According Sedarmayanti (2003: 147) states the performance is the work that can be achieved by a person or group of people in an organization, according to the authority and responsibility to achieve organizational goals legally, not breaking the law and moral or ethical. The most important thing from that understanding is the achievement achieved by individuals or working groups in accordance with the applicable rules set by the organization. According to Simanjuntak (2005: 1) the performance of an organization or company is the accumulation of the performance of all individuals who work therein. Efforts to improve organizational performance are carried out through improving the performance of each individual. Performance is the employee's work during a certain period compared to various possibilities such as standard targets, targets, or criteria that have been determined in advance and agreed upon together. If the employee does not do his job then an organization will fail. Human behavior, level, and quality of work are determined by a number of individual and environmental variables (Laurensius, 2006: 16).

Performance is concluded as a state of work performance in an institution based on an employee's emotional feelings. This will be seen from the attitude of employees towards the aspects they face in the work environment concerning healthy adjustment including salary, physical and psychological conditions as well as existing legal rules. Thus from the concept offered it can be understood that performance is the main concept of the organization which shows how far the level of ability to carry out organizational tasks in order to achieve organizational goals.

According to Law number 13 of 2003 concerning Manpower Article 1 paragraph 2 states that employees are every person who is able to do work to produce goods and services both to meet their own needs and society, both inside and outside the employment relationship. Hasibuan (2003) defines employees as sellers of services and receive compensation the amount of which has been determined in advance. Hasibuan (2009) also added that if an employee is any person who works by selling his / her energy (physical and mental) to a company and obtaining compensation in accordance with the agreement.

Individual employee performance is the level of achievement or work results of a person from the goals to be achieved or tasks that must be carried out within a certain period of time. Bambang Kusriyanto in Mangkunegara (2005: 9) suggested that employee performance is a comparison of the results achieved with the participation of the labor union of time. Faustino Cardosa in Mangkunegara (2005: 9) defines employee performance as expressions such as output, efficiency and effectiveness are often needed with productivity. Mangkunegara (2005: 9) states that employee performance as a result of work in quality and quantity achieved by an employee in carrying out their duties in accordance with the responsibilities given to him. Employee performance is concluded as work performance or work results both from the quality and quantity of employees achieved per unit time period in carrying out their work duties in accordance with the responsibilities given. Simamora (2004: 485) states that the purpose of setting performance goals is to set objectives that are useful not only in evaluating performance at the end of the period, but the work process during that period

Performance appraisal of an organization is very necessary both in the process and results, both for employees and for the organization, namely to find out whether the performance of the employee has met expectations or vice versa, so that the assessment can be known and improved performance. To find out the success rate of employee performance there must be a performance measurement. Performance measurement is used to assess the success or failure of the implementation of activities / programs / policies in accordance with the stated goals and objectives in order to realize the company's mission and vision. The performance measurement includes indicators of performance achievement.

The indicators used in this study were taken from the opinion of Riduwan (2002: 65). The initiative to find the best step is an important factor in efforts to improve employee performance. To have initiatives requires knowledge and skills possessed by employees in an effort to improve the results achieved. Mastering Job Description is a factor of suitability between disciplines possessed by placement in the field of assignment. The results achieved are the ability to manage work for which he is responsible, including making work schedules. The level of cooperation capability is the ability to work with employees and others. Accuracy is accuracy that employees have in completing work. The level of conformity of the task with the command is the suitability between the tasks given by the leadership of the ability of employees. The level of quality of work is work done with high quality that satisfies the leadership and the company. The level of accuracy of work completion is the level of an activity completed at the desired initial time, viewed from the point of coordination with the output results and maximizing the time available for other activities. The level of quantity of work is the work done by employees must have a high quantity of work so as to satisfy the leadership and the company. By having a work quantity as targeted, it will be able to evaluate the performance of employees to improve their work performance..

III. Conceptual Framework

The framework of thinking is a conceptual model of how theories relate to various factors that have been identified, Sugiyono (2010: 60). Based on theoretical studies and previous research studies as well as the phenomena that developed at PT Blambangan Foodpackers Indonesia, Banyuwangi, it can be arranged a thought process framework that underlies the research to be conducted. So that this research is more directed in accordance with the formulation of the problem and research objectives to be achieved, the conceptual framework is structured as follows; transformational leadership as a variable X1, compensation as a variable X2, employee performance as a variable Y and motivation as a variable Z. Variables X1 and X2 are Independent variables and Y Variables are dependent variables while Variable Z as Intervening Variables. The conceptual framework of research can be described as follows.

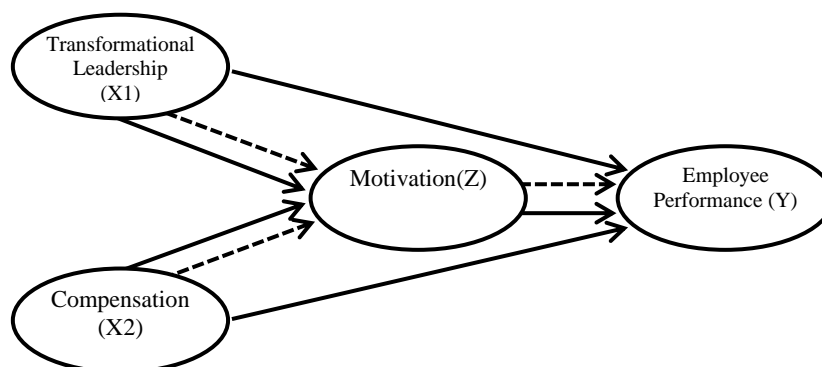


Fig. 3.1: The conceptual framework

Hypotheses

Transformational leadership is one of the leadership styles in the business world. According to Robbins and Judge (2008: 91) transformational leadership must be able to provide inspirational motivation to subordinates. The results of research conducted (Suputra et al., 2016) and (Septyan et al., 2017) which show transformational leadership style has a positive and significant effect on motivation. Based on the study of theory and the results of previous studies, the following hypotheses can be taken:

H1 : Transformational leadership has a positive effect on the motivation of PT Blambangan Foodpackers Indonesia's employees.

According to Danim (2004: 54), transformational leadership is the ability of leaders to transform resources optimally to achieve goals. In a study conducted by (Muslichah&Asrori, 2018) states the transformational leadership style has a positive and significant effect on performance. The same results were also shown by (Ilyas&Novianti, 2019), (Jiang et al., 2017) and (Adinata, 2015). Based on this the researchers took the following hypothesis:

H2 : Transformational leadership has a positive effect on the performance of the employees of PT Blambangan Foodpackers Indonesia.

According to Hasibuan (2009: 120) the purpose of giving compensation is to provide motivation. This is supported by research (Angrainy et al., 2018), (Gusmão& Riana, 2018), (Putra, 2018) and (Muhammad, 2018). Some of these studies show that compensation has a positive and significant effect on motivation. From the results of this description the researchers took the hypothesis that:

H3 : Compensation has a positive effect on the work motivation of PT Blambangan Foodpackers Indonesia's employees.

According to Hasibuan (2009: 120) compensation can increase job satisfaction and employee stability due to relatively small turnover. The results of research conducted by (Njoroge&Kwasira, 2015) concluded that compensation has a positive effect on sustainable performance. Likewise the results of research from (Suprihatini, 2016) states that compensation has a positive and significant effect on performance. Based on literature review and previous research results, the researcher concludes the following hypothesis:

H4 : Compensation has a positive effect on the performance of the employees of PT Blambangan Foodpackers Indonesia.

McClelland's need theory in Robbins (2011: 232) (McClelland's theory of need) was developed by David McClelland and his colleagues suggesting that the achievement of power and affiliation are strong motivations for each individual. Motivation influences performance both directly and indirectly. Research conducted by (Hanafi&Yohana, 2017) confirms that motivation has a significant influence on performance. Some other studies also suggest that motivation has a significant influence on performance, including (Hartanto et al., 2018), (Ehsan, 2019) and (Laksono&Iqbal, 2020). The researcher concludes the hypothesis about the

effect of motivation on performance as follows:

H5 : Motivation has a positive effect on the performance of the employees of PT Blambangan Foodpackers Indonesia.

IV. Research Methods

The design of this research is explanatory research. Explanatory research or explanatory research is research that examines each variable to find out the results about the presence or absence of the relationship of the symptoms obtained from each of these variables. The relationship model between variables is the result of the development of previous studies and existing theories. This study measures the level of transformational leadership and compensation for the performance of the employees of PT Blambangan Foodpackers Indonesia with motivation as an intervening variable. This study is using a quantitative approach. This quantitative research method is based on the positivist philosophy used to examine a particular population or sample. The quantitative approach uses survey methods. Survey method is a method that uses a questionnaire as a data collection tool.

Population and Sample

The population in this study was permanent employees of PT Blambangan Foodpackers Indonesia, amounting to 90. Sampling was based on Slovin's opinion (Amirin, 2011). The notation of n is the minimum number of sample, the value of N is the population while the value of e is the error margin. Error margins are used to determine the minimum sample size based on the level of error or margin of error. The calculation result with the Slovin formula is 73. Based on these results, the sample to be investigated is 73 employees.

There are several types of data used in research. The type of data used is the main data to be processed in research. This research uses primary and secondary data. Primary data is data obtained directly from PT Blambangan Foodpackers Indonesia. The primary data in this study are the employees of PT Blambangan Foodpackers Indonesia who deal directly with the variables to be studied. Primary data was collected based on a closed questionnaire. The questionnaire contained a statement in accordance with the indicators of the research variable.

The questionnaire consisted of 17 statements consisting of 4 statements of transformational leadership variables, 4 statements of compensation variables, 5 statements of motivational variables and 4 statements of employee performance variables. Compilation of measurements of all data obtained using a Likert scale. According to Sugiyono (2014: 168) Likert scale is used to measure the attitudes, opinions, and perceptions of a person or group of people about social phenomena. Likert scale is ordinal data while this research requires interval data levels. Researchers use the Successive Interval Method (MSI) to convert ordinal data into interval data. Secondary data is indirect data obtained from the company. Secondary data is in the form of evidence, notes, or historical reports arranged in published or unpublished archives. Secondary data in this study are employee data of PT Blambangan Foodpackers Indonesia.

The data collection method uses purposive sampling technique. Purposive sampling is one of the non-random sampling techniques, where the researcher determines sampling by determining specific characteristics that are appropriate to the purpose of the study so that it is expected to answer the research problem. The sample criteria in this study were not serving as leaders and permanent employees of PT Blambangan Foodpackers Indonesia.

Reliability and Validity

Validity is a measure that shows the level of validity or validity of an instrument (Arikunto, 2010: 211). Valid means that the instrument can be used to measure what should be measured (Sugiyono, 2014: 203). Testing the validity of the construction is carried out by factor analysis, namely by correlating between scores of instrument items in a factor, and correlating factor scores with total scores (Sugiyono, 2014: 207). The results of the validity test show that the value of r count for all variables is greater than r table or r count $>$ r table with a large r table of 0.230. The results of these calculations can be concluded that all items statement X1, X2, Z and Y are valid.

Table 4.1: Validity Test

Question	Pearson Correlation	r Tabel	Explanation
Transformational Leadership (X1)			
My leader in leading a company can make the company more advanced	0,838	0,230	Valid
The leaders inspired my work motivation in the company	0,867	0,230	Valid

Question	Pearson Correlation	r Tabel	Explanation
The leader made me more creative and innovative in working at the company	0,810	0,230	Valid
My leader paid attention to me by giving constructive advice	0,867	0,230	Valid
Compensation (X2)			
My salary is in accordance with the company's salary date or schedule	0,653	0,230	Valid
The amount of incentives I receive is in accordance with the performance that I do in the company	0,673	0,230	Valid
The allowance provided by the company is in accordance with my circumstances	0,842	0,230	Valid
The facilities provided by the company make me comfortable	0,819	0,230	Valid
Motivation (Z)			
I work to meet family needs	0,680	0,230	Valid
Work insurance makes me passionate about working	0,909	0,230	Valid
The environment and coworkers make me passionate about working	0,656	0,230	Valid
The award given by the company to outstanding employees makes me more enthusiastic about working	0,799	0,230	Valid
I love assignments that challenge abilities and expertise	0,890	0,230	Valid
Performance (Y)			
I was able to complete the work according to the specified quality	0,849	0,230	Valid
I was able to complete the work according to the specified amount	0,849	0,230	Valid
I was able to complete the work according to the specified time	0,857	0,230	Valid
I am always careful in carrying out tasks and work	0,574	0,230	Valid

According to Sugiyono (2014: 203), a reliable instrument is an instrument that if used several times to measure the same object, will produce the same data. Instrument reliability testing can be done externally or internally (Sugiyono, 2014: 209). Reliability test in this study uses Cronbach's alpha at a level ($\alpha = 0.70$). Variables are declared reliable if alpha is > 0.7 . The Reliability Statistics table shows Cronbach's Alpha value of 0.938. These results indicate a value of $0.938 > 0.7$ so that it is concluded that the 17 statement questionnaires are reliable. In the Item-Total Statistics table all the values in Cronbach's Alpha if the Deleted Item is greater than 0.7 then it is concluded that each statement questionnaire item is reliable.

V. Data And Results

Multicollinearity test results from several variables indicate that multicollinearity did not occur in the regression model. The value of tolerance of transformational leadership (X1) is 0.279, Compensation (X2) 0.339, and Motivation (Z) 0.357. The tolerance value is greater than 0.10, so it can be concluded that there is no multicollinearity in the regression model. VIF value for transformational leadership (X1) 3.578, Compensation (X2) 2.948, and Motivation (Z) 2.801 or smaller than 10.00, so it is concluded that there is no multicollinearity in the regression model.

Heteroscedasticity test results using SPSS 20 show the significance value (sig.) On the transformational leadership variable (X1) 0.913, compensation (X2) 0.106, and motivation (Z) 0.307. The significance value (sig.) Of the three variables is greater than 0.05, so it is concluded that there are no symptoms of heteroscedasticity in the regression model.

Path analysis test is carried out using two models. The first model is testing the direct effect of transformational leadership (X1) and Compensation (X2) on Motivation (Z). The second model is to test the direct effect of transformational leadership (X1), compensation (X2), and motivation (Z) on performance (Y). The first model analysis path test results show the value of R Square in the Model Summary table is 0.643 meaning that the contribution or contribution of the influence of transformational leadership (X1) and compensation (X2) to motivation (Z) is 64.3% while the rest or 35.7% is contributions from other variables not included in the study. The value of $e1$ is $\sqrt{(1-0,643)} = 0.598$. In the Coefficients table in SPSS shows the significance value of the two variables transformational leadership (X1) and compensation (X2), namely $X1 = 0,000$ and $X2 = 0,017$ or smaller than 0.05. These results give the conclusion that the variables X1 and X2 significantly influence Z.

The second model test shows the value of R Square in the Model Summary table is 0.955 meaning that the contribution or contribution of the influence of transformational leadership (X1), compensation (X2) and motivation (Z) on performance (Y) is 95.5% while the rest or 4.5 % is a contribution from other variables not

included in the study. The value of $e1$ is $\sqrt{((1-0,955))} = 0,671$. In the Coefficients table it is known that the significance of the three variables are $X1 = 0,000$, $X2 = 0,000$ and $Z = 0,363$. Values $X1$ and $X2$ are smaller than $0,05$, meaning $X1$ and $X2$ have a significant effect on Y , while Z values greater than $0,05$ means Z does not affect Y .

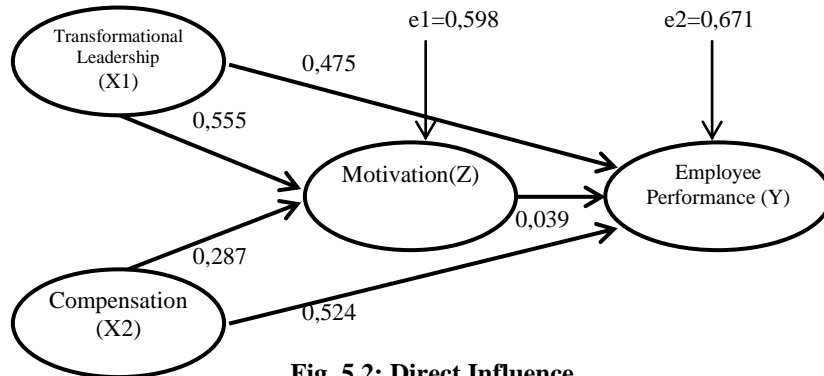


Fig. 5.2: Direct Influence

The value of the direct influence of transformational leadership ($X1$) on Employee Performance (Y) is $0,475$. The value of the direct influence of transformational leadership ($X1$) on motivation (Z) is $0,555$. The value of the direct effect of Compensation ($X2$) on Employee Performance (Y) is $0,524$. The value of the direct effect of Compensation ($X2$) on Motivation (Z) is $0,287$. The value of the direct influence of Motivation (Z) on Employee Performance (Y) is $0,039$.

Analysis of the effect of $X1$ on Z obtained a significance value of $X1$ of $0,000 < 0,05$. So it can be concluded that there is a direct significant effect of $X1$ on Z . Analysis of the effect of $X2$ on Z obtained $X2$ significance value of $0,017 < 0,05$. So it can be concluded that there is a direct significant effect of $X2$ on Z . Analysis of the effect of $X1$ on Y obtained a significance value of $X1$ of $0,000 < 0,05$. So it can be concluded that there is a direct significant effect of $X1$ on Y . Analysis of the influence of $X2$ on Y obtained a significance value of $X2$ of $0,000 < 0,05$. So it can be concluded that there is a direct significant effect of $X2$ on Y . Analysis of the effect of Z on Y obtained a significance value of Z of $0,363 < 0,05$. So it can be concluded that there is no significant direct effect of Z on Y . Analysis of the influence of $X1$ on Y through Z shows the value of the effect of $X1$ on Y is $0,475$. The indirect effect of $X1$ on Y through Z is the multiplication of the beta value $X1$ against Z with the beta value of Z against Y , $0,555 \times 0,039 = 0,022$. It is concluded that the value of direct influence is $0,475$ and $0,022$ indirectly or the value of indirect effect is smaller than the value of direct influence, the results show that indirectly $X1$ through Z does not have a significant effect on Y . Analysis of the effect of $X2$ on Y through Z shows the value of the influence of $X2$ on Y is $0,524$. The indirect effect of $X2$ on Y through Z is the multiplication of the beta value of $X2$ against Z with the beta value of Z on Y , which is $0,287 \times 0,039 = 0,011$. It was concluded that the value of direct influence is $0,524$ and indirect value is $0,011$ or the value of indirect effect is smaller than the value of direct influence, the results show that indirectly $X2$ through Z does not have a significant effect on Y .

VI. Conclusion And Implications

Based on data and research results at PT Blambangan FoodPackers Indonesia, it shows that transformational leadership and compensation have a direct influence on employee performance. These results indicate the performance of leaders at PT Blambangan FoodPackers Indonesia has a significant role in employee performance and company progress. The leadership of PT Blambangan FoodPackers Indonesia has a charismatic-minded transformational leadership style, can provide inspiring motivation, is able to stimulate employee intelligence at work, and can give individual attention. This important role of the leadership needs to be maintained and enhanced to increase the level of the company.

Another variable, namely compensation, also has a direct influence on employee performance. Compensation provided by the company is able to make employees work well. Paying on time, incentives, benefits and facilities make employees satisfied so they can work well. Employee satisfaction with compensation provided indicates that there is an appropriate and appropriate remuneration. Besides having a significant effect on performance, compensation also has a significant effect on motivation. Direct compensation has an influence on employee motivation and performance. Likewise with transformational leadership that has a significant influence on motivation and performance.

Motivation that is influenced by transformational leadership and compensation has no significant effect

on employee performance. This shows that the performance of PT Blambangan FoodPackers Indonesia's employees is influenced by transformational leadership and compensation. The influence of transformational leadership and compensation on motivation has not been able to encourage motivation in improving performance. So it can be concluded that motivation does not play a role as an intervening variable in transformational leadership and compensation that affects the performance of the employees of PT Blambangan FoodPackers Indonesia.

The absence of a motivational role in improving employee performance makes it a separate task for the company. Companies must evaluate the cause of the absence of a motivational role in employee performance. Motivation is an important factor in performance because motivation is the influence of performance that arises from within employees. The results of this study indicate that employee performance is influenced by transformational leadership and compensation. Transformational leadership and compensation are external factors that will be very vulnerable to a decline in performance. When there is a change in leadership attitudes or changes in leadership will make employee performance changes. Leaders are human beings who also have unstable emotional conditions. It would be very bad if the employee's performance increases or not is determined by the emotional level of the leader. Of course this is not wanted by every company. Another external factor in this study is compensation so that if there is a change in compensation policy it will be very vulnerable to changing employee performance. Then it will be very important to also increase motivation. Motivation arising from within the employee will continue to maintain employee performance increases even though the attitude of the leadership and compensation policy changes.

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