

**THE INFLUENCE OF LEADERSHIP STYLES ON EMPLOYEE'S PERFORMANCE  
THROUGH WORK MOTIVATION  
(An Organizational Study at Four Hotels in Malang)**

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**Abstrak**

Penelitian ini bertujuan untuk memahami bagaimana kuat pengaruh gaya kepemimpinan transformasional dan transaksional terhadap motivasi kerja, memahami bagaimana kuat pengaruh gaya kepemimpinan transformasional dan transaksional terhadap kinerja karyawan, memahami bagaimana kuat pengaruh motivasi bekerja pada kinerja karyawan, dan memahami bagaimana kuat pengaruh tidak langsung dari gaya kepemimpinan transformasional pada kinerja karyawan melalui motivasi kerja. Jenis penelitian yang digunakan adalah penelitian penjelasan dengan metode kuantitatif. Hasil penelitian menunjukkan bahwa hubungan antara gaya kepemimpinan transformasional terhadap motivasi kerja tidak signifikan, gaya kepemimpinan transaksional berkorelasi positif terhadap motivasi kerja, pengaruh gaya kepemimpinan transformasional terhadap kinerja karyawan tidak signifikan, pengaruh gaya kepemimpinan transaksional terhadap kinerja karyawan tidak signifikan, hasil dukungan penelitian ini menunjukkan bahwa motivasi kerja berkorelasi positif dengan kinerja karyawan, gaya kepemimpinan transformasional memiliki efek negatif pada kinerja karyawan melalui motivasi kerja, dan gaya kepemimpinan transaksional memiliki dampak positif terhadap kinerja karyawan melalui motivasi kerja.

**Kata kunci: Gaya Kepemimpinan Transformasional, Gaya Kepemimpinan Transaksional, Motivasi Kerja, Kinerja Karyawan**

**Abstract**

This study aims to understand how strong the influence of transformational and transactional leadership style on work motivation, understand how strong the influence of transformational and transactional leadership style on employees' performance, understand how strong the influence of work motivation on employees' performance, and understand how strong the indirect influence of transformational leadership styles on employees' performance through work motivation. The kind of research that used is an explanatory research with quantitative method. The result of the study reveals that the correlation between transformational leadership style on work motivation was insignificant, the results of this study support prior research which suggests that transactional leadership style is positively correlated on work motivation, the influence of transformational leadership style on employee's performance was insignificant, the influence of transactional leadership style on employee's performance was insignificant, the results of this study support prior research which suggests that work motivation is positively correlated with employee's performance, transformational leadership styles had a negative effect on employee's performance through work motivation, and transactional leadership styles had a positive effect on employee's performance through work motivation.

**Keywords: Transformational Leadership Style, Transactional Leadership Style, Work Motivation, Employee's Performance**

## 1. INTRODUCTION

Environment requires a constant change in an organization. To meet these challenges, an organization requires dynamic changes and adaptable. They need to have the right people to meet changing needs. In order to people can perform the task well working in the organization, it needs a leader who can influence and direct all available resources towards the achievement of goals. Hasibuan (2005:169) said that leadership is the driving force of all sources and tools available to an organization. Thus, organizations can compete in the rapidly economic changes, so they need leadership that can raise awareness by encouraging the employee ideals and higher moral values as well as potential development.

One of the leadership style of influencing work motivation and improve employee performance are transformational and transactional leadership style. Both types of leadership styles are considered to stimulate the level of performance of employees in the company. Bass and Avolio *et. al.* (2003:218) in their journal said that transformational leaders expected to enhance the performance capacity of their followers by setting higher expectations and generating a greater willingness to address more difficulties challenge, while transactional leadership should also relate positively to performance in that such leaders clarify expectations and recognize achievements that positively contribute to higher levels of effort and performance.

Nimran (2009:54) defines motivation as a state in which a person's effort and willpower aimed to achieve particular outcomes. However, leaders have to keep trying to understand it. They should have knowledge about motivation as it relates to performance. Performance affected by many factors that have meaning in the delivery of organizational objectives. Enhanced level of performance needed in order to determine effective and efficient output for organizations to perform. Hospitality is the only one among many industries which requires to maximize its performance. Leadership and motivation also play an important role. Bernsen *et. al.* (2009:359) stated in their journal that hotel management is one of the fastest growing sectors in the economy and faces real challenge in matching its skills requirements to the changing labor market.

Based on these reasons, the influence of leadership style and motivation on employee's performance will be explored in this research to acquire knowledge of the extent to which

leadership style and work motivation influences employee's performance within a company. This undergraduate research was conducted at several hotels in Malang which are UB Guest House, Dewarna Sutoyo Hotel, Ubud Hotel & Villa, and Griyadi Montana Hotel. The researcher started this research by studying the employees' perception at the hotel from Malang city in a explanatory study. There were not represent all of the existing hotels on Malang, because only four hotels accepted to respond and 117 employees answered.

## 2. LITERATURE REVIEW

Previous studies that relates the effect of leadership styles and work motivation on employee's performance that researcher had found mostly done in the manufacture or service company like banking sector, unit cooperation, university, and education department (Reza, 2010; Maulizar *et al.*, 2012; Sundi, 2013; Putra *et al.*, 2014). However, studies regarding leadership style in the hotel industry in Malang are limited. Therefore, the present study attempts to explore the correlates of leadership style using employees in Malang's hotel industry as the population. Thus, one of the issues which caused the researcher to try to study all those variables in hospitality sector around the city of Malang.

### Leadership Style

Bernsen *et.al.* (2009) in their journal described the FRLT and identifies three leadership styles:

a. *Transformational Leadership Style.* The supervisor motivates employees to reach higher personal goals with respect to the organization's shared goals.

b. *Transactional Leadership Style.* These manager fulfill their obligations solely by creating good working situations, without paying attention to meeting goals. A transactional leaders works according to the principle for each good performance the employee will receive a sufficient reward. A transactional leader may create a workplace climate with an average level of supervision.

### Work Motivation

Motivation is the way to drive the person into doing something. It can be concluded that the motivation is the idea and initiative to encourage the individual to do something or to perform better jobs. Maslow classifies five levels that absolutely

must be met needs, and the needs of each level is described as follows:

- a. Physiological needs-the need to survive, and including the primary requirement to satisfy the psychological and biological needs.
- b. Safety needs-they are needs for protection against danger, threat, deprivation.
- c. Social needs-this needs become important motivators of behavior for belonging, for association, for acceptance by the fellows, for giving and receiving friendship and love.
- d. Esteem needs-the higher a person's status, the higher the need for recognition, respect, prestige, and others.
- e. Self-actualization needs-these are needs for realizing one's own potentialities, for continued self-development, for being creative in the broadest sense of that term.

### Performance

Bangun (2012:230) performance according to him is the result of the work accomplished person based on the requirements of the job. Mangkunegara (2005:67-68) suggests that the factors that affect the achievement of the performance there are two, namely:

- a. Factors capability (ability)

Psychologically, the ability of employees consists of the potential ability (IQ) and the ability reality (knowledge + skills).

- b. Motivational factors (motivation) Motivation is formed of attitude (attitude) an employee in employment situations. Motivation is a condition to work the self-directed employees to achieve organizational goals (work purposes).

### 3. RESEARCH METHOD

Clarke (2005:23) argued that methods used to reveal the existence of, identify the value, significance, or represent semantic relationship between one or more concepts identified in a model from which statements can be made. Research is an organized and systematic way of finding answer to questions. The kind of research that used is an explanatory research with quantitative methods. This type of research based on Singarimbun and Effendi (1995:5) conducted a study explanation or

explanatory research that explains the causal relationships between variables through hypothesis testing. Explanatory research focus on the relation and through hypothesis testing to know any influence from all variables.

### 4. FINDINGS AND DISCUSSION

#### Findings

**First hypothesis is the influence of transformational leadership style on work motivation.** Based on the statistical test, it can be seen the value of t statistics relationships transformational leadership style on work motivation of 0.449 with probability equal to 0.654. Beta result indicated that the probability > alpha (5%). This means the effect between transformational leadership style to the work motivation was insignificant. This finding indicating that the majority of the leader doesn't working with comprise the respondents mainly belong to the inspirational motivation type as they mostly talk optimistically about the future, talk enthusiastically about what needs to be accomplished, articulate a compelling vision of the future, and expresses confidence that goals will be achieved. Hence the respondents returned low mean scores for leaders with the characteristics as above. **Thus the first hypothesis is not fulfilled.**

**Second hypothesis is the influence of transactional leadership style to work motivation.** In the test results shown in the table above it can be seen that the value of t statistics relationship transactional leadership style on work motivation 4.285 with a probability of 0.000. The test results showed that the probability < alpha (5%). This means that influence between transactional leadership style on work motivation was significant. For instance, in high-risk conditions where safety is of concern, transactional leadership may play a more prominent and effective role than in low-risk and safe conditions. Similarly, this leadership has been discussed as playing a more important role in crisis situations, in that it provides the direct confidence and motivations to employees. Proper ideals do contribute to employees' performance. Therefore the leader could produce greater motivation in their capacity to nurture ideals in their employees. Apparently, the most palpable distinction was the significant effect of transactional leadership style on employees' performance found on these hotels. Aforementioned, transactional leadership style was found to have significant affect on the employees'

performance as a whole. **Thus second hypothesis are fulfilled.**

**Third hypothesis is the effect of transformational leadership style on employee's performance.** In the test results shown in the table above, it can be seen that the value of t statistics transformational leadership style on employee's performance 0.162 with probability equal to 0.871. The test results showed that the probability of  $> \alpha$  (5%). This means the effect between transformational leadership style on employee's performance was insignificant. Another noteworthy finding was that none of the elements in transformational leadership was found to significantly influence employee performance are concerned. Therefore, the researcher concluded that leader with transformational leadership quality alone were not able to adequately ensure employee performance. Overall, the leader who were actively involved in taking action, solving problems or dealing with issues arising will produce lower employee performance. **Thus the third hypothesis is not fulfilled.**

**Fourth hypothesis is the influence of transactional leadership style on employee's performance.** In the test results shown in the table above it can be seen that the value of t statistics transactional leadership style relation to the employee's performance 0.796 with probability equal to 0.428. The test results showed that the probability of  $> \alpha$  (5%). This means the effect between transactional leadership style on employee's performance was insignificant. On the contrary leader did not excel in expressing their thinking on employee's performance as well compared to work motivation, especially in expressing their values, and beliefs, as well as when emphasizing and specifying some issues, resulting in some misunderstanding to their employees. Such a situation most likely explains why leader with transactional style scores failed to return a correspondingly high employee performance score. The leader did not effectively convey their mission and vision to the employees performance and therefore could not adequately convert the employees' performance to the cause as well as the work motivation could do. **Thus the fourth hypothesis is not fulfilled.**

**Fifth hypothesis is the influence of work motivation on employee's performance.** In the test results shown in the table above, it can be seen that the value of t statistics of work motivation on performance 6.470 with a probability of 0.000. The

test results showed that the probability of  $< \alpha$  (5%). This means there is significant effect between work motivation on employee's performance. The researcher found that the one reason for this was because the leader frequently and lucidly expressed their most important values and beliefs and specified the importance of having a strong sense of purpose. The leader can clearly and eloquently express the moral and ethical consequences of various decisions and they can emphasize the importance of a collective sense of mission and thereby employees are more likely to exhibit higher performance. **Thus the fifth hypothesis is fulfilled.**

**Sixth hypothesis** stated the influence of transformational leadership style on employee's performance through work motivation. Conversion path diagram in the measurement model is intended to determine the strength of influence between the constructs described the effects in the model, namely the direct and indirect influence. Coefficient indirect effect transformational leadership style on employee's performance through work motivation at 0.021. This suggests that the transformational leadership style has negative effect on the employee's performance through work motivation. Thus however the influence exerted by work motivation as mediation variables will not affect the transformational leadership style on employee's performance. **The sixth hypothesis was not fulfilled.**

**Seventh hypothesis** stated the influence of transactional leadership style on employee's performance through work motivation. Coefficient indirect effect on this hypothesis is 0,201. This suggests that the transactional leadership style has positive effect on the employee's performance through work motivation. The stronger transactional leadership style then tend to improve work motivation, which leads to increased employee performance. Thus, the influence exerted by work motivation as mediation variables will affect the transactional leadership style on employee's performance. **The seventh hypothesis is fulfilled**

## Discussion

### 1. The Influence of Transformational and Transactional Leadership Styles on Work Motivation

This study showed that the influence of transformational leadership style on work motivation have insignificant effect. It explained

that what the leader do will not directly influence employee's work motivation. The results of this research make contrary statement with the previous study, where Bernsen *et.al.* (2009) mentioned that this kind of leadership style can motivates employees to reach higher personal goals. Employees of hospitality sector have a different perception about the way of the leader lead. When the leader inspire and provide them by clearly articulating a promising and compelling vision for the future, based on Bass and Avolio's theory (2010), it will not working on their work motivation effectively.

According to this finding found the influence of transactional leadership style on work motivation have significant effect. It explained that what the leader do will directly influence employee's work motivation. The results of this research accordance with the previous study, where Riva'i (2009) mentioned the kind of leadership style motivate employees in the direction of established goals by clarifying role and task demands. Based on Bernsen *et.al.* (2009) the result of this study proved that employees of hospitality sector more suitable with type of leader who can create good working conditions without paying attention to meeting goals, so that transactional leadership style working on their work motivation effectively. Results revealed that contingent reward and management by exception were significant predictors for work motivation. Both of them however have different direction of implication on work motivation. The researcher concluded that contingent reward leadership was important in promising good work motivation, and management by exception should be avoided as it is detrimental for better performance.

## **2. The Influence of Transformational and Transactional Leadership Styles on Employee's Performance**

This finding found that the influence of transformational leadership style on employee's performance have insignificant effect. It explained that what the leader do will directly give no influence on employee's performance. The results of this research make a contrary with the previous study, where Maulizar *et.al.* (2012) mentioned that transformational leadership style significantly influence the performance of employees. Based on this study, the kind of transformational leadership style was not be able enough to treat employee's hospitality sector to achieve optimal performance. All these definitions appear to agree that leadership style is crucial in enhancing employee

performance. Intellectual stimulation, inspirational motivation, idealized influence were the insignificant predictors for employee's performance where leader were concerned. Intellectual stimulation, inspirational motivation and idealized influence leadership styles have no influence on employees' performance, which mean the higher the application of these leadership styles would produce a lower employees' performance score.

This study showed that the influence of transactional leadership style on employee's performance have insignificant effect. It explained that what the leader do will directly give no influence on employee's performance. The results of this research make a contrary with the previous study, where Putra *et.al.* (2014) mentioned that transactional leadership style significantly influence the performance of employees. Based on this study, depending on how the leader is doing leadership activities in it, he will not able to affect the employee's performance in order to make any improvements in operating effectiveness. The findings also indicated that a higher degree of leading style did not result in higher employee performance, and this was true for both the transformational and transactional leadership style.

## **3. The Indirect Influence of Transformational and Transactional Leadership Style on Employee's Performance through Work Motivation**

This study showed that the influence of work motivation on employee's performance have significant effect. The results of this research accordance with the previous study, where Reza (2010) mentioned that transformational leadership style significantly influence the performance of employees. Based on this study, that motivation is the set of values that can drives employees to achieve organization's goals.

This study found that the effect between transformational leadership style on employee's performance via work motivation was in contrast to a previous study (Maulizar *et.al.*, 2012), where transformational leadership style positively influence the performance of employees. This finding indicates negative effect that what the leader do will directly give no influence on employee's performance, even through work motivation. Based on this study, the kind of transformational leadership style was not be able enough to treat employee's hospitality sector to achieve optimal performance through work motivation.

The finding shows the influence of transactional leadership style on employee's performance through work motivation have positive effect. It explained that what the leader do will directly give influence on employee's performance, even through work motivation. Thus, the stronger transactional leadership style tends to improve work motivation, which leads to increased employee performance. The main reason being, the transactional leaders were better in communicating with employees and converting them to the cause by giving them a clear idea of why they should be doing what the company expects them to do. They do manage to convince employees effectively that it is in the interest of the employees to follow the stipulations as laid down by the organization.

Workers feel that they only need to work and get paid. The focus is really on the transactional between the organizations with individuals to accomplish output. The employee gets lack of consciousness of why organization needs to be developed and changed. Although the explanation seemed viable to explain further, it was lack of statistical significance. Hence, the relationship between transactional leadership style and employee's performance via work motivation was not statistically significant.

## 5. CONCLUSIONS AND SUGESSTIONS

### Conclusions

Based on the result of this research, it can conclude that:

1. Contrary to previous research, this study argued that the correlation between transformational leadership style on work motivation was insignificant. This study pointed out that style of the leader had a slightly positive correlation on work motivation, but this correlation was not statistically significant.
2. The results of this study support prior research which suggests that transactional leadership style is positively correlated on work motivation. The higher the degree of transactional leadership style will influence the employee's work motivation. One explanation for this finding could be that leadership style clearly directs subordinates what they are supposed to do and how their work is to be done.
3. The influence of transformational leadership style on employee's performance was insignificant. Depend on this study, it can be stated the kind of leadership style was not working effectively on employee of hospitality sector.

4. The influence of transactional leadership style on employee's performance was insignificant. Based on this research, the organization requires kind of leader to use their authority to change the employee's performance to work harder in order to achieve maximum results.

5. The results of this study support prior research which suggests that work motivation is positively correlated with employee's performance. This, in turn, could enhance employees' work efficiency in ways that make they feel that their contributions are of value to the organization. As a result, employees are likely to exhibit a high level of performance to their organization.

6. Transformational leadership styles had a negative effect on employee's performance through work motivation. That is, increase in the work motivation was not associated degree of leadership styles with on the employee's performance. It showed that work motivation as mediators variable have no effect on leadership activity that can influence employee's performance.

7. As expected, transactional leadership styles had a positive effect on employee's performance through work motivation. That is, increase work motivation was associated in degree of leadership styles on increase in the performance. A possible reason for this finding could be that employees have psychological satisfaction with work motivation, such as supportiveness, recognition, and representation. Due to the psychological satisfaction, employees are willing to put in a great deal of effort beyond that normally expected to reach their organizational goal. Another reason could be that employees may feel comfortable when experiencing behaviors reflective of leadership, such as flexibility in decision making. Such feelings could lead employees to exhibit positive emotional responses to their leader, thus increasing performance to their organization.

### Suggestions

This study suggests several avenues for future research. First, leadership style could lead to other important outcomes such as role ambiguity, role conflict, job satisfaction, and reduction of work alienation. Hence, additional research in investigating other important outcome variables is recommended. Second, further research is suggested to conduct similar studies surveying employees not only across different industries, such as banking, travel, and retailing services, but also more research in hospitality industries. Third,

a qualitative method can be used to collect descriptive information by asking respondents open-ended questions. The information gathered is totally different from the data collected by closed-ended questions such as those used in this study. Future research should conduct similar studies using a qualitative method. Last, only four hotels accepted the invitation to actually participated in the study. Hopefully for the next research could conduct in more hotels.

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