
THE INFLUENCE OF TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP STYLE ON EMPLOYEE PERFORMANCE (CASE STUDY: DINAS KESEHATAN MANADO)

PENGARUH GAYA KEPEMIMPINAN TRANSFORMASIONAL DAN TRANSAKSIONAL TERHADAP KINERJA KARYAWAN (STUDI KASUS: DINAS KESEHATAN MANADO)

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ABSTRACT

Employee performance is an important thing in a company or organization. It plays a vital role because performance of the company or organization depends on their employee performance. There are many factors that influence the performance such as leadership style. The objective of this research is to know the influence of transformational and transactional leadership style on employee performance. This research use casual type of research where it will investigate the influence of transformational leadership and transactional leadership style on employee performance. 30 employees of Dinas Kesehatan Manado (DINKES) were surveyed as respondents. This study reveals that Transactional leadership style has not significant effect partially on employee performance and Transformational leadership style has significant effect partially on employee performance in DINKES Manado. Therefore, to increase employee performance in DINKES Manado these two factors should be considered intensively.

Keywords : Employee Performance, Transformational leadership, Transactional leadership

ABSTRAK

Kinerja karyawan merupakan hal penting dalam sebuah perusahaan atau organisasi. Hal ini memainkan peran penting karena kinerja perusahaan atau organisasi tergantung pada kinerja karyawan mereka. Ada banyak faktor yang mempengaruhi kinerja mereka seperti gaya kepemimpinan. Tujuan dari penelitian ini adalah untuk mengetahui pengaruh gaya kepemimpinan transformasional dan transaksional terhadap kinerja karyawan. Penelitian ini menggunakan jenis kasual penelitian di mana ia akan menyelidiki pengaruh kepemimpinan transformasional dan gaya kepemimpinan transaksional terhadap kinerja karyawan. The obseverd populasi adalah karyawan di DINKES Manado dengan ukuran sampel sebanyak 30 responden. Penelitian ini mengungkapkan bahwa gaya kepemimpinan transaksional berpengaruh tidak signifikan secara parsial terhadap kinerja karyawan dan gaya kepemimpinan transformasional berpengaruh signifikan secara parsial terhadap kinerja karyawan di DINKES Manado. Oleh karena itu, untuk meningkatkan kinerja karyawan di DINKES Manado dua faktor ini harus dipertimbangkan secara intensif.

Kata kunci : Kinerja Karyawan, Kepemimpinan Transformational, Kepemimpinan Transactional

1. INTRODUCTION

Research Background

Nowadays, more companies are recognizing the importance of managing their human resources effectively. A global environment allows managing people becomes more challenging, unpredictable, uncertain and more subject to rapid change. It devoted more great deal for company to put more attention, skill, and effort into doing it well. As human resources management is considered as the most important asset of an organization in the company, but very few organization are able to fully handle the potential. Since it is considered as the backbone of any organization to achieve the objectives, which require careful planning of resources in their employee.

Human resource management also as a function within the organization that are very important, namely with regard to staff recruitment, performance management, organizational development. Then the company must be clever in choosing the candidate which most qualified and talented, and is also responsible for how to treat people in the organization, helping their work, compensated for their work, and solve problems that arise. and every organization should take care of employee performance ada. Because employee performance is an important part of the organization. Performance becomes measurements for each organization. If performance increases, it means the organization is growing. To get the maximum performance, employees need to improve their performance

One of important factors in employee work performance is influenced by the characteristics of leadership style. Mainly, the terms of leadership concept at this time is categorized into transactional and transformational leadership which popularized by Bass in 1985 (Locander 2002). Both concepts of leadership is outlined based on the style, behavior and situations that should be consider leader (Locander 2002). Transactional leadership is based on the principle of exchange of rewards between leaders and subordinates where leader expects subordinates rewards high performance while subordinates expect rewards and awards economically from the leader. While transformational leadership basing itself on the principle of developing subordinates (followers development). Leaders develop and direct the potential and the ability of subordinates to achieve even surpass the goals of an organization (Dvir et al 2002).

Meanwhile, as an element of the government organization, the leaders and employees have a very important role in carrying outs its function in order to progress the organization. Manado city government has so many programs and one of them is the Universal Health Coverage, services for people who need free health care at health facilities in collaboration with the Government of Manado simply by showing the form of ID card or identity card for the family who do not have ID cards. This service is one of breakthrough by Manado city government, because given the conditions and the weather now, many people have vulnerable suffered with various health problems. The program is assigned to run by DINKES Manado.

Recently, human resource management in the DINKES Manado has so far going well which supported by adequate the facility and employee development program, since this is a government institution which partly have subsidized by government budget plan. Even though, to operate this program facing huge challenges in terms of the amount of people or customers that they serve. Yet, to keep smooth running and success of this program, the performance of employees and the style of leader are needed to be realized to collaborate appropriately.

Based on what has been described, that the results presented from some of the empirical studies show different results depending on the relationship of the variables studied. Therefore it is

necessary to study more about leadership, especially about things that are very influential in the performance of employees. And that's what the main reason for researchers to examine more deeply about Transformational Leadership Style, Transactional leadership style, and Employee Performance.

Research Objective

This research used to analyze the significant role of :

- 1 To know the influence of transformational leadership style and transactional leadership style in DINKES Manado simultaneously.
- 2 To know the influence of transformational leadership style on employee performance in DINKES Manado partially
- 3 To know the influence of transactional leadership style on employee performance in DINKES Manado partially

Theoretical Framework

Employee Performance

Hughes(2006:244) Performance is concerns those behaviors directed toward the organizations missions or goals, or the product or services resulting from those behaviors. Employee performance influence the organization goals, when they running their job with high and professional performance, it's can help the organization to increase the level of success, and automatically have a positive effect for the organization to achieve their goals.

Leadership

McGregor (1976) suggested that leadership is not an individual's personality trait rather, it is interaction of leadership's traits with the needs, attitudes and behaviors of followers. More specifically, it's the process of influencing the employee in their performance, if the leaders give positive effect for the employee, automatically employees will show their good performance and professionalism when running their job.

Transformational Leadership

Yammarino and Bass (1990), transformational leaders must be able to persuade his followers to perform their tasks better than their own interests for the organization. Bass and avolio (1994) suggested that transformational leadership has four dimensions called "the Four I's". The first dimension is idealized influence described a behavior leaders make followers admire, respect and believe it as well. The second dimension is referred to as inspirational motivation, in this dimension, transformational leaders described as a leader who is able to articulate clear expectations of achievement followers, showing the commitment to the whole purpose of the organization, and is able to inspire team spirit within the organization through optimism. The third dimension is referred to as intellectual stimulation. Transformational leader must be able to foster new ideas, provide creative solutions to problems faced by the followers, and provide motivate to followers for seek approaches new in performing organizational tasks. The last dimensions is referred to as individualized consideration. In this dimension, leader described as a transformational leader who wants to listening attentively opinion followers and specifically paying attention to the followers needs to career development Although research on this transformational new relatively models, the result of some research support The fourth dimension is presented by Bass and Avilio above. The concept of transformational leadership is integrating ideas developed in approaches character (trait), style and contingency, and also the

concept of transformational leadership combine and refine the concepts prior developed by sociologists and political scientists.

Transactional Leadership

Burns (1978), Transactional Leadership Style: Behaviors of transactional leader comprise an exchange between the follower and leader, in a way that rewards are provided for the effort of subordinate in return. Based on opinion can be concluded that Transactional leadership is leadership that involves or emphasis on rewards to motivate followers, its means the style of transactional leadership have behavioral characteristics motivate followers by giving appropriate rewards (contingen reward) and the necessary management (management by exception).

Previous Research

Abasilim (2009) with the article entitled “impact of transactional and transformational leadership style on organizational performance: empirical evidence form Nigeria”. The study further demonstrated that both transformational and transactional leadership styles had a significant positive relationship with organizational performance but that transformational leadership style had a strong positive relationship with organizational performance while there was a weak positive relationship between transactional leadership style and organizational performance.

Awamleh, Evans, Mahate (2005) with the article entitled “A test of Transformational and Transactional Leadership style on Employee Satisfaction and Performance in the UAE Banking Sector” conducted in design this study , the initial position was that both leadership style necessary for leadership to be operationalized. Both act as components of the same construct, and are neither exchange able nor competing. It would be reasonable to expect that for banks in the UAE there exists substitutes for the quality of transactional leadership . theres seems to be no substitute provide for transformational qualities.

Alabduljader (2012) this article entitled “The Transactional and Transformational leadership in the Kuwaiti Commercial Banks Sector: Wich one is more applied?” conducted There is no differences with a statistical significance at 0.05 level between the level of implementing the transformational leadership and the transactional leadership in the Kuwaiti commercial banks, which indicates that the Kuwaiti commercial banks are interested of using the both mentioned leadership styles in they study, which confirms the existed relationship between them.

Hypothesis Research

The relationship between each independent variable and dependent variable, then the author will define and test the following hypothesis :

- H₀ : There is no significant influence of Transformational Leadership Style and Transactional Leadership Style on Employee Performance in DINKES Manado.
- H₁ : There is significant influence of Transformational Leadership Style and Transactional Leadership Style on Employee Performance in DINKES Manado simultaneously.
- H₂ : There is significant influence of Transformational Leadership Style on Employee Performance in DINKES Manado partially.
- H₃ : There is significant influence of Transactional Leadership Style on Employee Performance in DINKES Manado partially.

Conceptual Framework

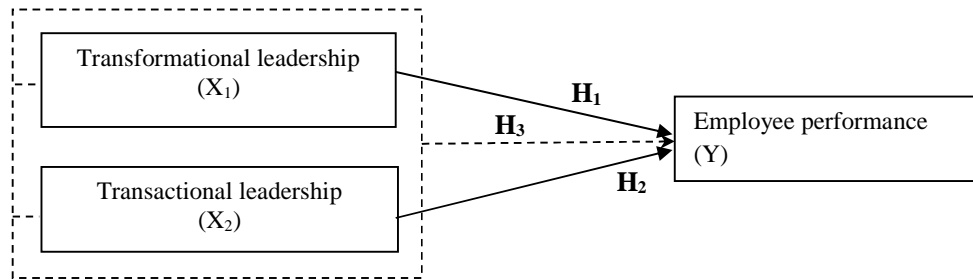


Figure 1. Conceptual Framework

Source : Data Processed, 2015

2. RESEARCH METHOD

Type of Research

This research is a Causal type of Research. Causal research is used to establish cause and effect relationships between variables. This research focusing on investigation of the influence of Transformational and Transactional leadership styles to employee's performance at DINKES Manado (Dinas Kesehatan kota Manado).

Place and Time of Research

This research conducted in DINKES Office, Manado 95117, Jalan. 17 Agustus Manado, North Sulawesi, Indonesia.

Population and Sample

Population in this research is the employees of DINKES Office, Manado. Simple random sampling is a probability sampling design in which every single element in the population has a know an equal chance of being selected as a subject (Sekaran and Bougie, 2009). Roscoe (1975) propose that sample sizes larger than 30 and less than 500 are appropriate for most research (Sekaran and Bougie, 2009:296). So, simple sizes in this research were 30 respondents to represent the whole population.

Data Collection Method

Primary data is originated by the researcher specifically to address the resedarch problem. This primary data generated by distributing the questionnaire with the relevant person in charge that become the point of interest for the research. In order to generate more accurate data. In this research the questionnaire distributed to employee of DINKES Manado.

Data Analysis Method

Validity and Reliability Test

To analyze the validity of questionnaire, an instrument measure is valid if the instrument measure what ought to be measured. In this research, the validity coefficient for each variable is

good, where the values are above minimum level of 0.30. Reliability test is established by testing for both consistency and stability of the answer of questions.

Multiple Regression Analysis Method

Multiple regression is a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and an interval-scaled dependent variable, or in other explanation multiple regression used in a situation where two or more independent variables is hypothesized to affect one dependent variable. The formula of multiple regression model in this research is shown as:

$$Y = B_0 + b_1X_1 + b_2X_2$$

Where :

- Y : Employee’s Performance
- a : The Constant, when all the independent variable equal to 0
- b1,b2, : The regression coefficient of each variable
- X₁ : transformational leadership
- X₂ : transactional leadership
- e : errors

3. RESULTS AND DISCUSSION

The correlation between X₁ (Transformational leadership style) and Y (Employee Performance) is a substantial correlation. It shows the correlation value as much as 0.832, which means that the relationship between X₁ to Y has a very strong positive association. And the correlation between X₂ (Transactional Leadership style) and Y (Employee Performance) is a positive correlation value which is as much as 0.729, which means that the relationship between variable X₂ to Y has a substantial positive association. The validity coefficient for each variable is good, where the values are above minimum level of 0.30. it means that all variables in this research valid. The minimum value of Cronbach Alpha must be 0.6 or is better if the value is above 0.6. The validity test result showed the value of Cronbach Alpha is above the acceptable limit which 0.819. It means instruments used in this research are acceptable .

Table 1. Multiple Linear Regression

Model	Unstandardized Coefficients		Standardized coefficients Beta	T	Sig.
	B	Std. Error			
(constant)	1.816	1.024		1.774	.087
Transformational	.714	.198	.697	3.608	.001
Transactional	.072	.208	.067	.348	.730

a. Dependent Variable: Employee Performance

Source : Data Processed, 2015

The computerized calculation ensures the accuracy of the analysis. From the result in the Table 4.5, the model defines as:

$$Y = 1.816 + 0.714 X_1 + 0.072 X_2$$

Where :

- Y = Employee Performance
- X₁ = Transformational leadership
- X₂ = Transactional leadership

Interpretation:

1. Based on the Table result Constant (b0) = 1.816 explained that if the independent variables ignored then the Organizational Performance has value of 1.816.
2. Transformational leadership
other variables are constant or equal to zero, if there is one unit increasing in X1 (Transformational leadership) then the Employee Performance (Y) will increase 0.714.
3. Transactional leadership
Consider other variables are constant or equal to zero, if there is one unit increasing in X2 (Transactional leadership) then the Employee Performance (Y) will increase 0.072.

Testing the Goodness Fit: Coefficient of Multiple Regression (R) and Coefficient Determination (R²)

Table 2. R and R Square

Model	R	Rsquare	Adjusted R	Std.Error of the Estimate
1	.749	.561	.528	.620

a. Predictors : (constant), Transactional, Transformational
Dependent Variable : Employee Performance

Source : Data Processed , 2015

Table 3. Multicollinearty

Model	collinearity Statistic	Tolerance	VIF
(constant)			
1	Transformational	.436	2.296
	Transactional	.436	2.296

a. Dependent variable : Employee Performance

Source : Data Processed , 2015

The coefficient of correlation (R) is 0.749 meaning the level of relationship between independent and dependent variable is considered as a substantial positive relationship, in the order words, Transformational leadership, Transactional leadership, and Employee Performance as dependent variables have a substantial positive relationship. The coefficient of determination is identified by $R^2 = 0.561$ which is the correlation coefficient quadrate ($0.749)^2 = 0.561$. R Square is usually called the coefficient of determination which is 0.561 or 56,1 % that means Employee Performance is able to be explained by Transformational leadership and Transactional leadership . And the rest 43,9 % are caused by the other factors.

Test of Classical Assumption

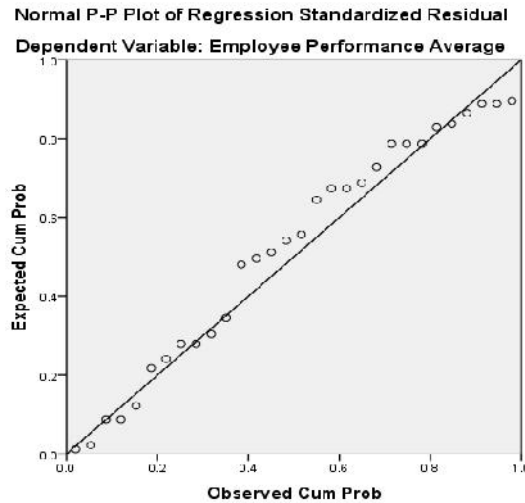
Multicollinearity

The Tolerance of Transformational and Transactional leadership has a same value which is 0.436. This means that the tolerance of those two variables are more than 0.2. While the VIF value of Transformational and Transactional leadership also same which is 2.296, it means VIF value of those two variables are less than 10. Since all the tolerance value is more than

0.2 and the VIF is less than 10, the model concluded to be free from multicollinearity.

Normality

Normality test can be identifying by using graph of P-Plot. The data will distribute normally if the value of PPlot is near diagonal line of the graph.

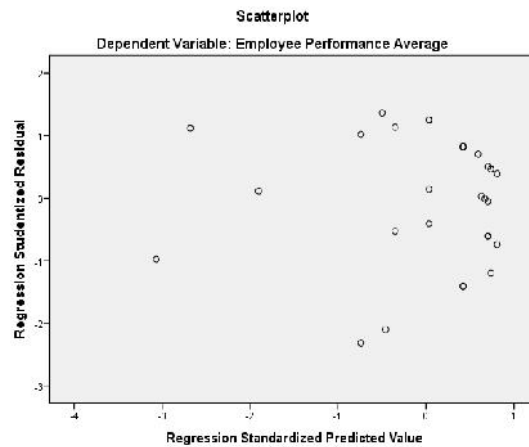


Graph 2. Normality test
 Source : Data Processed , 2015

Graph 2. shows that the data that is represented by dots are spreading near the diagonal line and spreading follows the direction of the diagonal line. This proves that the model has passed the normality test.

Heteroscedasticity

One assumption of regression model is Heteroscedasticity where midels in which the error terms do not all have the same variance.



Graph 3. Heteroscedasticity
 Source : Data Processed , 2015

Graph 3. shows that the pattern of the dots is spreading and does not create a clear pattern, and the dots are spreading above and below 0 (zero) in the Y axis, thus this proves that the model is free from heteroscedasticity.

Hypothesis Testing

Table 5. F-Test

Model	Sum of Squares	DF	Mean Square	F	Sig.
Regression	13.225	2	6.628	17.249	.000
1 Residual	10.374	27	.384		
Total	23.630	29			

a. Dependent variable : Employee Performance

Source : Data Processed, 2015

In Table 5. the F value is 17.249, the degree of freedom 1 (numerator) is 2 and degree of freedom 2 (denominator) is 27 with level of significance is 0,05 (=0.05) and the level of confidence is 95% then FTable is 3.35. the result is : Fcount (17.249) > FTable (3.35). Since Fcount is greater than FTable, H0 is rejected and H1 is accepted means the independent variables simultaneously influence the dependent variable. Therefore, Hypothesis 1 is accepted.

Table 6. T-Test

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error			
(constant)	1.816	1.024		1.774	.087
1 Transformational	.714	.198	.697	3.608	.001
Transactional	.072	.208	.067	.348	.730

a. Dependent Variable : Employee Performance

Sources : Data Processed, 2015

The partial influence for each independent variable will be explained as follows.

1. The t_{value} of Transformational (X_1) = 3.608 and $t_{table} = 1.703$ (with $\alpha = 0.05$) or $t_{value} > t_{table} = 3.608 > 1.703$. Therefore, H_0 is rejected and H_a is accepted. It means that the variable Transformational does partially influence employee performance significantly. And for H_1 in this section be accepted : there is significant influence of Transformational leadership style on employee performance in DINKES Manado
2. The t_{value} of Transactional (X_2) = .348 and $t_{table} = 1.703$ (with $\alpha = 0.05$) or $t_{value} < t_{table} = .348 < 1.703$. Therefore, H_0 accepted is and H_a is rejected. It means that the variable Transactional doesn't significant partially influence employee performance. H_2 is rejected because there is no significant influence of Transformational leadership style on employee performance in DINKES Manado.

Discussion

Employee is a valuable assets for company or organization. The performance any company or organization is depends on the performance of their employees. This research discovers that there are few factors that influence employee performance. The result of t_{test} shows that the independent variable such as transformational leadership partially has significant

influence on employee performance, and the other variable such as transactional leadership has not significant influence on employee performance . The employees believed that the transformational leadership is a leader will not to take any advantages of employees, rather it helps develop the capabilities of the employees to be used in the long term.

This research shows that the respondents or employees in DINKES Manado are influenced by Transformational leadership style on their performance than Transactional leadership style, based on this research, the kind of Transformational leadership influence their performance are job promotion, compensation that given in certain time, and special attention that given by the leader because of the employee's loyalty.

4. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The conclusion of this research concluded as follows:

1. The employees of DINKES Manado agree that their performance influence by Transformational leadership such as idealized influence, inspirational motivation, intellectual simulation, individual consideration.
2. The employees of DINKES Manado not agree that their performance influence by Transactional leadership such as the conditional reward and the management by exception .
3. Transformational and Transactional leadership simultaneously and significantly influence on employee performance of DINKES Manado.

Recommendation

There are two practical recommendation that can be concluded form the overall result in this research, which are listed as follow :

1. To leader of DINKES Manado need to increase about the Transformational leadership because based on the result of this study transformational factor have significant influence on employee performance. And the leader should try using Transactional Leadership Style to influence employe performance.
2. For the next researcher may need to add another variable or add intervening variables to make this study to be more accurate with the level of different approaches so that it can assist in the process of further research .

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