

The Effect Of Transformational And Transactional Leadership Style On Performance Through The Commitment Of Employees Of Department Human Settlements In Malang Regency

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Abstract : Leadership quality of the Department of Human Settlements in Malang regency in particulars is deemed a crucial factor responsible for the success or failure of the very department. The success or failure of the department is associated with the quality of the leadership, so to speak. The issues concerning the importance of leadership of the head of the department of Human Settlements in Malang regency have brought to the attention of the researcher. This research is aimed to find out and analyze the effect of the transformational and transactional leadership on the work through the commitment of the employees of the Department of Human Settlements in Malang regency. The sample is 100 people. The results of the analysis and hypothesis testing proved that the effect of the transformational and transactional leadership (X_1) on the commitment (Z) is 0.667 or 66.7%. The effect of transactional leadership (X_2) on the commitment (Z) is 0.602 or 60.2%. The effect of transformational leadership (X_1) on the performance (Y) is 0.634 or 63.4%. The effect of transactional leadership (X_2) on the performance (Y) is 0.596 or 59.6%. The effect of transformational (X_1) and transactional leadership (X_2) on the commitment (Z) is 0.896 or 89.6%. The effect of Transformational (X_1) and transactional Leadership (X_2) on the performance (Y) is 0.783 or 78.3% and the effect of the transformational (X_1) and transactional leadership (X_2) on the performance (Z) through the commitment (Z) is 0.564 or 56.4%.

Keywords: transformational, transactional leadership style, performance, commitment of employees

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I. Introduction

That a leadership plays a strategic and important part in the attainment of missions, visions of an organization constitutes one of reasons that motivate humans to delve into the ins and outs of leadership. Siagian (2012:51) defined leadership as an endeavor to effect people to take actions toward achieving a common goal. In other words, leadership is an ability to affect a group of people to accomplish the goal of the group.

The quality of leadership of the Department of Human Settlements in Malang regency particularly is considered the most important factor in the success or failure of the department. The performance of leadership determines the success or failure of an organization. The issues surrounding the importance of leadership that the head of the department of Human settlements in Malang regency has have brought to the attention of the researcher.

The head of the department serving as the leader plays a key role to formulating and implementing the organizational strategy. This brings about a consequence that it is of necessity for every leader to pay a close attention to nurturing, mobilizing and directing all the potentials of employees in the environment to accomplish the goal-based volume and workload. Leaders need to make earnest efforts to coach employees that they voluntarily develop commitment to the organization that leads to ultimately enhanced performance.

Leadership style is a behavioral norm to which one resorts when he is trying to affect others' behavior. Thoha (2011:46) mentions the leadership style counts when the aim of the organization has been communicated to and accepted by the subordinates. A leader should seek to practice the leadership style in exercising a good management over the subordinates because his leadership is a great effect on the success of the organization goal achievement.

It is a frequent occurrence that leaders attempted to ensure the operation of a business by applying various styles of leadership, but it went bust. This can be caused by the relationship between the leadership with subordinates which is yet to be worked on. Policy and authority are centered exclusively on the leadership once in a while that subordinates just do what they are told to. This creates an unhealthy gap between the leader and subordinate. Leadership is seemingly all that matters while the subordinates serve to "labor". Yet, organizational goals can barely be achieved if it is not through the help of subordinates. The Head of department

serving as a leader plays a crucial role because he owns a driving force and the ability to affect others to accomplish the prescribed goals.

Based on the explanation above, it is of paramount importance to know if the transformational and transactional leadership style may have a positive impact on employee commitment that leads ultimately to greatly enhanced performance of the employees of the department of Human Settlements in Malang regency

II. Literature Review

Leadership according to Burns cited in Tjahjadi, (2010:19) is a well-sought after topic yet a bit understood phenomena." It is made evident by the numerous definitions proposed in an attempt to formulate the concept of leadership. Yukl, cited in Tjahjadi, (2010:22) argues that definitions concerning leadership are as many as the people who attempt to define it. It's an age old question; are leaders born or made? And if they're made, can we return them under warranty?

Kartono (2004:68) defines leadership as an effect process which exerts an effect on the interpretation of events for the followers, target options for the groups or organizations, the organized activities towards the accomplishment of the targets, motivating the followers to attain the targets, maintaining the partnership and cooperation among groups, and garnering the supports and cooperation from the parties outside the group or organization."

The success and failure of a leader in an organization hinges on the pertinent attitude and behavior of the person per se. According to Siagian (2001:30) "a style is a modality in the leadership which signifies capitalizing on the preferable ways which one uses as a means of performing his leadership." According to Ni Putu Ester Suniastuti dan I wayan Suana (2008:6) in their journal entitled "The Effect of Leadership Style, Organizational Culture and Communication on the Employees' Discipline" which is a study conducted on Local Parking Corporation in Denpasar argue that leadership style is necessary as it is instrumental in enabling leaders to carry out innovative measures and consolidate the various functionalities in the corporation properly and well, even more importantly, for employees who are interested in discovering how they can contribute to the accomplishment of the organizational goal. Therefore, leadership style of a manager should lead to the creation of high integration and uplift the spirits of the employees at work.

Research conducted by Suranto (2014), focuses on the transformational leadership as the variable investigated which serves to elevate the problem awareness of the followers by helping them take a different and fresh perspective of the past problems and encouraging, provoking, and inspiring them to make extra efforts to reach out and achieve the group target and motivate the organizational life. It is of significance to providing an encouragement to motivate subordinates to push their performance on forward.

Wahjosumidjo (2001:74), defines transformational leadership as a potential ability to effect subordinates in certain ways. With the application of transformational leadership subordinates consequently feel trusted, respected, loyal, and responsive to the leaders.

Transformational leadership is a leadership style to inspire the followers to set aside their personal interest and characterized by the ability to effect. According to Mulyadi (2003:10), transactional leadership provides guidance or motivates their followers to keep moving forward in a clearly defined direction by clarifying the roles and the demands of the job. Bass in Yukl cited in Wahjosumidjo (2001:103) maintained that transactional leadership constitutes a reward reserved in return for a completed job. Bass defines transactional leadership in a broader sense than definition supplied by Burn. Bass found that the employment of incentives and contingent rewards does not only lead to enhanced performance but also clearly defined job to accomplish.

According to Murtiningsih (2015) the transformational leadership style has a significant and positive effect on employee performance since it pumps up the spirit and motivates them to constantly grow and keep improving their performance to the best of their ability

Kuntjoro (2012:49) maintained that employee's commitment to the organization is a relationship between the employee as an individual and the work organization where they nurse confidence in the values and goals of the organization they work for and show willingness to go about his business to the best interests of their organization. Additionally, they strongly desire to continue their membership in the organization. In this respect the individual leans toward identification with a certain organization he works for and of which he wishes to become a member in order to join in collective efforts to realize the goals of the work organization.

According to Porter & Mowday (cited in Miner, 1992) which was translated by Kuntjoro, Zainuddin (2012:53) an organizational commitment is the strength of feeling within an individual to identify with an organization through involvement. Organizational commitment has three characteristics namely, acceptance of organizational values and goals, availability and willingness to make best efforts for interest of the organization and the desire to continue membership in the organization. Without having a strong organizational commitment, it will be impossible for an organization to fare optimally.

Based on definition above, it can be inferred that commitment to the organization encompassed a loyalty to the organization, job involvement, and identification with the value and goals of the organization. In

addition, the employee's commitment to the organization requires something more than just a passive loyalty, but it shows how the employees relate to the organization.

Various factors influencing the performance of the employees are generally divided into two factors, internal and external. The illustration below portrays the elements of each factor as follows.

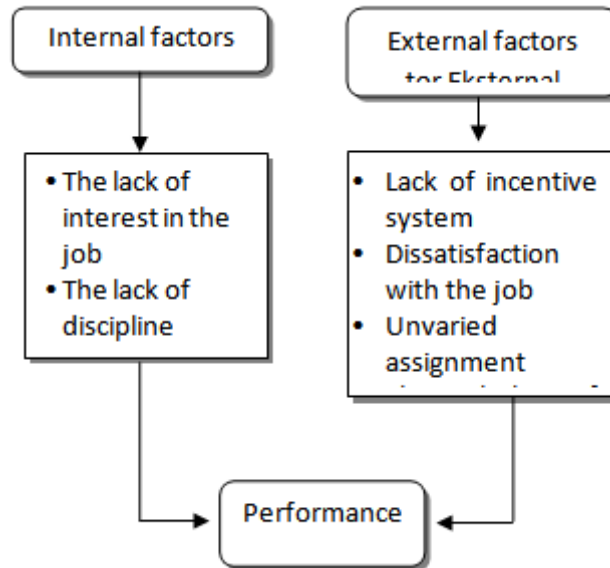


Figure 3. Factors influencing performance
Source : Dessler, (2005:162)

To support the present research, following are the results of the previous researches which are found to be relevant:

| No | Researcher | Title | Results |
|----|------------------------------|---|--|
| 1 | Stone, P. (2009) | Transformational Leadership in Principals: An Analysis of the Multifactor Leadership Questionnaire Results. | Transformational and transactional Leadership has partial and simultaneous effects on the job discipline. Transformational Leadership has dominant effects on the job discipline |
| 2 | Rowold, J. (2010) | Transformational and Transactional Leadership in Martial Arts | Transformational and transactional Leadership has partial and simultaneous effects. Transformational Leadership has dominant effects on the interest in the job and motivation |
| 3 | Parry, & Sinha, P. N. (2011) | Researching the Trainability of Transformational and Transactional Organizational Leadership | Transformational and transactional Leadership has partial and simultaneous effects. Transformational Leadership has dominant effects on the interest in the job and motivation |
| 4 | Hamilton (2011) | The Interaction of Transactional and Transformational Leadership to motivation work employees. | Transformational and transactional Leadership has partial and simultaneous effects. Transformational Leadership has dominant effects on the job performance. |
| 5 | Wright, B.E. (2012) | The Interaction of Transactional and Transformational Leadership to Work Motivation | Transformational and transactional Leadership has partial and simultaneous effects. Transformational Leadership has dominant effects on the job performance of employees |

III. Hypothesis

In accordance with the above- mentioned theoretical and empirical analysis concepts are proposed will be elaborated in the hypothesis model in this research as follows:

Hypothesis 1:

There is an effect of the transformational and transactional leadership on the commitment of the employees of Department of Human Settlements in Malang regency

Hypothesis 2:

There is an effect of the transformational and transactional leadership on the performance of the employees of Department of Human Settlements in Malang regency

Hypothesis 3:

There is an effect of the transformational and transactional leadership on the commitment through the performance of the employees of Department of Human Settlements in Malang regency

IV. Research Method

This research employed quantitative design approach with the population of 100 employees. The samples were drawn using purposive sampling. The data are collected primarily from questionnaires distributed. The data collected was analyzed by using multiple linear regression and path analysis to measure the effect of the variables investigated. The table below describes the variables used in this research as follows:

Table 1 Concept, Variable, Indicator, and Research Items

| Concepts and Variables | Indicator | Item | |
|------------------------|---|---|---|
| Leadership | Transformational Leadership (X ₁) | Charisma (X _{1.1}) | - modeled after by subordinates - Respect for the leaders |
| | | Intellectual stimulus (X _{1.2}) | - developing rationality - careful decision making. |
| | | Inspiration (X _{1.3}) | - ability to motivate subordinates - communicative |
| | | Individual Attention (X _{1.4}) | - a mentor for subordinates - paying attention to or support |
| | Transactional Leadership (X ₂) | Finding out what subordinates wish for (X _{2.1}) | - formal command - enhancing obedience |
| | | Suitable rewards (X _{2.2}) | - kinds and size of rewards provided that are suitable - the suitability of rewards to the loads |
| | | Responsive (X _{2.3}) | - improve the readiness of the employee caring for the subordinates |
| Commitment | Employee Commitment (Z) | Being persuaded and accepting what has been determined (Z ₁) Ready to carry out the job assigned (Z ₂) Maintaining membership (Z ₂) | - being persuaded and accepting - Performing the job - stay in the work |
| Performance | Employee Performance (Y) | Job completion (Y ₁) | - amount - time |
| | | The results achieved (Y ₂) | - quantity - quality |

V. Research Result and Discussion

The data analysis and the first hypothesis testing is aimed to measure the effect of the transformational and transactional leadership on the commitment of employees of the department of Human Settlements in Malang regency presented in the table below.

Table 2 First Hypothesis Testing The effect of X₁ and X₂ on Z

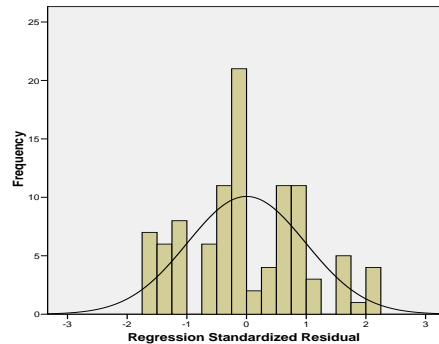
| Variabel | Standardized Coefficient | R-square | F value | t value | Sig |
|------------------------------------|--------------------------|----------|---------|---------|-------|
| Leadership style : | | | | | |
| Transformasional (X ₁) | 0.422 | 0.896 | 12.146 | 6.386 | 0.000 |
| Transaksional (X ₂) | 0.515 | | | 5.518 | |

Source : processed primary data, 2017

Based on the table above, the adjusted coefficient of determination value in the regression analysis is 0.896 which signifies the change in the commitment of the employees (Z) determined or affected by the transformational (X₁) and transactional leadership (X₂) that is 0.896 or 89.6 percents and the rest is affected by

other variables which are not investigated in this research. Specifically, the significance of the effect represented by the adjusted coefficient of determination in the regression can be seen in the F value which is 12.146 with significance value of 0.000 that the significance value $<0,05$ indicates that the first hypothesis is accepted.

Figure 1 Histogram of the Effect of X_1 and X_2 on Z



Source : processed primary data, 2017

The data analysis and the second hypothesis testing is aimed to measure the effect of the transformational and transactional leadership on the performance of employees of the department of Human Settlements in Malang regency presented in the table below.

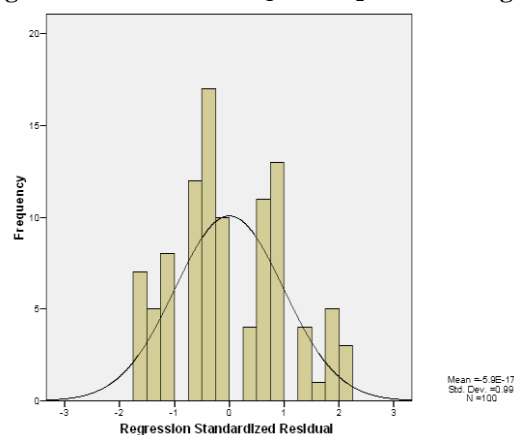
Table 3 Second Hypothesis Testing The Effect of X_1 and X_2 on Y

| Variabel | Standar dized Coeffi cient | R- square | F value | t value | Sig |
|--|-------------------------------------|--------------|---------|---------|-------|
| Leadership style : | | | | | |
| Transformasiona l leadership(X_1) | 0,319 | 0,783 | 10,002 | 5,978 | 0,000 |
| Transaksional leadership(X_2) | 0,406 | | | 6,392 | 0,000 |

Source : processed primary data, 2017

Based on the table above, the adjusted coefficient of determination value in the regression analysis is 0.783 which signifies that the change in the employee performance (Y) can be determined or affected by transformational (X_1) and transactional leadership (X_2) that is 0.783 or 78.3 percent and the rest is effected by other variables that are not examined in this research. More specifically, the significance of the effect of adjusted coefficient of determination for regression can be viewed from F value which is 10.002 with significance value of 0.000. The significance value <0.05 indicates that second hypothesis is accepted, which signifies that there is an effect of and transactional transformational leadership style on the employee performance presented in the graph below.

Figure 2 The effect of X_1 and X_2 on Y Histogram



Source : processed primary data, 2017

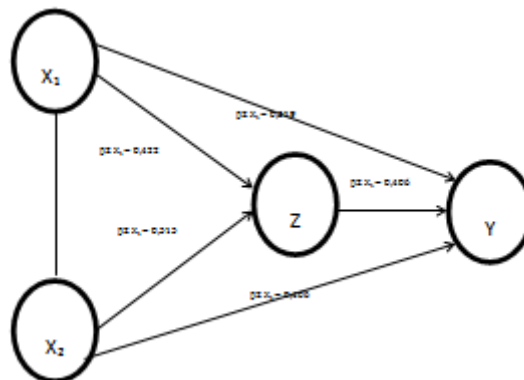
The data analysis and the third hypothesis testing is aimed to measure the effect of the transformational and transactional leadership on the performance through the commitment of employees of the department of Human Settlements in Malang regency presented in the table below.

Table 4 The Third Hypothesis Testing The Effect of X_1 and X_2 on Y through Z

| Variabel | Coefficient of Determination for Regression | F value | Sig |
|---|---|---------|-------|
| Leadership Style : Transformational (X_1) and Transactional leadership (X_2) on (Y) through (Z) | 0.564 | 9.619 | 0.000 |

Based on the table above, the adjusted coefficient of determination value in the regression analysis is 0.564 that the performance of employees (Y) can be determined or affected by the transformational (X_1) and transactional leadership (X_2) through their commitment (Z) that is 0.564 atau 56.4 percents and the rest is affected by other variables which are not examined in this research. Specifically, the significance of the effect of the adjusted coefficient of determination value in regression can be seen in the F_{value} which is 9.619 with the significance value of 0.000. The significance value $< 0,05$ signifies that the third hypothesis is accepted meaning that there is an effect of transformational and transactional leadership on the employee performance through their commitment.

Figure 8 The effect of X_1 and X_2 on Y through Z Path Model



Source : processed primary data, 2017

Definition:

- X_1 : Transformational Leadership
- X_2 : Transactional Leadership
- Z : Employee Commitment
- Y : Employee Performance

VI. Conclusion

1. The first hypothesis obtained the adjusted coefficient of determination value of 0.896 that signifies the change in the employee commitment (Z) can be determined or affected by transformational (X_1) and transactional leadership (X_2) which is 0.896 or 89.6 percents and the rest is affected by other variables which are not investigated in this research. Specifically, the significance of the effect represented by the adjusted coefficient of determination in the regression can be seen in the F value which is 12.146 with significance value of 0.000 that the significance value $< 0,05$ indicates that the first hypothesis is accepted.

2. The second hypothesis obtained the adjusted coefficient of determination value of 0.783 which signifies that the change in the employee performance (Y) can be determined or affected by transformational (X_1) and transactional leadership (X_2) that is 0.783 or 78.3 percent and the rest is affected by other variables that are not examined in this research. More specifically, the significance of the effect of adjusted coefficient of determination for regression can be viewed from F value which is 10.002 with significance value of 0.000. The significance value < 0.05 indicates that second hypothesis is accepted.

3. The third hypothesis obtained the adjusted coefficient of determination value of 0.564 signifying that the performance of employees (Y) can be determined or affected by the transformational (X_1) and transactional

leadership (X2) through their commitment (Z) that is 0.564 atau 56.4 percents and the rest is affected by other variables which are not examined in this research. Specifically, the significance of the effect of the adjusted coefficient of determination value in regression can be seen in the Fvalue which is 9.619 with the significance value of 0.000. Therefore, the significance value $< 0,05$ indicates that the third hypothesis is accepted.

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