

The Influence of Transformational Leadership and Intrinsic Motivation to Employee Performance

Cheng-Wen Lee¹ and Nurul Hidayat²

Abstract

The complexity of today's global conditions implies the role and achievement of a leader who is very dominant in running a business. Every leader needs to understand well a condition to start a change. The purpose of this study is to find out how much the influence of transformational and intrinsic motivation on employee performance in coal mining company in North Kalimantan province. The result of the research concludes each of the regression between transformational leadership and intrinsic motivation, only intrinsic motivation variable which has dominant influence to employee performance variable at coal mining company in North Borneo Province 0.641 (64.1%). Furthermore, from the results of statistical calculation resulted in the R^2 value of 0.375 means transformational leadership variable and intrinsic motivation with can explain the variability of 37.5% then employee performance variable at coal mining company in North Borneo Province, while the remaining contents of 62.5% are explained by other causes that are not in the model.

JEL classification numbers: M51, M53, M54

Keywords: transformational leadership, intrinsic motivation, and employee performance.

1 Introduction

¹ Department of International Business, Chung Yuan Christian University, Taiwan.

² Ph.D Program in Business, College of Business, Chung Yuan Christian University, Taiwan.

The era of globalization has a powerful influence on the rapid economic changes caused by technological developments. The advancement of information technology and transportation currently makes the economic, social and cultural relations between nations interconnected. Thus the complexity of global conditions is very important in running a business now is no longer too because of technological advances. Because change will always happen, every company must have sensitivity, be able to overcome and accommodate the impact of those changes.

Every leader needs to understand well a condition to start a change. Information needs to be communicated to employees who. There will be more to be overcome with additional features that can be solved only with information systems and needs to be done. This is inspiring. some companies in Indonesia to be able to place themselves in accordance with the creativity, uniqueness, and quality of the company's products, therefore it takes a company's management to survive and able to face competitively compete (Robbins, 2003). For the function of the organization is very important, because the leader is part of the management. It can also affect its ability to perform its tasks to achieve organizational goals with improved performance. Kristianti (2007) explains that leadership is the ability to advance (persuade) people to achieve goals with enthusiasm.

Leadership has a transformational and transactional leadership type. These two types of leadership were first by Burn in 1978 in a political context, later developed by Bass (1985) and Berry and Houston (1993) in organizational contexts. Transformational and transactional leadership often coexist with each other because at the same time in the case of a leader must give something for members to move toward the goals of the organization.

According to Robbins (2003), transformational leadership is a leader that gives individualized, intellectual and intellectual stimulation and stimulation. When transformational leaders do their job, they will try to strengthen each other from their followers by calling for higher and fairer goals, such as unity, hatred or hatred. Furthermore, Bycio (1995) explains transactional leaders as a leadership style in which a male leader focuses his attention on interpersonal transactions between leaders and employees involving eye relationships.

Transformational leadership. The leader's relationship with the followers is seen as one that has great confidence and confidence in the leader. Although there are many variations on the definition of transformational leadership, it can generally be. The more clever the transformational leader appears to be, the faster the organization's goal can be achieved, ie through the improved performance that can reach employees.

Individuals will contribute to organizational performance, of course, the behavior of members of organizations both individually and in groups gives strength over organizational performance because of its motivation will affect company performance. Member motivation must be done continuously, day by day and this task is the responsibility of the leader in the organization (Ilyas, 2003). Further

Handoko (2008) said the motivation that exists on a person is a driving force that will realize a behavior in order to achieve the goal of self-satisfaction.

Motivation is one very important aspect also in determining employee performance. The high performance of the workforce is a company will be greatly affected by factors such as the motivation of the individual employees. According to Hasibuan (2006), motivation is important because motivation is the thing that causes, distributes, and supports human behavior who want enterprising and optimum results. In addition, Mangkunegara (2000) suggests is the performance of employees is the work in quality and quantity achieved by an employee in performing their duties in accordance with the responsibilities given.

Motivation can come from the self or outside of a person, for example, intrinsic motivation if one manages to achieve his motivation, then the person tends to continue to be motivated. Reaction if someone often fails to realize his motivation, then the concerned may continue to work until his motivation or become desperate which result directly to the performance of these employees (Sukwandani, 2007; Akbar, 2012).

Employee performance problems caused by lack of intrinsic motivation performance owned by employees who come from himself and his colleagues and leaders. This can happen due to the density of work schedules of employees and busy leaders in the work so that the rest is felt less and make employees less enthusiastic in the work so that employees lazing that impact on the completion of tasks that are not on time (Suparta, 2013). Thus there is a level of performance degradation because it is still intrinsic motivation owned by employees either from themselves, the head of work and colleagues.

2 Literature review and hypothesis

2.1 Transformational leadership is mentally positive and significant to employee performance

Human resources are one important factor in an organization or company, in addition to other factors such as. Therefore human resources must be well managed to improve the effectiveness and efficiency of the organization, as one of the functions within the company known as human resource management (Sunyoto, 2012). Etymologically, human resource management is a combination of two concepts that have different meanings of understanding. Here the concept is management and human resources. Understanding management according to (Sulistiyani and Rosidah, 2009) is the process of planning, organizing, leadership, and control of the organization's business and the process of using all other organizational resources for the achievement of organizational goals that have been set.

Leadership is a very important factor in influencing the achievement of the organization because leadership is the main activity with which organizational goals can be achieved. Suryana (2012) explains that one's leadership is to change

others (his subordinates) because the likeness of others is willing to do the will of the leader as well as it may not be pleasing to him. Kartono (2003) also explains about leadership is the activity or art forward others to want cooperation built on the ability of the person to guide others in achieving the goals desired group. Suryana (2012) explains this is not mentioned a certain type of organization. In any situation wherever a person tries to face the behavior of a person or a group then it is ineffective leadership. Thus, each person conducts a leadership process from time to time whether his activities are centered in business, educational institutions, hospitals, political organizations, or families.

Bass (1985) describes transformational leadership is a leader who creates a vision and environment that motivates employees to achieve. In this case, employees feel trust, admiration, loyalty, and respect for their leaders so that they are motivated to do more than they expect of them. In fact, not infrequently what they expect they can do. According to Swandri (2003) transformational leadership as a leader who has the power to influence subordinates in certain ways. Transformational leadership as a leadership that includes the organization. Bass and Avolio (1990) argue that transformational leadership can not only be valued subordinates, but also try to increase the need from a low level to an established level. Transformational leadership in principle motivates subordinates to work better than what can be done, in other words, can increase the confidence or confidence of subordinates that will affect the improvement of performance. Based on the description above can be explained. Who prefers or better than what is commonly done that affects performance improvements.

Transformational leadership is a model of leadership ability that inspires subordinates to prioritize organizational progress rather than self-interest, paying good attention to their subordinates and able to change the consciousness of their subordinates in viewing old problems in a new way in Christianity (2007). The interaction between leaders and employees is characterized by the influence of leaders to change employee behavior into someone who feels capable and highly motivated and strives to achieve high performance and quality. Leaders change employees so that organizational goals can be achieved together. According to Yukl (1998) intellectual stimulation is a subordinate effort to problems and influences subordinates to see the problems through new perspectives, whereas by Seltzer and Bass (1990) it is explained that through intellectual stimulation, leaders stimulate subordinate creativity and encourage finding an approach - new approaches to old problems So, through subordinate intellectual stimulation is encouraged to think about the relevance of ways, value systems, beliefs, expectations and driven innovation in solving problems of innovation in solving problems and creating the ability to develop self-efficacy as well as the disorder to set goals or a challenging goal. The intellectual contribution of a leader to a subordinate must be based on an attempt to elicit subordinate ability. This is evidenced by the research of Seltzer and Bass (1990) that aspects of intellectual stimulation positive with extra effort. The point is that leaders who can contribute

intellectually always encourage staff so that they devote effort to planning and problem-solving.

Baihaqi's research (2010) with the title of an influence of leadership style on job satisfaction and performance with organizational commitment as intervening variable (study at PT Yudhistira Ghalia Indonesia Area Yogyakarta) stated that regression equation yields positive constants. This indicates a unidirectional relationship and if the leader does not implement transformational leadership behavior then subordinates will still show performance. The regression coefficient of independent variables marked positive indicates that transformational leadership behavior can improve employee performance. Kristianti (2007) conducted a study titled "The influence of work motivation and transformational leadership behavior on the performance of employees of PT. Pabelan Surakarta. "The results of the study mentioned that transformational leadership and motivation have a positive and significant effect on employee performance. Based on the above description can be drawn the first hypothesis as follows:

H1: *Leadership has a positive and significant impact on employee performance.*

2.2 Intrinsic motivation has a positive and significant effect on employee performance

Handoko (2008) explains that motivation is a state in a person's personality that encourages the desire of individuals to perform certain activities to achieve our goal. Furthermore, Hasibuan (2005) explains that motivation is the motivation or motivation that creates the enthusiasm of one's work so that they are willing to cooperate, work effectively and integrated with all their efforts to achieve satisfaction. Motivation is a desire that is found in an individual who encourages him to perform actions (Manulang, 2006, Sardiman, 2007). Motivation can also be interpreted as the factors that exist in a person who moves to direct his behavior to meet certain goals (Handoko, 2008). The process of the emergence of one's motivation is a combination of the concept of need, encouragement, purpose, and reward. Suwatno (2011) motivation sources can be classified into two, namely intrinsic motivation and extrinsic motivation.

Suwatno (2011) explains that intrinsic motivation is the motives - motives that become active or functioning does not need to be stimulated from the outside because in every individual there is an urge to do something. Intrinsic motivation can also be said to be a form of motivation in which activity begins and is passed on the basis of an inner impulse and is absolutely related to its learning activities. This type of motivation arises within the individual on the basis of the will of the self without any compulsion from others. Further Suwatno (2011) explains that extrinsic motivation is the motives that become active and functioning because of the stimulus from the outside. Extrinsic motivation can also be said to be a form of motivation in which activity is initiated and transmitted based on an external impulse that is unrelated to itself. This type of motivation arises as a result of outside influence of the individual.

Based on thesis conducted by Hendrianto (2011) which tested the influence of intrinsic motivation, extrinsic motivation and corporate culture on employee performance showed research result that there is positive and significant influence between intrinsic motivation variable, to employee performance. The research according to Akbar (2012) with the title of an influence of intrinsic motivation and extrinsic motivation on employee performance at PT Perkebunan Nusantara XII Surabaya result of this research show intrinsic motivation have a positive and significant influence to employee performance. With the increased intrinsic motivation of employees, it can improve employee performance for the better. Based on the above description can be drawn the first hypothesis as follows:

H2: Intrinsic motivation has a positive and significant effect on employee performance.

2.3 Employee performance

Performance is often interpreted as the result of the execution of a job, whether physical or material or non-physical or non-material (Nawawi, 2005). Mangkunegara (2005) performance is the result of work in quality and quantity achieved by an employee in performing his duties in accordance with the responsibilities given to him. Furthermore, Uman (2010) explains that performance is a record of the consequences that resulted in a function of work or activity during certain periods related to organizational goals. Aribowo (2011) also describes the performance is the achievement of tasks, employees in the work must be in accordance with the company's work program to show the level of performance in achieving the vision, mission, and corporate goals. Performance is a result that can be achieved or indicated by someone in the implementation of job duties. A person can be said to have good performance when they are able to do a good job, that is to achieve a predetermined standard of work and or even exceed a predetermined standard. If a person has a feeling of achievement or has a good performance, then he must have a way to measure progress made. They want feedback even though they are not rewarded for job success and punishment for their failure. Toha (2012) suggests that performance is often referred to as performance or result which is defined by what has been produced by individual employees. Performance is influenced by the performance of the organization itself which includes organizational development, compensation plan, communication system, managerial style, organizational structure, policies, and procedures. Handoko (2008) performance appraisal is the process through which organizations evaluate or assess employee performance. Management and employees need feedback on their work. Employee performance appraisal results can improve personnel decisions and provide feedback to employees about the performance of their work.

3 Methods

This study is a quantitative research that confirms the theory with hypothesis testing (hypothesis testing) by survey method. The research instrument used is a questionnaire consisting of a number of questions structured and distributed to respondents. The type of question structure is closed in which the respondent must choose from the answers already available in the questionnaire. Furthermore, the sample selection method in this study was taken using non-probability method, ie purposive sampling. The nonprobability sampling is that every member of the population does not have the same opportunity to be selected as a sample. While purposive sampling or specifically called judgment sampling is a more specific method used because the information to be obtained comes from specific sources in the field that meet the criteria of research (Cooper and Schindler, 2008). Sample criteria in this study are: Employees in Coal Mining Companies who have worked for more than one year. Because employees with a working period of more than one year are familiar with the activities or work to be done. Employees are domiciled in North Borneo Province. In this study the researchers took 75 samples used in the study.

4 Research results

4.1 Data Collection Results

4.1.1 Multiple Regression Analysis

Table 1: Regression Coefficients Value of each variable

Variabel	β	Regression Coefficient Value
(Constant)	β_0	30,022
Transformational leadership	β_1	-0,009
Intrinsic Motivation	β_2	0,641

Table 1 shows the equations of multiple regression functions as follows:

$$Y = 30,022 - 0,009 X_1 + 0,641 X_2$$

From the multiple regression equations above, it can be explained that the value of β_0 30,022 is a constant value, meaning the employee's (Y) performance at coal mining company in North Borneo Province which is not influenced by transformational leadership (X_1) and intrinsic motivation (X_2), is 30,022. The value of β_1 : -0.009 is the value of the magnitude of the transformational leadership variable coefficient (X_1). This means that an increase of 1 unit of transformational leadership variable (X_1) with the assumption of intrinsic motivation variable (X_2) will still increase employee performance variable (Y) at coal mining company in

North Borneo Province equal to -0.009. The coefficient explains that the influence of transformational leadership (X_1) on coal mining companies in North Kalimantan Province negatively affects employee performance. For the value of β_2 : 0.641 is the value of the magnitude of the regression coefficient of intrinsic motivation variable (X_2). This means that an increase of 1 unit of intrinsic motivation variable (X_2) with constant transformational leadership (X_1) variable assumption will increase employee performance variable (Y) at coal mining company in North Borneo Province 0,641. The coefficient explains that the influence of intrinsic motivation (X_2) on employee performance (Y) in coal mining company in North Borneo Province is supported.

From the description above, we can see that each of the regression coefficients between transformational leadership (X_1) and intrinsic motivation (X_2), only intrinsic motivation variables that have dominant influence to employee performance variable (Y) at coal mining company in North Borneo Province with a value of 0.641 (64.1%).

4.1.1 Hypothesis Testing

Table 2: Table of Coefficients (a)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	1 (Constant)	30.022	7.504		
Transformational leadership	-.009	.075	-.012	-.116	.908
Intrinsic Motivation	.641	.104	.632	6.158	.000

In the calculation of SPSS for Windows, reads the value of t_{count} is -0.116 and t_{table} value 1.666. The comparison of both yields: $t_{count} < t_{table}$ (-0.116 < 1.666). The value of t_{count} -0.116 < t_{table} 1.666 can be interpreted that that H_0 accepted and H_1 rejected. This means that transformational leadership variables have no significant effect, even negatively affecting employee performance in coal mining companies in North Borneo Province. This is because employees feel less well noticed by their leaders. In other words, the authority of the leadership is not very visible in coal mining companies in North Borneo Province. In addition, employees are not able to make the leadership of the company as a role model because of the lack of such interaction.

In addition, the absence of any special training given to employees. In other words, intellectual stimulation is less obtained by employees of coal mining companies in North Kalimantan Province. The condition of the research object that is a coal company that unavailability of space is more for the interaction between the leadership with the employees, in which case the attention is individual. Whether it's interaction directly or openly. So that employees cannot get inspiration in work.

Similarly, the research conducted by Hartilawati, (2009) under the title Influence of Transformational Leadership on the Performance of Sub Section Officers at Lampung Quality Assurance Institute, from this research found the result that transformational leadership negatively affect the performance.

In the calculation of SPSS for Windows, reads the value of t_{count} is 6.158 and t_{table} value 1.666. The ratio of both produces $t_{count} > t_{table}$ (6,158 > 1,666). From the results of statistical calculations, it can be concluded that H_0 rejected and H_1 accepted. This means that intrinsic motivation variables significantly affect employee performance in coal mining companies in North Borneo Province. This can happen because of the work performance of employees on a good notice by the company. This can be viewed from the rewards or rewards given by the company to employees who are considered achievers and successful in the work. This can be one of self-motivation for employees to work well and enterprising. The sense of responsibility that employees have can also be a motivation for employees. Great responsibility can influence the demands of self-development to be even better and provide the challenge to assume the responsibilities provided by the companies they work for. Given the recognition and rewards or rewards that will be received if successful in carrying out these responsibilities. Similarly, research conducted by Akbar (2012) with the title of the influence of intrinsic motivation and extrinsic motivation on employee performance results of this study showed intrinsic motivation has a partial significant influence on employee performance.

4.1.3 Coefficient of Determination

Table 3: Model Summary (b)

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.626 ^a	.392	.375	4.30684

Based on Table 3 from the calculation of SPSS for windows in the summary model table (b), the value of $R^2 = 0.375$ means transformational leadership variable (X_1) and intrinsic motivation (X_2) by explaining the variability of 37.5% from employee performance variable (Y) at a coal mining company in North Borneo Province, while the remaining 62.5% is explained by other causes not contained in the model.

5 Conclusion

Some conclusions that can be drawn from this research are as follows: the first of the statistical calculations done in each conclusion of each regression between

transformational leadership and intrinsic motivation, only intrinsic motivation variable which has dominant influence to employee performance variable in stone mining company bara in North Borneo Province with a value of 0.641 (64.1%). One example is the insignificant transformational leadership, even on the performance of employees at coal mining companies in North Borneo Province. This happens, employees feel less well cared for by their leaders. In other words, the authority of the leadership is not very visible in coal mining companies in North Borneo Province. In addition, employees are not able to make the leadership of the company as a role model due to the emergence of such relationships. The intrinsic motivation variable is less significant to employee performance in coal mining company in North Borneo Province. This can occur due to the work performance of employees on a good notice by the company. This can be viewed from rewards or awards given by the company to employees who can achieve and succeed in the work. This can be one of self-motivation for employees to work well and enterprising. The sense of responsibility that employees have can also be a motivation for employees.

6 Limitations of research and advice

The first coal mining company in North Borneo Province to further improve the quality of the leadership style, in order to create a charismatic and inspirational transformational leadership that always provides an intellectual stimulus by giving individual attention to employees. So as to encourage better employee performance. Both are recommended to coal mining companies in North Borneo Province in order to maintain employees' intrinsic motivation by rewarding the success achieved by employees in carrying out the responsibilities of the work itself. Third for the next researcher who is interested in the same object, in order to add variables and indicators and use other analytical tools and increase the number of samples in subsequent research. Thus, it can be a more comprehensive study.

References

- [1] Akbar, N., Febrian, *The influence of intrinsic motivation and extrinsic motivation on employee performance (Case study of PT Perkebunan Nusantara XII: Surabaya)*, Sociology, Faculty of Economics and Business, Brawijaya University, Malang, 2012.
- [2] Baihaqi, F Muhammad, *Effect of Leadership Style on Job Satisfaction and Performance with Organizational Commitment as Intervening Variable (Study at PT Yudhistira Ghalia Indonesia Area Yogyakarta)*, Thesis, Faculty of Economics Diponegoro University of Semarang, 2010.
- [3] Bass BM, *Leadership and Performance Beyond Expectations*, Free Press, New York, 1985.

- [4] Berry, L.M. and Houston, J.P, *Psychology at Work. An Introduction to Industrial and Organizational Psychology*, McGraw-Hill International, New York, 1993.
- [5] Bycio, P., Hackett, R.D., and Allen, J.S. Further Assessments of Bass's (1985). Conceptualization of Transactional and Transformational Leadership. *Journal of Applied Psychology*, 80 (4), (1995)468-478.
- [6] Cooper, Donald. R., and Pamela, S. Schindler, *Business research methods*, Pth. Ed., Irwin / McBraw-Hill, New York, 2008.
- [7] Handoko, T Hani, *Management*. BPFE Publisher. Yogyakarta, 2008.
- [8] Hasibuan, Malayu S.P, *Human Resource Management*, Earth Ashkara, 2009.
- [9] Hendriyanto, Antok, Influence of Intrinsic Motivation, Extrinsic to Employee Performance (Study on Bulog Sub Divre of South Surabaya). Thesis, Faculty of Economics Universitas Brawijaya. Malang, 2011.
- [10] Kartono, Kartini, *Leader and Leadership*, Rajawali, Jakarta, 2005.
- [11] Christian, Anna, *The influence of work motivation and transformational leadership behavior on employee performance (Case study of PT Pabelan Surakarta)*, Essay. Surakarta. Faculty of Economics, Sebelas Maret University, Surakarta, 2007.
- [12] Kreitner and Kinicki, *Organizational Behavior. Fifth Edition*, McGraw Hill, New York, 2004.
- [13] Manullang, Marihot, *Personnel Management. Issue 3*. Gadjah Mada University Press, Yogyakarta, 2006.
- [14] Nawawi, Hadari, *Human Resource Management for Compotitive Business*, Gajah Mada University Press, Yogyakarta, 2005.
- [15] Prasetyo, Hervin, *Analysis of change-oriented leadership influences on job satisfaction and employee performance (Case study of PT Telkomsel)*, Thesis, Faculty of Economics, Diponegoro University, Semarang, 2011.
- [16] Robbins, Stephen P, *Organizational Behavior vol 1*, PT Index of Gramedia group, Prenhallindo, Jakarta, 2003.
- [17] Seltzer, J., and Bass, B.M. Transformational Leadership: Beyond Initiation and Consideration, *Journal of Management*, 16 (4), (1990), 693-703.
- [18] Simanjuntak, Dora Friskha., Calam. Ahmad, *Influence of transformational leadership and work motivation on employee performance (Study at PT PLN Binjai branch of North Sumatra region)*, Faculty of Information System of University Triguna Dharma, North Sumatera, 2012.
- [19] Sugianto, Frana Agus, *Influence of work motivation and leadership towards employee performance (Case study At PT. Madubaru Yogyakarta)*, Thesis, Faculty of Economics National Development University "Veteran" Yogyakarta, 2011.
- [20] Sunyoto, Danang, *Theory. Questionnaire, and Data Analysis: Human Resources (Practice)*, Center For Academic Publising Services, Yogyakarta, 2012.
- [21] Surbakti, Petra Marwan, *Analysis of the influence of transformational leadership and motivation on employee performance (case study PT. Kereta*

- Api Indonesia Daop IV Semarang*), Thesis, Faculty of Economics Diponegoro University, Semarang, 2013.
- [22] Suryana, Nana, *Influence of leadership and work motivation on employee work satisfaction and company performance (Case study in mining division of PT. Inco Sorowoko)*. Thesis, University of Hasanuddin, Makassar, 2010.
- [23] Thoha, Miftah, *Leadership In Management*, PT Raja Grafindo Persada, Jakarta, 2012.
- [24] Umam, Khaerul. *Organizational Behavior*, CV. Faithful Library, Bandung, 2010.
- [25] Yukl, Gary, *Leadership in Organizations*, Prehalindo, Jakarta, 1998.