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# **INFORMATION**

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**Abstract:** This research has purposes to discover and analyze further relates to the impact which is caused by transformational leadership and compensation towards motivation and its implications for organizational performance at the Education and Training Center of the Ministry of Communication and Information Technology. The current research method used was quantitative research with a causal method. The population and sample in this research amounted to 42 respondents who are civil servants and PPNPN employees at the Education and Training Center of Ministry of Communication and Information. The data analysis method used SEM-PLS. And the results showed that transformational leadership and compensation had a positive and significant impact both simultaneously and partially in order to increase the motivation. Transformational leadership, compensation and motivation had a positive and significant impact both simultaneously or ganizational performance. Motivation could play as a mediator in influencing the relations of transformational leadership and compensation to organizational performance.

**Keywords:** Transformational leadership, compensation, motivation, organizational performance.

#### **INTRODUCTION**

Efforts made by the indonesian government to achieve a great catagory and perform basic remakes and transform to the government administration system via bureaucratic reform. Basics changes made regarding institutional (organizational) aspects, management and human resources (Riyanto & Prasetyo, 2021). To support its realization, certainly, a good performance assessment system is needed. This system will integrate the performance improvement process through the

stages from planning to evaluating its achievements. Performance measurement of government organizations is carried out by oriented towards results (result oriented governance), not on inputs (budget). Government programs and activities need to refer to the results to be achieved. To support this implementation of the performance assessment system, the government has created a system through the name of government agency performance accountability system (SAKIP) with the final result in the form of a government agency performance accountability report (LAKIP).

The Education and Training Center is a work unit under the Agency of Research and Human Resources Development of the Ministry of Communication and Information through the Regulation of the Minister of Communications and Information of the Republic of Indonesia No. 6 of 2018. And according to the data that the author obtained, the Education and Training Center had experienced a decrease in the percentage of budget absorption in 2018 by 84.957% or 14.892% lower between 2017 and 2018. In addition, during year of 2016 - 2018 the Education and Training Center were also experienced decreased output from 97.68% in 2016, to 93.80 in 2017 and even hit the lowest point at 68.47%. This indicates that there is a decrease in the organizational performance at the Education and Training Center. By these problems, of course, the agency requires human resources or high-performing employees to exceed the company's goals that has been determined before.

Based on The pre-survey results to 23 employees in the Education and Training Center regarding factors which could affect the organizational performance, it was found that transformational leadership, compensation and motivation were strongly suspected to have the highest impact on the decline in organizational performance of the Education and Training Center. Therefore, the authors were interested in performing further research with entitled **"The impact of Transformational Leadership and Compensation Towards Motivation and Its Implications on Organizational Performance at the Education and Training Center of The Ministry of Communication and Information"**.

#### LITERATURE REVIEW

#### **Transformational Leadership**

Robbins (2015) in Irnawati & Prasetyo (2020) said that leadership is the ability to influence groups towards achieving goals. Good leadership will be a liaison between employees and the organization to create synergy and create employee motivation (Riyanto et al., 2021). Transformational leadership is an extensive and affiliate leadership ability which is needed for individuals, groups, and organizations to produce transformations marked by changes at every stages of activity (Hacker & Robberts, 2004). While the essence of transformational leadership is seen as in the process of inspiring, developing, and empowering followers (Yukl, 2015). Bass & Avolio in Hapsari et al. (2021) suggests that there are 4 (four) dimensions of transformational leadership, namely idealized influence, inspirational motivation, intellectual simulation and individualized consideration.

## Compensation

According to Hasibuan in Jatmiko & Purba (2021) compensation is whole revenue in the form of goods, directly or indirectly accepted by employees as an bonus in return for their loyal services provided to the company. Meanwhile, Elmi (2018:83) states that compensation is closely related as financial rewards that people received through their employmentship to the organization. Furthermore, Elmi (2018: 86-87) revealed that there are 3 (three) dimensions in compensation, namely direct financial compensation, indirect financial compensation and non-financial compensation.

### Motivation

Rivai in Hasanah & Lo (2020) were explained that motivation is a set of attitudes and values which could influence the individuals to achieve individual specific goals. Meanwhile, Mangkunegara in Febriyarso & Ruslan (2021) suggests that motivation is a condition or energy that moves employees to be directed or leads to achieve the company's organizational goals. Motivation will emerge when person try to look for their peak of satisfaction in certain needs (Giauque et al., 2011 in Riyanto & Prasetyo, 2021). McClelland in Hasibuan (2015) suggests that there are 3 (three) dimensions that could be used to measure person's motivation at work, including the need for achievement, the need for affiliation and the need for power.

## **Organizational Performance**

Organizational performance is part of the organizational strategy which serves as a guide to determine how the organization will develop over time in an effort to achieve the goals that have been set and measured (Irnawati & Prasetyo, 2020). The Regulation from the Minister of Finance of the Republic of Indonesia Number 214/PMK.02/2017 stated that the performance of public organizations is a work performance which could be form as an activities results or programs, and that results or programs could be assess by quantity and quality. The success of the performance of public organizations could determined by the successful implementation of regular budget performance evaluations in synergy with the relevant ministries. Furthermore, the implementation of regular budget performance evaluations is the implementation aspect of the achievement of activity outputs measured through the dimensions of output achievement, efficiency, consistency of budget absorption against planning, budget absorption funds.

## **Previous Research**

Nugroho & Aima (2018) found that transformational leadership and compensation had a partially significant impact on motivation either positive and or simultaneously, transformational leadership had a positive impact on employee performance while compensation and motivation had no significant impact on employee performance. Irnawati & Prasetyo (2020) who found that transformational leadership had a positive and significant impact on the achievement of government organizational performance. Pratama & Aima (2018) discovered that compensation and employee involvement had а maximum impact to organizational commitment and its employee performance. Pongpearchan (2016) revealed that work motivation had a significant correlation to the performance.

## **Theoretical Framework and Hypothesis**

According to the phenomena, theoretical research and several previous research which have been described above, theoretical framework and hypothesis in this research could be drawn as follows:

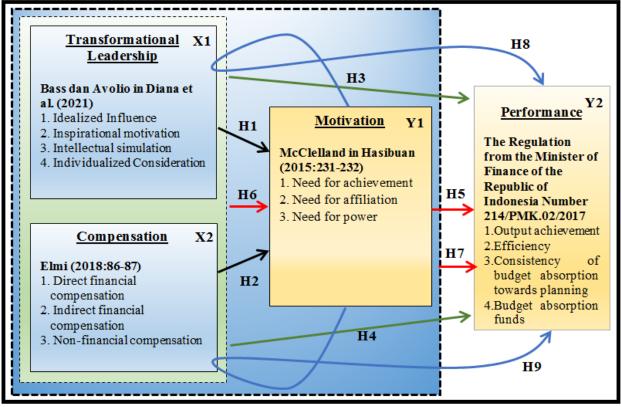


Figure 1. Theoretical Framework

H1: Transformational leadership has a significant impact on motivation.

H2: Compensation has a significant impact on motivation.

H3: Transformational leadership has a significant impact on organizational performance.

H4: Compensation has a significant impact on organizational performance.

H5: Motivation has a significant impact on organizational performance.

H6: Transformational leadership and compensation simultaneously impact the motivation.

H7: Transformational leadership, compensation and motivation simultaneously have a significant impact the organizational performance.

H8: Motivation significantly mediates the transformational leadership on organizational performance.

H9: Motivation significantly mediates the compensation on organizational performance.

## **RESEARCH METHODS**

The research method used in this research was quantitative research through primary data in the form of a survey. The independent variables in this research were consisted of transformational leadership and compensation, while for dependent variables were work motivation and organizational performance. The population and sample used in this research were 42 respondents who were civil servants and PPNPN at the Education and Training Center from Ministry of Communication and Information. The data collection method used in this research were consisted of interviews, form /questionnaires and documentation, while the data analysis method used data analysis techniques with PLS using SmartPLS 3.2.8 software to examine the research hypothesis.

### **RESULT AND DISCUSSION**

#### **Characteristics of Respondents**

According to the results from the research, the majority of respondents in this research were male (59.52%), last educated S1 (42.71%) and had a working period of > 10 years (83.33). This shows that the majority of the Education and Training Center employees were men who have high awareness and dedication to jointly improve organizational performance.

#### **Statistical Descriptive Analysis**

According to the descriptive analysis results, it shows that respondents' perceptions of transformational leadership, compensation, motivation, and organizational performance were quite high with mean values of 3.62, 3.77, 3.58, and 3.52, respectively. This could be means that mostly respondents were quite satisfied with the research variables.

#### **Outer Model**

According to the convergent validity analysis, the loading factor value of the indicators of transformational leadership, compensation, motivation, and organizational performance has a value range of 0.755 to 0.952 so it is declared valid (> 0.700). In addition, based on the analysis of Cronbach's alpha score and composite reliability, the research variables also have a value range of 0.937 to 0.980. Thus, they were declared reliable (> 0.600).

#### **Inner Model**

Based on the results of the path analysis test using SmartPLS bootstrapping, the following results were obtained was:

	Original	Mean	Standard	T-Statistic	P-
	Sample	Sample	Deviation	(O/STDEV)	Value
	(O)	(M)	(STDEV)		
Transformational Leadership-> Motivation	0,587	0,594	0,114	5,166	0,000
Transformational Leadership ->	0,467	0,474	0,151	3,093	0,002
Organisazational Performance					
Compensation -> Motivation	0,308	0,300	0,121	2,536	0,012
Compensation -> Organisazational	0,223	0,218	0,104	2,142	0,033
Performance					
Motivation -> Organisazational Performance	0,286	0,282	0,156	1,828	0,068

 Table 1. Path Coefficient Value and P-Values (Direct Effect)

This structural equation could be written as follows:

Motivation  $(Y1) = 0.587 \ 1 + 0.308 \ 2$ 

Organizational Performance  $(Y2) = 0.467 \ 3 + 0.223 \ 4 + 0.286$ 

- 1. Transformational leadership has an impact of 0.587 on motivation with a T-Statistic value of 5.166 and P-Value of 0.000. So it could be said that transformational leadership had a positive and significant impact on motivation.
- 2. Transformational leadership has an impact of 0.467 on organizational performance with T-Statistic value of 3.093 and P-Value of 0.002. So it could be said that transformational leadership had a positive and significant impact on organizational performance
- 3. Compensation has an effect of 0.308 on motivation with a value with a T-Statistic value of 2.536 and a P-Value of 0.012. So it could be said that compensation has a positive and significant effect on motivation.
- 4. Compensation has an impact of 0.223 on organizational performance with T-Statistic value of 2.142 and P-Values of 0.033. So it could be said that compensation had a positive and significant impact on organizational performance.
- 5. Motivation has an impact of 0.286 on organizational performance with T-Statistic value of 1.828 and P-Values of 0.068. So it could be said that motivation had a positive and significant impact on organizational performance.

The results from the calculation of the VAF value to analyze the indirect effect are as follows:

				Indirect Effect	Total Effect	VAF
Transformational	Leadership	->	Organizational	0,176	0,662	26,59%
Peformance						
Compensation -> Organizational Peformance		0,081	0,295	27,46%		

### Table 2. The Estimation Results of VAF Value

- 1. Motivation has a partial mediating impact on the transformational leadership variable on organizational performance (VAF value = 26.59%, which ranges from 20% to 80%).
- 2. Motivation has a partial mediating impact on the compensation variable on organizational performance (VAF value = 27.46 percent, which ranges between 20% to 80%).

## R<sup>2</sup> Evaluation, F-Test, GoF, and Predictive Relevance (Q<sup>2</sup>)

According to the test results, the  $R^2$  value of the motivation variable was 0.698 and the  $R^2$  value of the organizational performance variable was 0.806. The F-count value of the motivation variable was 29.28 and the F-count value of the organizational performance variable was 52.63. This means that the F-count > F-table (2.23), so it could be said that the independent variables have a simultaneous impact on the dependent variables.

The GoF calculation result shows a value of 0.504 or > 0.36, so in the other word that those mixed performance between measurement model and the structural model as whole was consider to be good. The estimation result from predictive relevance shows value of 0.96 or could be said if the value of  $Q^2 > 0$ , then it was proved that this model has good predictive relevance.

## **Inter-Dimensional Correlation Analysis**

According to the results from the correlation analysis between dimensions, it could be said that:

- 1. In the Transformational Leadership variable to the Motivation variable, peak correlation dimension is Inspirational motivation to the need for achievement dimension of 0.502 with a moderate level of relationship. While the smallest dimension correlation goes to Individualized consideration dimension to the need for achievement, which is -0.226.
- 2. In the Transformational Leadership variable on the Organizational Performance variable, the highest correlation dimension is the Ideallized influence on the Implementation Aspect dimension of 0.406 with a moderate level of relationship. While the lowest dimension correlation in this variable is the Intellectual Simulation dimension to the Implementation Aspect, which is -0.076.
- 3. In the variable Compensation to the Motivation variable, the most important correlation dimension is non-financial compensation to the dimension of need for achievement of 0.937 with a very strong level. While the lowest dimension correlation in this variable is the dimension of indirect financial compensation to the need for achievement, which is 0.277.
- 4. In the variable Compensation to the Organizational Performance variable, the highest correlation dimension is non-financial compensation to the dimensions of the Implementation Aspect, amounting to 0.846 with a very strong relationship level. while the lowest dimension correlation in this variable is the dimension of indirect financial compensation to the implementation aspect, which is -0.122.
- 5. In the motivation variable to the Organizational Performance variable, the highest correlation dimension is Need for Achievement to the Implementation Aspect dimension, amounting to 0.681 with a strong relationship level. While the lowest dimension correlation in this variable is the Need for Affiliation dimension to the Implementation Aspect, which is -0.029.

Variable	Dim en sion	Motivation (Y1)		Organizational Performance (Y2)	
Transformational Leadership <u>(X1)</u>	Ideallized influence	0,270	0,383	0,040	0,406
	Inspirational motivation	0,502	0,295	0,292	0,346
	Intellectual simulation	0,312	0,216	0,251	-0,076
	Individualized consideration	-0,226	0,006	0,239	0,218
Compensation (X2)	Direct financial compensation	0,101	0,115	0,041	0,105
	Indirect financial compensation	-0,277	-0,055	-0,125	-0,122
	Non-financial compensation	0,937	0,733	0,845	0,846
Motivation (Y2)	Need for Achievement	-	-	-	0,681
	Need for Affilliation				-0,029
	Need for Power	-	-	-	0,198

## Table 3. Analysis of Inter-Dimensional Correlation

## Discussion

The P-value from the Transformational Leadership variable influence on Motivation (TL  $\rightarrow$  MV) has significant with a P-value of 0.000, the T-statistic of 5.166 and the original sample was positive. Because the P-value obtained was significant, the T-statistic was > 1.302 and the original sample was positive then Ho was rejected and it is concluded that Transformational

Leadership has a positive and significant impact on Motivation, Transformational Leadership increases, the higher the motivation of employees and conversely.

The P-value from influence of the Compensation variable towards Motivation (CM -> MV) was significant with a P-value of 0.012, T-statistic of 2.536 and the original sample was positive. Because the P- value obtained is significant, the T-statistic was > 1.302 and the original sample was positive then Ho was rejected and it is concluded that the compensation has a positive and significant impact on motivation, compensation increases, the higher employee motivation and conversely.

The P-value from the influence of the Transformational Leadership variable on Organizational Performance (TL -> OP) is significant with P-value of 0.002, and T-statistic of 3.093 and the original sample was positive. Because the P-value obtained was significant, the T-statistic was > 1.302 and the original sample was marked positive, then Ho was rejected and it was concluded that Transformational Leadership has a positive and significant impact towards Organizational Performance, Transformational Leadership increases, so that the better the Organizational Performance and conversely

The P-value from the influence of the Compensation variable on Organizational Performance (CM -> OP) was significant with P-value of 0.033, the T-statistic of 2.142 with the original sample was positive. Because the P-value obtained was significant, the T-statistic was > 1.302 and the original sample was positive then Ho was rejected and it is concluded that compensation has a positive and significant impact on organizational performance, the compensation increases, then it would be better organizational performance and conversely.

The P-value for the influence of the Motivation variable on Organizational Performance (MV -> OP) was significant with P-value of 0.068, a T-statistic of 1.828 and the original sample was positive. Therefore, the P-value obtained was significant, the T-statistic was > 1.302 and the original sample was positive then Ho was rejected and it is concluded that motivation has a positive and significant impact on organizational performance, the motivation increases, then the better organizational performance and conversely.

The  $R^2$  value of the Motivation variable is 0.698 with an F-count of 29.28, and because the estimated of F-value > F-table (2.23) So it explains if the Transformational Leadership and Compensation variables had simultaneously significant impact to motivation variable with impact value of 29, 28%, while the remaining 70.72% were determined by other factors outside this research variables.

The  $R^2$  value of the Organizational Performance variable was 0.806 with F-count of 52.63, because the F-count value > F-table, it was interpreted that the variables of Transformational Leadership, Compensation and Motivation have simultaneously impact towards Organizational Performance variables with simultaneous value of 52.63, while the remaining 47.37% were determined by factors outside those research variables.

The estimation results from the Variance Accounted For (VAF) value with purposes to analyze the mediation of variable relations according to the indirect effect value = 0.176 and Total Effect = 0.662, the VAF value = 26.59%. The value of 26.59% shows the indirect effect of Transformational Leadership variable towards Organizational Performance which could be

mediated by Motivation variable, this shows that the increase in Transformational Leadership could lifted Organizational Performance via Motivation variable.

The estimation results from Variance Accounted For (VAF) value to test the mediation of variable relationships based on the indirect effect value = 0.081 and Total Effect = 0.295, the VAF value = 27.46%. The value of 27.46% shows the indirect effect of the Compensation variable on Organizational Performance can be mediated by the Motivation variable, this shows that an increase in Compensation could lifted the Organizational Performance via Motivation variable.

## **CONCLUSION AND SUGGESTION**

## Conclusions

Tracing from the data analysis results and discussion that has been described above, it could be summarized that:

- 1. Transformational leadership had a positive and significant impact towards motivation.
- 2. Compensation had a positive and significant impact towards motivation.
- 3. Transformational leadership had a positive and significant impact towards organizational performance.
- 4. Compensation had a positive and significant impact towards organizational performance.
- 5. Motivation as a mediator in this research had a positive and significant impact towards organizational performance.
- 6. Transformational leadership and compensation simultaneously impact the motivation.
- 7. Transformational leadership, compensation and motivation had simultaneously positive and significant impact towards organizational performance.
- 8. Motivation mediates Organizational commitment towards organizational performance.
- 9. Motivation mediates compensation towards organizational performance.

## Suggestions

According to the research results which has been done above, here are some suggestions that researchers could convey, such as:

- 1. Leaders need to pay more attention, listen to the complaints and understand the employee needs so the employees will get sufficient affiliation needs, this is will have an impact on a better working atmosphere and increase the employee motivation.
- 2. The leadership are expected to increase the indirect financial compensation and nonfinancial compensation so it will increases the income and experience of employees thus employees could better unleash their potential.
- 3. Leaders are expected to enable to stimulate creative ideas, pay attention to employees and their special needs, be more nurturing so the employees will work more effectively and could complete work targets so all the program activities could be executed properly.
- 4. Leaders are expected to be able to implement a good reward system for employees who exceeds the performance in the form of attractive facilities or assignments, so it will encourage the employee performance which has implications for achieving the expected organizational performance.

- 5. Leaders are expected to be able to hold capacity building or outbound activities to suppress the need of power which has an impact to the lack of concern for jobs that are not in demand so as to create a cohesive and pleasant working atmosphere in an efforts to support the expected organizational performance.
- 6. Leaders are expected to apply the spirit of transformational leadership in superiorsubordinate relationships and create activities that will increase the employee compensation alongside to maintain good organizational performance.
- 7. Leaders are expected to be able to apply transformational leadership, create activities that could improve the compensation and keep encouraged the employees at the same time. Thus it will reached the expected organizational performance.
- 8. Leaders apply the principles of transformational leadership in ways that could increase the employee motivation in order to achieve the expected organizational performance.
- 9. Leaders always create opportunities for all employees to get remuneration based on work results through ways that it hopes could increase employee motivation in order to achieve the expected organizational performance.
- 10. It is expected for the authors who want to do further research need to explore more in depth into variables which relate to organizational performance with a wider sample coverage. The results found in the form of motivational variables which could mediate the transformational leadership and compensation with moderate partial effects of mediation, open the possibility of another influence which source from other variables as mediators that relates to organizational performance.

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