

# The Influence of Transformational Leadership Style, Compensation by Commitment Mediation to Employee Performance at PT Angkasa Pura II (Persero) Banyuwangi Airport Branch Office

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**Abstract :** Employees have a big and important role in the success of an organization. The benchmark for organizational success can be seen from employee performance. Employee performance means the productivity and output of employees as a result of employee development, and will ultimately affect the effectiveness of the organization. Good performance can be achieved through a good transformational leadership style and appropriate compensation through the organizational commitment of the employees. Many studies have been conducted examining the relationship between organizational commitment and performance. However, several things do not show success and there are research gaps. The results of the study have a major influence on employee performance appraisal. PT Angkasa Pura II (Persero) KC Banyuwangi Airport tries to measure employee performance from the transformational leadership style and compensation of each employee through organizational commitment as an intervention. This decision making is based on existing theory. Even the role of organizational commitment which is expected to be able to make employees of PT Angkasa Pura II (Persero) KC Banyuwangi Airport will be better than other regions that have achieved their goals.

**Keywords:** Transformational Leadership Style, Compensation, Commitment, Employee Performance

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## I. Introduction

The success of the company is influenced strongly by the performance of its employees or human resources. Performance is work performance, namely the comparison between actual work results and established work standards. HR is also the key that determines the development of the company. Human resources on a micro basis are individuals who work and become members of a company or institution and are commonly referred to as employees, laborers, employees, workers, workers and so on. Meanwhile, the macro definition of HR is the population of a country who has entered the age of the workforce, both those who have not worked and those who have worked. Broadly speaking, the definition of Human Resources is an individual who works as a driver of an organization, both an institution and a company and functions as an asset that must be trained and developed.

PT Angkasa Pura II (Persero) is a State-owned enterprise in the management and exploitation of services regarding airports and airport-related services. PT Angkasa Pura II (Persero) Banyuwangi Airport Branch Office, also really feels the impact of the current Covid 19 pandemic condition, both in terms of airport operations and management as well as on the work patterns of its employees. Starting in May 2020 based on the Regulation of the Board of Directors of PT Angkasa Pura II (Persero) regarding employee work patterns during the COVID-19 pandemic conditions, namely administrative employees apply work from home (WFH) rules of 75% and work in the office / work from office (WFO) of 25%. As for operational employees, there is a standby on call rule which means that if there are flight activities, operational employees will be present at the work location according to the official schedule that has been prepared by each unit leader.

The phenomenon depicted from the object of research is that the role of leadership is not optimal in the current new normal condition and the occurrence of cuts in compensation received by employees, which greatly affects the performance of employees of PT Angkasa Pura II (Persero) Banyuwangi Airport Branch Office.

Employee performance appraisal of PT Angkasa Pura II Banyuwangi Airport Branch Office from 2018 to 2020 also decreased.

## II. Literature Review

According to Jung and Virgin Group (in Robbins, 2006: 472), transformational leaders pay attention to the development needs of each follower and problems by helping them look at old problems in new ways, and they are able to excite, arouse, and inspire followers to put extra effort into achieving group goals. This transformational leadership is truly defined as true leadership because this leadership really works towards goals that direct the organization to a goal that has never been achieved before (Locke 1997:59). With the implementation of transformational leadership, subordinates will feel trusted, valued and subordinates will appreciate their leaders more.

At this time, the compensation system has become a concern for every organization or company because it is closely related to human resource management which is an important part of the organization or company. One way of management to improve work performance, motivate and create commitment and improve employee performance is through compensation. Hasibuan (2007) defines compensation as all income in the form of money, goods directly or indirectly received by employees in return for services provided to the company. According to Widodo (2015) compensation is defined as the provision of direct and indirect remuneration of money or goods to employees as compensation for services provided by the company.

An employee's work performance or performance is basically the result of an employee's work over a certain period of time compared to various possibilities, such as standards, targets or other criteria that have been determined in advance and have been mutually agreed upon. (Soeprihanto, 2000). Performance or work performance is the result of quality and quantity of work achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. (Mangkunegara, 2000).

Robbins (2003:92) defines organizational commitment as a condition in which an employee sided with a particular organization and its goals and intends to maintain membership in that organization. This has an impact when an employee is facing a condition of choice in the external environment, the employee will tend to have a mindset like the company where he works and will implicitly show his side with the advantages of the company where he works. Another implication is that an employee will feel he has a responsibility to develop his company and this can be done by developing the capacity of people who are subordinate to him.

## III. Conceptual Model

Based on the background, problem formulation, objectives, and literature review, it can be concluded that this research was conducted to prove and analyze the influence of important variables, namely transformational leadership style and compensation, organizational commitment, and employee performance of PT Angkasa Pura II (Persero) KC Banyuwangi Airport. The conceptual framework in this study describes the direct and indirect effects between variables. The conceptual framework of the research is shown in Figure 1 as follows:

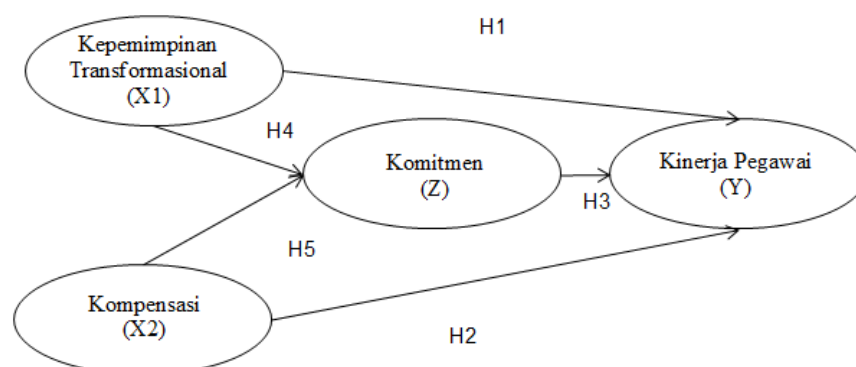


Figure 1. Conceptual Framework

## **HYPOTHESIS**

### **The Effect of Transformational Leadership on Performance**

According to Burns (in Yukl 2010: 290). Transformational leadership calls for moral values from followers in its efforts to increase their awareness of ethical issues and to mobilize their energy and resources to reform institutions. The results of research conducted by Gutoro, Mawardi & Sugiarti (2020) showed that there is a positive influence of Transformational Leadership on performance. The things that become the main priority that a leader must have are humanist, professional and have integrity. Based on this explanation, the following hypotheses were formulated:

H1: Transformational leadership has a significant and positive effect on employee performance.

### **The Effect of Compensation on Employee Performance**

Basically, compensation is something that employees receive from the organization as a reward for their work and contribution to the organization. Compensation is intended to encourage and enable employees to improve their skills and abilities optimally. Therefore, compensation is very important to maintain the quality of the organization's work. The results of research by Amalia & Warnaningtyas (2021), research by Elronny & Syafari (2020) and Jagarin & Astuti (2009) showed that compensation has a positive effect on employee performance. Where things that can affect employee performance in the form of compensation are in the form of basic salary, incentives, allowances and facilities. Based on this explanation, the following hypotheses were formulated:

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

### **The Effect of Organizational Commitment on Employee Performance**

Organizational commitment is synonymous with an individual's sense of love for the identity to which that person contributes. Commitment can be formed from various things, both from within the individual and the organization. Individuals who have a high commitment to the organization can be due to the similarity of company values with personal values, individual satisfaction with the work given, appropriateness of compensation, security and comfort of workplace facilities, clarity of career paths and others. The results of research by Rahayu & Prayekti (2020) showed that there is a positive and significant influence on organizational commitment on employee performance. Organizational commitment is a strong desire to remain as a member of a particular organization, the desire to strive in accordance with the wishes of the organization, as well as certain beliefs and acceptance of the values and goals of the organization. Based on this explanation, the following hypotheses were formulated:

H3: Organizational commitment has a significant and positive effect on employee performance.

### **The Effect of Transformational Leadership Style on Employee Performance Mediated by Organizational Commitment**

Transformational leadership can contribute to employee performance mediated by organizational commitment variables. According to Chen (2004) indicated that groups working under transformational leadership will produce higher levels of performance, extra effort, and job satisfaction compared to groups working under low transformational leadership. Research conducted by Rahayu & Prayekti (2020), shows that there is a positive and significant influence of transformational leadership on employee performance mediated by organizational commitment variables. Based on this explanation, the following hypothesis is formulated:

H4: Transformational leadership has a significant effect on employee performance mediated by organizational commitment

### **The Effect of Compensation on Employee Performance mediated by organizational commitment variables**

One way of management to improve work performance, motivate and create commitment and improve employee performance is through compensation. A good compensation system is a system that can provide satisfaction to employees which in turn will spur employees to behave positively in improving their performance for their place of work. Besides being able to improve performance, the compensation system also functions to attract and retain skilled and highly skilled workers (Fred Luthan, 2006: 128). It showed that to generate organizational commitment to employees, it is necessary to provide fair compensation, so it can spur performance improvement. From these descriptions and explanations, the following hypotheses are formulated:

H5: Compensation has a significant effect on employee performance mediated by organizational commitment

#### IV. Conclusion

The specific developmental changes from time to time do not rule out the possibility of threats or opportunities. One of the changes that occur in the era of globalization is the development of improving the quality of human resources. The progress of the quality of human resources has the impact of such a big change. The development of the quality of human resources also affects the work patterns of business organizations, it showed that the quality of human resources has become a necessity to show the work of the company or organization entity. Strategic planning and the use of complex human resources within the company are needed as a solution to deal with uncertain changes.

In the growth of business competition, PT Angkasa Pura II (Persero) KC Banyuwangi Airport requires competent human resources in the field of work, especially in the performance of its employees. With increasingly fierce competition, human resources become the main subject in overcoming threats and opportunities. For this reason, further research is needed to determine the role of transformational leadership style and compensation through organizational commitment in improving the performance of employees of PT Angkasa Pura II (Persero) KC Banyuwangi Airport.

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