Effect of Transformational and Transactional Leadership Styles on Employee Performance and Its Impact on Quality of Work Life in Oil Processing Companies in Balikpapan

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Abstract

This study aims to find out: 1) The Effect of Transformational Leadership Style on Employee Performance of oil processing companies in Balikpapan; 2) Effect of Transactional Leadership Style on Employee Performance of oil processing companies in Balikpapan; 3) Transformational Leadership Style on Quality of Work Life of oil processing companies in Balikpapan; 4) Effect of Transactional Leadership Style on Quality of Work Life of oil processing companies in Balikpapan. This research is a quantitative descriptive study with a total sample of 80 respondent nurses' employees. Data collection techniques using questionnaires and purposive sampling methods. Data analysis techniques in this study used Simple Linear Regression. The results showed the Transformational Leadership Style affects the Employee Performance of oil processing companies in Balikpapan[H1]; the Transactional Leadership Style affects the Performance of Employees of oil processing companies in Balikpapan[H2]. From these results, it can be concluded that all indicators have a positive and significant effect.

Keywords: leadership style; transformational and transactional; employee performance; quality of work-life

PRELIMINARY

Management activities will run well if supported by adequate human resources. The quality of human thought can be improved so that the desired quality of the company is achieved, in terms of both quality and stability. The quality of both quality and quantity is obtained from employee performance results. Companies must have employees who are knowledgeable and have high skills and efforts to manage the company as much as possible so that employee performance is in line with expectations. Employee performance is the result of the work performance of employees which is assessed in terms of quality and quantity based on work standards determined by the company. Good performance is optimal performance, which is a performance that is in line with organizational standards and supports the achievement of organizational goals.

The effectiveness of the leadership in the company greatly determines the success of the company, the leader must be able to improve performance by motivating his subordinates to be more optimal in carrying out their duties or responsibilities. To establish good cooperation between leaders and employees, both parties must understand each other's interests in the company, so that leaders are needed who can receive opinions or input from employees for the progress of the company and can help resolve workplace conflicts that occur in the company.

Leaders in an organization or company are free to determine the leadership style that will be used in running an organization or company. Leadership style is the norm of behavior used by someone when that person tries to influence the behavior of others, Suranta (2002). The right leadership style is that every leader has the obligation and responsibility to achieve the company's goals together with his employees, as well as providing motivation and attention to the needs of his employees. A leader must apply the leadership style to manage his employees, because a leader will greatly influence the success of the organization in achieving its goals, Guritno (2005). The success or failure of employees in achieving work performance can be influenced by the leadership style of their superiors. Suranta (2002); Biatna Dulbert Tampubolon (2007), have examined the effect of leadership style on performance, stating that leadership style has a significant influence on employee performance.   The company is also obliged to build a work-life that is conducive to employees to get the best performance, this is called Quality of Work Life (QWL). Quality of Work Life is usually related to matters related to the conditions and practices of the organization that allows employees in an organization to feel that they are actually safe, satisfied, and have better opportunities in terms of growing and developing as humans. According to Robbins & Judge (2008), defines Quality of Work Life as a process in which an organization responds to the needs of its employees by developing a mechanism that allows them to join in making decisions related to their work life. In other words, Quality of Work Life is the relationship between workers and their environment that can be divided into several dimensions such as social, technical, and economic. According to Gayathiri & Ramakrishnan (2013), Quality of Work Life is a multi-dimensional concept, where the classification of the dimensions of Quality of Work Life is divided into three namely 1) the mental and objective aspects of the work environment, 2) the high and low demands of employee needs, 3) the characteristics of work and supervision, structural and community characteristics.

The survey results through observations on the performance of employees of oil processing companies in Balikpapan are known to have decreased employee performance in work marked by work quality, work quantity, and completion time that are not in line with what is expected. The leadership style that is applied is not optimal so that the quality of work of employees is less than the maximum without direct supervision from the leader. Effective communication between leaders and employees must still be improved so that commands can be carried out properly, good communication between superiors and subordinates affects the work of employees because clear commands will prevent employees from carrying out tasks. The work environment is positive but there are still some problems that are, employees do not feel comfortable, they are limited in developing new ideas because leaders lack creative thinking, have no innovation, and are less open to new ideas. Based on the explanation above, the author is interested in researching and studying the problem with the title Effect of Transformational and Transactional Leadership Styles on Employee Performance and its impact on Quality of Work Life.

LITERATURE REVIEW
Transformational leadership
Transformational leadership Bass (1999), Transformational leadership is the leader of changing and motivating followers to feel trust, admiration, loyalty, and respect for leaders. According to Robbins & Judge (2008), transformational leadership is a leader who inspires employees to transcend their personal interests that is able to have an extraordinary impact on employees.

Transactional Leadership
Transactional Leadership Yukl (2010), is the exchange of rewards with work completion. According to Rivai & Mulyadi (2009), Transactional leadership is a leader who guides, motivates their followers in the direction of the goals being upheld by clarifying roles and task demands. Yukl (2010), Transactional leadership can involve values, but those values are relevant to exchange processes such as honesty, responsibility, and reciprocity.

Employee performance
Employee performance Simamora (2004), is the result of the work performance of employees which is assessed in terms of quality and quantity based on work standards determined by the organization. According to Nurlaila (2010), performance or performance is the result or output of a process. According to the behavioral approach in management, performance is the quantity or quality of something produced or services provided by someone who does the work, Luthans & Youssef (2007).

Quality of Work Life
Currently, Quality of Work Life is seen as one of the things needed in the quality of life element of an employee. Furthermore, high Quality of Work Life is very important for an organization to be able to attract and maintain its employees. According to Aketch et al., (2012), *Quality of Work Life is a philosophy, a set of principles which will regard the people in the organization as important resources in the organization and they can be trusted, responsive, and able to make valuable contributions, so they must be treated fully respect. According to* Dessler (2013), *Quality of Work Life means circumstances*

where employees can meet their important needs by working in an organization, and the ability to do that depends on whether they exist.

Relationship between Transformational Leadership and Employee Performance

The influence of Transformational Leadership Style on the Performance of oil processing companies in Balikpapan is a leadership model for a leader who tends to motivate subordinates to work better so that the company's goals can be achieved. The leader of an organization must apply the transformational leadership style effectively so that the performance of employees in the organization will be good and increase, conversely if the transformational leadership style is ineffective, the employee's performance will be bad and even decline. A leader who has a transformational leadership style tends to motivate his employees. Leaders are able to change and motivate followers by making employees aware of the importance of the results of a job that encourages employees to prioritize the interests of the company so that the company's goals and work results of employees are maximum. Some of the determinants of transformational leadership success are charisma, motivation, inspiration, stimulation intellectual, and individual attention.

Relationship between Transactional Leadership and Employee Performance

Transactional Leadership Style is a leadership style where leaders are expected to be able to adjust themselves in accordance with the expectations of employees so that employees feel needed. The subordinate's physical and material needs are sought by the leader and in return, the leader receives a reward in the form of high employee performance. Transactional leaders base themselves on the principle of transactions or exchanges between leaders and employees. The leader gives a certain reward or award (for example, bonus) to the employee if the employee is able to meet the leader's expectations for example high employee performance. allowance for increasing discipline, applying career paths. The second indicator is the management based on the exception in question is the leader directly monitors what is done by the employee so that if an error occurs, the employee can be asked to immediately make improvements, for example, employees apply strict sanctions on employees who have violated the rules, giving reprimand for corrective actions for mistakes that have been made. Employee performance will certainly improve and the company's goals will be successful if this is done.

Relationship between Transformational Leadership and Quality of Work Life A leader in a company that has a transformational leadership style is also influenced by Quality of Work Life, of course, a good QWL will lead to a cooperative relationship between leaders and employees. Cooperation between leaders and employees will be well established and conflicts will be easily resolved, so that employee performance will improve and be achieved to the maximum. Thus Quality of Work-Life can strengthen or weaken a leader's transformational leadership style on employee performance.

Relationship between Transactional Leadership Quality of Work Life

Quality of Work Life (QWL) can be interpreted as a systematic effort from the organization to provide a good opportunity for employees to influence their work and the opportunity to contribute to overall organizational effectiveness. The success of Quality of Work Life is determined by several things namely communication, occupational health, work safety, conflict resolution, compensation, and career development. If this has gone well, of course, the performance of employees in a

company will be good too in accordance with company goals. Transactional leadership style is also influenced by the QWL, so of course, a good QWL will lead to a cooperative relationship between leaders and employees, so that employee performance will increase and be achieved to the maximum. Thus Quality of Work Life (QWL) can strengthen/weaken the transactional leadership style of employee performance.

METHOD

This research uses a descriptive type of research with a quantitative approach. Conducted at an oil processing company in Balikpapan. The variables used are Transformational Leadership Style (X1), Transactional Leadership Style (X2), Employee Performance (Y1), and Quality of Work Life (Y2). The population in this study were all oil processing company employees in Balikpapan. The number of samples used using a percentage of each company as many as 20 people in each company. So that the respondents were 140 employees. Research using saturated sampling. Data collection methods are questionnaires and interviews. Instrument testing includes validity and reliability tests. Data analysis techniques used Regression analysis with a significance level of 5%.

Research Instruments

The instrument or measuring instrument used in this study was a questionnaire (a list of closed questions) that contained the dependent variable (Employee Performance and QWL) and independent variables (Transformational and Transactional Leadership Styles).

Validity test

Validity testing is carried out on questionnaires used to measure variables Employee Performance, Transformational Leadership Styles, Transactional Leadership Styles and Quality of Work Life. In this study the measurement of data using a Likert scale. The following criteria for validity analysis:

Table 1. Employee Variable Validity Test Results

No	Pearson Correlation	Information
1	0,610	Valid
2	0,458	Valid
3	0,574	Valid
4	0,773	Valid
5	0,643	Valid
6	0,450	Valid
7	0,62	Valid
8	0,426	Valid
9	0,230	Tidak Valid
10	0,605	Valid
11	0,164	Tidak Valid
12	0,432	Valid
13	0,454	Valid
14	0,610	Valid

Source: Primary data processed

In table 1 it can be seen that there are 12 valid statements including statements 1, 2, 3, 4, 5, 6, 7, 8, 10, 12, 13, and 14, the Pearson Correlation value or the calculated value is above the ^{R}table value (0.3494), while the other 3 statements declared invalid are statements no. 9 and 11, the Pearson Correlation value or the calculated value is

below the ^{R}table value (0.3494). Valid questions can be used in research, while invalid statements are considered null.

Table 2. Test Results of the Validity of Variables in the Transformational Leadership Style

No	Pearson Correlation	Information
1	0,789	Valid
2	0,475	Valid
3	0,638	Valid
4	0,586	Valid
5	0,709	Valid
6	0,575	Valid
7	0,617	Valid
8	0,491	Valid
9	0,485	Valid
10	0,599	Valid
11	0,495	Valid

Source: Primary data processed

In table 2 it can be seen that all statements are valid, the Pearson Correlation value or the calculated value is above the ^{R}table value (0.3484). All valid statements can be used in research

Table 3. Test Results of the Validity of the Transactional Leadership Style

No	Pearson Correlation	Information
1	0,744	Valid
2	0,785	Valid
3	0,654	Valid
4	0,704	Valid
5	0,667	Valid
6	0,766	Valid
7	0,601	Valid
8	0,62	Valid

Source: Primary data processed

In table 3 it can be seen that all statements are valid, the Pearson Correction value or the calculated value is above the ^{R}table value (0.3494). All valid statements can be used in research.

Table 4. Quality of Work Life Variable Validity Test Results

No	Pearson Correlation	Information
1	0,733	Valid
2	0,869	Valid
3	0,606	Valid
4	0,777	Valid
5	0,599	Valid
6	0,613	Valid
7	0,819	Valid
8	0,712	Valid
9	0,756	Valid
10	0,562	Valid
11	0,749	Valid
12	0,804	Valid
13	0,72	Valid
14	0,591	Valid
15	0,655	Valid

Source: Primary data processed

In table 4 it can be seen that all statements are valid, the Pearson Correlation value or the calculated value is above the Rtable value (0.3494). All valid statements can be used in research.

Reliability Test

Reliability is a measure that indicates that the measuring instrument used in research has reliability as a measuring tool, including being measured through the consistency of measurement results from time to time. if the measured phenomenon does not change, Zulganef (2006). Reliability test is a test that is used to show whether or not the reliability of a tool or instrument to obtain data or information in a study that has been done. Researchers conducted instrument reliability testing and the results can be known as follows:

Table 5. Reliability Test Results

Variable	Cronbach Alpha	Information
Transformational Leadership Style	0,81	Reliable
Transactional Leadership Style	0,844	Reliable
Employee performance	0,799	Reliable
Quality of Work Life	0,919	Reliable

Source: Primary data processed

Based on table 5, it can be seen that the Cronbach Alpha value of all research variables shows greater than 0.6, it can be concluded that the question items of each of these variables are reliable so that the questionnaire of these variables can be used for research.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistical analysis is the process of analyzing data by describing or describing data that has been collected, to make it easier to describe the research variables. Certain criteria are used that refer to the average score of the quiz category obtained from respondents using the Likert scale. The following are the interpretation criteria of descriptive statistical analysis:

Table 6. Criteria for interpretation of the descriptive statistical analysis

No	Range of Score Categories	Interpretation
1	1,00-1,79	Strongly Disagree
2	1,80-2,59	Disagree
3	2,60-3,39	Agree Less
4	3,40-4,19	Agree
5	4,20-5,00	Strongly agree

Source: Adapted from a Likert Scale 5 scale score (Somantri & Muhidin, 2006).

Table 7. Frequency Distribution of Employee Performance Variables

No.	Interval	Frequency	percentage (%)
1	27.0 – 30.0	4	5.00%
2	30.1 – 33.1	16	20.00%
3	33.2 – 36.2	18	22.50%
4	36.3 – 39.3	19	23.75%
5	39.4 – 42.4	10	12.50%
6	42.5 – 45.5	9	11.25%

7	45.6 – 48.6	4	5.00%
	amount	80	100%

Source: Primary data processed

Table 7 shows that the majority of respondents' answers at the interval between 36.3-39.3 that is 23.75%.

Table 8. Frequency Distribution of Transformational Leadership Style Variables

No.	Interval	Frequency	percentage (%)
1	24.0 – 26.9	3	3.75%
2	27.0 – 29.9	18	22.50%
3	30.0 – 32.9	16	20.00%
4	33.0 – 35.9	12	15.00%
5	36.0 – 38.9	10	12.50%
6	39.0 – 41.9	14	17.50%
7	42.0 – 44.9	7	8.75%
	amount	80	100.0%

Source: Primary data processed

The table shows that the majority of respondents answer scores in the interval between 27.0-29.9 that is equal to 22.50%.

Table 9. Frequency Distribution of Transactional Leadership Style Variables

No.	Interval	Frequency	percentage (%)
1	17.0 – 19.4	7	8.75%
2	19.5 –21.90	5	6.25%
3	22.00–24.4	14	17.50%
4	24.50–26.90	17	21.25%
5	27.00–29.40	19	23.75%
6	29.50–31.90	14	17.50%
7	32.00– 34.40	4	5.00%
	amount	80	100.0%

Source: Primary data processed

The table shows that the majority of respondents answer scores in the interval between 27.0-29.9 that is 23.75%.

Tabel 10.   Distribusi Frekuensi Variabel *Quality of Work Life*

No.	Interval	Frequency	percentage (%)
1	36.00–39.40	14	17.50%
2	39.50– 42.90	13	16.25%
3	43.00– 46.40	22	27.50%
4	46.50– 49.90	7	8.75%
5	50.00– 53.40	12	15.00%
6	53.50– 56.90	6	7.50%
7	57.00– 60.40	6	7.50%
	Jumlah	80	100.0%

Source: Primary data processed

The table shows that the majority of respondents answer scores in the interval between 43.00-46.40 that is equal to 27.50%.

Hypothesis Test Results (t-Test)

First Hypothesis Testing

H1: Transformational Leadership Style influences Employee Performance of oil processing companies in Balikpapan

Table 11. Hypothesis Test Results 1

Variable	Regression Coefficient	T count	*Sig*	r	R *Square*
Konstanta	15,771				

TF	0,628	9,006	0,000	0,714	0,510

Source: Primary data processed

The first hypothesis testing uses simple linear regression analysis. The first hypothesis in this study states that "Transformational Leadership Style affects the Performance of Employees of oil processing companies in Balikpapan". In this study, the regression coefficient value is 0.628, the value of count is 9.006 which is greater than a table at the 5% significance level, namely 1.9901 (9,006> 1.9901), and the probability value is (0,000 <0.05).

Second Hypothesis Testing

H2: Transactional Leadership Style influences Employee Performance of oil processing companies in Balikpapan

CONCLUSION

Based on the results of the study as previously described, several conclusions can be drawn as follows:

Transformational Leadership Style has a significant positive effect on Employee Performance. This is evidenced by the value of r Square 0.510, the value of the regression coefficient X1 0.628 and the significance value of the statistical t-test of 0,000 <0.05.

Transactional Leadership Style has a significant positive effect on Employee Performance. This is evidenced by the Square r-value of 0.230, the value of the regression coefficient X2 of 0.574 and the significance value of the statistical t-test of 0,000 <0.05.

Quality of Work Life (QWL) strengthens the influence of the Transformational Leadership Style on Employee Performance. This is evidenced by the results of testing hypothesis 3 after the interaction X1 * X3, the value of constant 61.701, with a statistical value of t = 4.008, $\beta1$ = -0.989 and a statistical value of t = -2.096 with a significance value of 0.039 is significant, while the value of $\beta2$ = - 0.893 and the statistical value of t = -2.714 with a significance value of 0.008 is significant. While the value of $\beta3$ = 0.032 and the statistical value of t = 3.239 with a significance value of 0.002 is significant.

Quality of Work Life (QWL) strengthens the influence of the Transactional Leadership Style on Employee Performance. This was proven after the interaction of X2 * X3, the value of constant was 91.187, with a statistical value of t = 4.941, a value of $\beta1$ = -2.602 and a statistical value of t = - 3.695 with a significance value of 0.000 was significant, while a value of $\beta2$ = -1.473 and a statistical value of t = -3.425 with a significance value of 0.001 is significant. While the value of $\beta3$ = 0.067 and the statistical value of t = 4.194 with a significance value of 0.000 is significant.

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