The Effects of Transformational Leadership Styles, Organizational Culture and Work Motivation on Employee Performance

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ABSTRACT: The purpose of this study was to identify and explore the conceptual framework of the relationship model of transformational leadership style, organizational culture and work motivation on employee performance. Methodology research conducted using literature review from various sources theory and previous research studies.

KEYWORDS – Employee Performance, Motivation, Culture, Transformational, Conceptual paper

I. INTRODUCTION

In the competitive world economic situation, the success that of an organization will be largely determined by the quality of leadership within that organization. Therefore, there is always needed a new leadership in the organization. The new leader is so-called transformational leader because they have to create something new from something old. In other words, they must develop and communicate a new vision in order to achieve corporate objectives. Development of a national economy, in the era of globalization, should be able to support the growth of business, so it can produce a variety of goods/services that have technology content that can improve the welfare of the people and also get the assurance of goods and/or services obtained in the market. Corporate real estate as a business entity that undertakes the construction of housing is expected to survive in the face of various challenges. The Real Estate companies or developers can be defined as those that build homes and settlements. During its development, a developer company (real estate) is defined as an enterprise which is engaged in the construction of a residential housing area within a specific location. In line with population growth, the demand for the availability of various facilities that support community life has also increased. It is encouraging the government and private parties for development, especially in the field of housing. It is one of the basic human needs that already exist. The research is concerned with The effects of transformational leadership styles, organizational culture and work motivation on employee performance.

Rapid change requires that organizations have employees and leaders who are able to adapt effectively, improve the system of constant work, focus on consumers and the need to make a profit. Human resources within the company play a role and a function that is essential for the achievement of corporate objectives. Human resource covers the entire human existence in the organization, namely those involved in the operations of the company starting from the lowest level to the top. Although at different levels, all elements of human resources have a similar role to achieve corporate objectives absence or neglect of one part will result in delays in the achievement of corporate goals. Leaders can not only tell their subordinates what to do, but also can direct them how to execute the command leadership. With leaders such efforts are able to influence subordinates who are in the work. Human needs such as the need for food, clothing and shelter, as well as the need for interpersonal relationships, a sense of security, status are growing each day. Humans need work and earn money to fulfill their needs. Humans require motivation to produce work that can build the company and have a positive effect on themselves. This will enable a within in the organization common goal to be achieved.

Housing is a means for humans to perform various activities of life and the means to provide protection against external disturbances. Currently housing concept has undergone a shift, not only as a basic necessity alone, or as a medium that provides protection, but housing has become a lifestyle, providing comfort and showing individual characteristics or identity. This is one of the patterns of self-development as well as a means of privacy, as needed in the global community. In Indonesia, demand for housing has increased, especially in...
urban communities, where the population is large. Urban centers of economic, social, educational cultural and political activities exist where governments seek to meet the need for housing in the middle of various constraints such as limited land for housing. Real estate company in building a residential area requires a large investment cost. This fee covers the cost of the release location, equipment, material, labor, licensing fees, deeds and certificates, electricity, expenses and costs for social means. On the other hand there will be payback of the investment cost in the long run. Therefore, very determined leader who has the vision and mission must be able to manage their finances as well as take into account the investment risk.

Transformational leaders not only make major changes in these areas, but also hold in the political system and cultural foundation for the organization. Changes in the political system and culture is what distinguishes transformational leadership from transactional leadership. Charismatic leadership has a reference power level that is very high and most of the power comes from their desire to influence others. A charismatic leader has a high confidence level and domination and a strong sense of belief in moral truth or at least the ability to convince his followers that he has the trust and confidence [2].

Another important aspect of leadership is the leadership style. Leadership style is in regard to the ways that managers influence subordinates. The company's success in achieving its goals is determined by the leadership style of a leader [3]. Leadership style refers to the methods used by managers to manage and influence employees to improve their performance in order to achieve company goals. A leader has a very close relationship with work motivation and performance of employees. Leaders encourage, nurture, sustain, and improve employee motivation and employee performance. Leaders need to pay attention to the leadership styles used in driving and directing subordinates in order to increase their performance, so that the quality of their products is also increasing. The essence of leadership is an attempt to influence others to donate their expertise, both to act in accordance with capabilities owned and to grow and develop continuously [4].

For continued survival, organizations must be able to develop human resource potential and expand culture in its function as a control mechanism and meaning makers who will guide and shape the attitudes and behaviour of employees [5]. Organizational culture affects the way people act in the organization, how they work, see their work, collaborate with colleagues and look to the future. This is largely determined by the value placed on cultural norms, values and beliefs. The success of the organization at this time is determined by culture and its ability to transform itself in order to support organizational objectives. Each organization has its own culture, so different from each other that will affect the development of the organization. The role of leaders is very important, as it influences or can change the organizational culture [6]. Changes in organizational culture are difficult and should be gradual requiring insight and competence of a leader to be able to influence subordinates [7]. Organizational culture is especially significant to the survival of the organization, especially when associated with the organization's efforts to address the various issues in the development and adaptation to various internal and external changes and the integration of the internal forces [8].

Motivation is a force, both from within and from outside, which encourages one to achieve certain goals that have been set previously. Leaders motivate employees to produce the specified performance, provide support, assist, and direct employees in completing their work. A leader must have the right way to motivate employees to achieve high performance. Vroom explained that an employee is motivated to achieve a high level of effort if he believes that his efforts will deliver them to a good performance appraisal [5]. In the process of giving effect to employee performance, motivation of work includes three aspects, namely expectations, instrumentality, and valence. Valence is a person's desire to obtain a reward, expectation is an estimate of the possibility that efforts will lead to job performance, while instrumentality (Instrumentality) is the expectation that performance will lead to revenue.

II. LITERATURE REVIEW

The independent variables in this study are transformational leadership style, organizational culture and work motivation, as well as the dependent variable of performance of employees. Burns identified two types of leadership, namely transformational leadership and transactional leadership [3].

2.1. Transformational Leadership

Initial ideas for the transformational leadership model applied it in the political context and further refined and introduced into the organizational context. Transformational leader is a leader who does not justify any means to achieve a goal. That is, in achieving the goals of the organization, a leader uses the strategies and tactics that can be justified norms, ethics and law, that a transformational leader must be able to transform the organization he leads. In transformational leadership, leaders create a vision and innovation of environment for employees to excel beyond expectations. A transformational leader has the ability to inspire and innovate the followers to achieve greater results than originally planned. In this case, the employees feel trust, admiration, loyalty, and respect for their leader to feel motivated to do more [9,10].

One of the important characteristics of transformational leadership is charisma. Transformational leaders need skills assessment, communication skills, and sensitivity to other people. Leaders must be able to clearly
express their vision but must also be sensitive to followers. Charisma is one important dimension of transformational leadership and is the strongest predictor leadership outcomes, such as subordinate extra effort, commitment to the organization, satisfaction with the leader, and subordinate to the skills assessment leadership [11]. Effective leadership must embrace empowerment and be willing to share power and responsibility with staff. The role of the leader is the authorized means by which the leader shows confidence, providing vision, reduce barriers to performance, express encouragement, innovate and train staff [3].

2.2. Organizational Culture

Organizational culture relates to a number of important insights, including norms, values, attitudes and beliefs, which are shared by the members of the organization [2]. Every organization has a culture which differs from each other, so as to distinguish between one organization to another organization. Culture encourages a person to behave in certain ways in an organization. Cultural activities can affect all employees of the organization, whether they work, how to look at the job, working with colleagues, and looking to the future [12]. Culture is a complex mix and assumptions, behaviours, stories, myths, metaphors and other ideas that are combined into one to determine what works in a particular organization. We can say that people in every organization learn a specific way to deal with many complex issues. In life, people are influenced by the culture in which they live, as the values, beliefs and behaviours of social / cultural communities which then generate social or cultural community. Similarly for members of an organization with all the values, beliefs and behaviour in the organization and then creating organizational culture [13].

Cultural dimension describes the effect of culture on the values of its members, and how these values relate to behaviour, using a structure derived from factor analysis. Hofstede's that might also be applied with an organizational framework identified five basic dimensions of national culture [14].

1. Power Distance. The extent to which a society accepts the power of institutions and organizations is distributed disproportionately. Dimensions range from relatively balanced (low power distance) to extremely unequal (high power distance). If a society accepts that power distributed within an organization is relatively balanced then categorized as having a low power distance. If a society accepts that power distributed within an organization is very uneven then categorized as having high power distance.

2. Uncertainty Avoidance. The extent to which a society in a state is more like a structured situation than the unstructured is known as uncertainty avoidance. Or it can also be said, the extent to which a society feels threatened by uncertain and ambitious situations through the provision of career stability, rules of conduct more formal, no toleration of different ideas and behaviour, and belief in the truth and the work of experts in absolute terms. Countries that have a high value on uncertainty avoidance have a level of anxiety / high concern manifested in nervousness, stress, and aggression.

3. Individualism versus Collectivism. Individualism indicates a social framework that loosely ties in when a person considers only themselves and their immediate families, while collectivism (group) is characterized by a strong social framework in which a person distinguishes between inside and outside the group. They hope that people who were in the group maintain / care for them and instead they will be absolutely loyal. Collectivism is equivalent to a low individualism.

4. Masculinity versus femininity. If the dominant values in a society are masculine then firmness, spirit has money and goods (quantity of life exist). In contrast, the Quality of Life adds value to the relationship, showing sensitivity and concern for the welfare of others.

5. Long-Term versus Short-Term Orientation. Communities with Long Term Orientation are represented by cultures that look to the future and have a value of frugality and perseverance. Conversely, people who have a short-term orientation to their organizational culture see only the past and current. Culture with a long term orientation appreciate the things that are traditions and social responsibilities.

2.3. Work Motivation

The success of an organization in achieving its goals is not only determined by the form of the composition or structure of the complete organization, but also influenced by the placement of individuals in positions appropriate to their skills and expertise. Individuals differ not only in their ability to do something, but also the willingness to do something (motivation). Work motivation is a process in which people are encouraged to do activities. Humans have needs that must be met so that employees will be able to carry out work in earnest when given a particular boost according to their needs. There are many theories that discuss motivation including Maslow's hierarchy of needs, Herzberg's theory of hygiene factors, and Vroom's expectancy theory.

1. Maslow's Hierarchy of Needs Theory

The theory that has relevance to this research is that of Maslow [12]. This theory classifies human needs into five categories. In order to attract the most basic needs adequately met, one would not seek to satisfy higher needs. Maslow's hierarchy of needs includes: physiological needs, safety needs, social needs, the need for respect, and self-actualization needs.
The Effects Of Transformational Leadership

a. Physiological needs, is the requirement that must be met first. This requirement is the need to sustain life and is the most basic requirement including eat, drink, housing, sex, and rest. Meeting these needs is the most basic necessity as it is a requirement that must be met as a normal human being and to meet biological needs. Its application to the organization could be salary, space and adequate rest periods, lunch breaks, clean air, water to drink, leave for holidays, as well as fringe benefits.

b. Safety needs, is the second requirement after the first needs are met. These needs include protection and stability. In fulfillment of this requirement at the time not only for work, but also about a sense of security about the future and old age. Its application in the organization is the development of employees, safe working conditions, seniority plans labor, savings, severance pay, and retirement security.

c. Social needs, is an assessment of the organization’s employees to meet the needs of love, friendship, sense of belonging and accepted in the group, the family association working groups, formal and informal activities sponsored by the organization, and commemoration events.

d. Esteem needs, related to meeting the employees needs of status or position, confidence, recognition, reputation and achievement, appreciation, self-respect, respect, power, ego, promotion, gifts, status, symbols, recognition, and position. The higher the status, the higher the demand for recognition, respect, and self-esteem.

e. Self-actualization needs, include the use of self-potential growth, self-development. Its application is in the form of completing tasks that are challenging to perform creative tasks, and skills development.

2. ERG theory
   ERG theory is basically similar to Maslow's theory [15]. But the theory of Alderfer splits the levels of human needs into three level [12], namely:
   a. Existence needs are basic human needs for survival (physical needs and security). The needs are satisfied by factors such as food, air, water, salaries, and working conditions.
   b. Relatedness needs reflect that need to interact with others (social needs and awards).
   c. Growth needs are the need to channel the creativity and being productive (self-actualization needs).

3. Hygiene Factor Theory
   Herzberg's theory of motivation or hygiene theory assumes that one group of factors, motivators, provide a high level of motivation. Another group of hygiene factors or treatment factors (maintenance), can lead to job dissatisfaction [16].

4. Expectancy Theory
   The expectancy theory of motivation developed by Vroom and has also been used to predict the behaviour of employees [17]. Vroom defines motivation as the process of setting choice among forms of alternative voluntary activities. Most behaviour is deemed to be under the control of people and hence motivated [12].
   a. Hope. Expectation is related to an individual's belief about the likelihood or subjective probability that a certain behaviour will be followed by a particular outcome. A person without hope or a belief in a particular business opportunity will lead to a certain level of achievement. This is the expectation of achievement results [12].
   b. Instrumentality. Instrumentality is the degree of one's convictions that an action leads to the second result and an individual's perception that the results of the first level will be associated with the second level.
   c. Valence. Valence is the power of one's desire to achieve certain outcomes and preferences regarding the outcome as seen by the individual. One result has a positive valence if unpopular, and has a negative valence if not favored or avoided. A result has zero valence when the valence for the individual is not worth to be achieved or not achieved. Valence concept applies to the results of the first and second levels. For example, a person may choose a high employee job performance (results of the first level), because he believes that it would lead to wage increases (second level results).

2.4. Employee Performance
   Strength of any organization lies in its people, so that the achievement of an organization is inseparable from the performance of each individual involved in it. Performance of the employee is the result of an employee during the period compared with a range of possibilities, such as standards, targets, goals or criteria that have been determined in advance and agreed upon. The level of employee performance is a measure of the efficiency and effectiveness of an organization in achieving its intended purpose. High performance can be short term or long term, can also be at the level of individuals, groups or organizations. Individual performance resulted in the group's performance which further contribute to the performance of the organization.
   Performance is also the result or output of a process. Performance has a close relationship with productivity as an indicator in determining how efforts to achieve a high level of productivity in an organization [18]. Performance is also a function of motivation and ability. To complete the task or job, one must have a degree of willingness and ability levels. Performance refers to the level of success in performing the tasks and the ability to achieve the intended purpose. Performance is also expressed as the quality and quantity of achievement tasks, whether committed by individuals, groups and companies. To complete the task or job, one must have a degree of willingness and a certain level of ability [19,20,21].

III. Conceptual Framework
   Transformational leaders are those who stimulate and inspire followers to achieve extraordinary results in the process of developing their own leadership capacity. Transformational leaders help subordinates grow and develop into leaders by giving attention to the needs of subordinates, align goals of subordinates and leaders, groups, and organizations. Empirical evidence suggests that transformational leadership can move followers to exceed expected performances, and result in higher levels of follower satisfaction and commitment to the group and the organization [10]. Characteristics of the transformational leader: charismatic, caring, and intellectual. Charismatic leader will be able to grow the loyalty of the members of the
organization, encouraging them to express their opinions and views freely and be able to direct their attention to the situation and the vision to anticipate future conditions [11]. A caring leader is a leader who is willing to give attention to the problems faced and the needs of the members of the organization and is willing to help solve problems. Intellectual leaders will invite the members of the organization to think rationally, and use data and facts in solving problems.

Based on theoretical and empirical studies that have been described in the previous chapter, the conceptual framework of this study highlights the effect of transformational leadership style, organizational culture, motivation to work on the performance of the company. The conceptual framework of this study can be seen in Figure 1.

**IV. RESEARCH AREA, METHODS AND DATA ANALYSIS**

This study will be conducted in Makassar, South Sulawesi, Indonesia. It seeks to analyze the effect of transformational leadership style, organizational culture and work motivation on employee performance (studies on corporate developers in Makassar, Indonesia). The sample were employees of the companies of five developers in Makassar, South Sulawesi, Indonesia, each with a minimum of 100 people. Random probability sampling was a method used to select the sample drawn from the population in a way so that every member of the population has an equal chance to be taken as a sample.

Participants, there were 100 participants (60 male) in the study, background education with senior high school in this study 84%, age from 31-50 is 66%, 76.4% had worked between 6 and 20 years in the same organization, married status 70.8%. Data used in this study is primary data that includes data relating to the respondent's statement of the effect of transformational leadership style, organizational culture and work motivation on employee performance. The primary data were obtained and derived from the respondents (managers and staff, subordinate developer company). Method of data collection of this study was questionnaire. Questionnaires were completed by visiting the company and explaining the questionnaire.

The data analysis techniques used in explaining the phenomenon in this study was Generalized Structured Component Analysis (GSCA). The goal was to replace the linear combination of factor indicators (manifest variables) in the SEM analysis. This analysis approach uses least square method in the parameter estimation process. GSCA, GSCA as a new method based SEM. It can also be applied to very small samples. In addition, GSCA can be used in structural models involving variable with reflective or formative indicators [22,23]. This study essentially sought to determine the best model to explain the relationship between the independent variables of transformational leadership style (formed by 3 indicators: charismatic, caring, and intellectual), the dependent variable organizational culture (formed by the 5 indicators. Norm, value, attitude, belief, change), variable motivation (formed by the 3 indicators. Hope, instrumentality, valensi), and variable performance, (formed by 3 indicators. Quantity work, quality work, willingness).

**V. SCALE AND DATA MEASUREMENT**

The constructs measured along with the number of item and example items are presented in Table 1.

<table>
<thead>
<tr>
<th>Table 1: Constructs Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construct</strong></td>
</tr>
<tr>
<td>Transformational Leadership</td>
</tr>
<tr>
<td>Charismatic</td>
</tr>
<tr>
<td>Caring</td>
</tr>
<tr>
<td>Intellectual</td>
</tr>
</tbody>
</table>
Organizational Culture

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Weight</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norm</td>
<td>3</td>
<td>Employees have the freedom to behave ethically</td>
</tr>
<tr>
<td>Value</td>
<td>2</td>
<td>Employees avoid confrontation in doing the job</td>
</tr>
<tr>
<td>Attitude</td>
<td>2</td>
<td>Employees have fun in the Office</td>
</tr>
<tr>
<td>Believe</td>
<td>2</td>
<td>Employees have a concern among others</td>
</tr>
<tr>
<td>Change</td>
<td>2</td>
<td>Employees have the freedom to innovate</td>
</tr>
</tbody>
</table>

Work Motivation

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Weight</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hope</td>
<td>2</td>
<td>I always discuss the work in groups to gain better working</td>
</tr>
<tr>
<td>Instrumentality</td>
<td>2</td>
<td>I have always worked under the rules set by the Company</td>
</tr>
<tr>
<td>Valence</td>
<td>2</td>
<td>Position in accordance with my education</td>
</tr>
</tbody>
</table>

Employee Performance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Weight</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity of work</td>
<td>2</td>
<td>Employees managed to achieve quality standards of work</td>
</tr>
<tr>
<td>Quality of work</td>
<td>2</td>
<td>Employees performing work is based on planning Company</td>
</tr>
<tr>
<td>Willingness</td>
<td>2</td>
<td>Employees always arrive on time at work</td>
</tr>
</tbody>
</table>

Transformational leadership style was operationalized by 3 indicators: charismatic, caring, and intellectual. The dependent variable of organizational culture was formed by the 5 indicators: norm, value, attitude, believe, change. Motivation was formed by the 3 indicators: hope, instrumentality, valence. Performance was formed by 3 indicators: quantity work, quality work, willingness. This study used Likert scales, to measure these attitudes, opinions and perception of respondents to the object as it provides: (1) convenience, (2) high reliability, (3) flexible than other techniques, (4) applied to various situations [24]. For all items in this study Likert scale determinations ranged from a scale Strongly agree to Strongly disagree.

Population is complete element which is usually a person, object transactions, or events in which we are interested to learn from or become the object of study [25]. The sample was drawn from the population of employees at five companies that satisfied the following criteria:

1. The company has been engaged for over 20 years in the field of development and residential construction.
2. The company is a developer who built a residential area that is balanced in terms of development, elite housing and intermediate housing.
3. The company is a developer company which has the location of existing housing in various locations within a wide selection of Makassar, South Sulawesi, Indonesia. Other companies have only concentrated on a specific location.
4. The company focuses on residential development, while other companies do not.

VI. STUDY IMPORTANT

The review of theoretical and empirical phenomena of transformational leadership style, organizational culture and work motivation on employee performance inspired the researcher of the importance of this study as follows:

1. This study will highlight an integrated model of the relationship between transformational leadership style, organizational culture, work motivation on employee performance where previous research had only investigated these concept separately.
2. Research is on the effect of transformational leadership style on employee performance. Originated with the work, the present research will expand this theory to include a diverse range of indicator variables [9].
3. Research on transformational leadership style has focussed previously on government agencies and military organizations. This research will concentrate on developer companies because they are in the field of housing which is one of the most basic human needs. Real estate companies that build residential areas require large investment costs. These costs include acquisition costs, equipment costs, material costs, labor costs, licensing costs, deed and certificate costs, electricity costs, costs for social utility, and other costs. On the other hand, payback time of the investment cost is long term. Therefore, a very determined leader will have the vision and mission and are able to manage his finances as well as possible including the need to take into account the investment risk. Such leadership needs differ significantly from these of government agencies and military organizations, this research will therefore provide a more general model of transformational leadership.

VII. RESULTS OF THE STUDY

Results of the study is to obtain review of the conceptual framework of research variables that affect the relationship of transformational leadership style, organizational culture and work motivation on employee performance.
Identification results showed that transformational leadership style, organizational culture and work motivation will affect employee performance. Transformational leadership style, when applied within an organization of the company, can improve employee performance. Other variables of interest include organizational culture and work motivation. Practical implications of this research is the identification of factors that may affect the performance of employees. This will be of use to the leadership of the company in improving employee performance. This research is original it will produce an integrated conceptual framework that combines the relationships of transformational leadership style, organizational culture and work motivation on employee performance.

REFERENCES