

THE EFFECT OF TRANSFORMATIONAL LEADERSHIP AND COMPENSATION ON EMPLOYEE PERFORMANCE AND LOYALTY AND ITS IMPACT ON ORGANIZATIONAL CITIZEN BEHAVIOR AT PT. YARINDO FARMATAMA

Vembri Widyadi Utomo

Faculty of Economics and Business, Universitas Budi Luhur

E-mail : membi_80@yahoo.com

Abstract: *This research analyzes the effect of transformational leadership, compensation on employee performance and loyalty on Organizational Citizen Behavior at PT. Yarindo Farmatama, either partially or simultaneously. The methodology used for this study is a quantitative approach with an explanatory design. In this study, the data collection technique is done with the distribution of questionnaires to the PT. Yarindo Farmatama employees. The data type that is used for this study is primary data. The population of this study is all of PT. Yarindo Farmatama's employees, which consists of 273 employees. The sample's withdrawal is made by using probability sampling, with the technique of simple random sampling. There are 56 respondents for the models in this study. The data analysis method used in this study is multiple regression. The result of the study has shown that transformational leadership (X1) and compensation for employee performance (X2) do not have a significant influence on Organizational Citizen Behavior (Y). The value of sig X1 (0.545) and X2 (0.196) is more potent than 0.05. The loyalty of the employees (X3) showed significant influence towards Organizational Citizen Behavior, with the value of sig 0.000, which is smaller than 0.005. However, the variables X1, X2, and X3 have a significant and positive influence on variable Y. The results of the coefficient of determination test obtained an adjusted r-square value of 65.7%. It means that the contribution of the variables X1, X2, and X3 combined has dramatically influenced the Y variable as much as 65.7%. In comparison, the remaining 32.3% is influenced by other factors outside the variables of this study.*

Keywords: *Transformational leadership, compensation, loyalty, organizational citizen behavior.*

1. Introduction

The national pharmaceutical industry is projected to grow in line with the growing rate of participation in the National Health Insurance – Healthy Indonesia Card (JKN-KIS). The official website for the Social Security Administering Body (BPJS) for Health noted that the number of BPJS Health participants had reached 221.2 million or 82.87% of the total population. The government has allocated a total health budget of Rp 123.1 trillion, an increase of about 10 percent compared to last year's health spending. The policy direction is to improve the quality and access to continuity of health facility services.

Entering the JKN-KIS era, the competition for generic drugs is increasingly competitive, pharmaceutical companies have their own strategies to achieve success. Based on the claim of PT. Yarindo Farmatama, this company experienced an annual growth rate of above 50%. PT. Yarindo Farmatama is currently focusing on implementing a generic strategy by implementing overall cost leadership based on creating a low-cost position compared to its competitors. In this case, the pharmaceutical company PT. Yarindo Farmatama must manage all components in the company's value chain so that efficiency occurs so as to produce low costs.

One of the keys to success in implementing the company's business strategy is the quality of the company's Human Resources (HR). According to Ulfa (2016), one form of quality human resources that is needed for companies is the readiness of employees to carry out their duties to the fullest. Not only carrying out their roles in accordance with the given job desk (in role), the company also needs extra employee roles to support the company's productivity. The work attitude that can be shown by employees through Organizational Citizenship Behavior (OCB) is that an employee is able to show concern for the progress of the company through a willingness to do his work outside of the assigned tasks.

Baron and Greenberg (Massoudi et al., 2020) define Organizational Citizenship Behavior as a form of informal behavior in which people go beyond what is formally expected of them to contribute to the well-being of their organization and the people in it. In line with this concept,

Hung et al. (2012) argues that OCB is the attitude and behavior of employees to carry out innovative and spontaneous activities beyond the perception of their role in the organization. Meanwhile, (Widjajani et al., 2021) stated that OCB is a discretionary behavior that is not part of the formal job requirements of employees and which contributes to the psychological and social environment of the workplace, called civic behavior.

According to Podsakoff, et.al. (Ulfa, 2016) leadership can help shape OCB attitudes towards employees. Just as leaders manage rewards and punishments depending on employee performance in an attempt to shape employee behavior. There are two leadership styles, namely transactional leadership and transformational leadership (Lussier & Achua, 2016)

Previous research has shown that transformational leadership greatly influences the development of OCB attitudes in employees. Setiawan & Gunawan (2019) stated in their research that there is a significant positive relationship between transformational leadership style and compensation on Organizational Citizen Behavior (OCB). Setiawan & Gunawan's research (2019) shows that transformational leadership contributes 36.4% to Organizational Citizenship Behavior.

Another factor that can support the formation of OCB is compensation. Tampi (2013) states that the provision of compensation can determine an employee's attitude in understanding OCB. Subsequent research from Nurhayati, (2016) confirms that compensation has a positive and significant effect on OCB. Compensation itself can be interpreted as a broader scope than just wages, namely the total costs incurred for workers and usually consist of: basic wages, allowances that are definitely given every month, variable pay, benefits, and perks, pension programs, canteens, uniforms, and so on (Santoso & Ronny, 2016).

In addition to transformational leadership and compensation for performance, employee loyalty is a factor that triggers the emergence of OCB. Research Soegandhi, et al (2013) proves that loyalty has a positive and significant influence on OCB. Rasimin (Aryana & Tj, 2017)states that in general loyalty can be interpreted as loyalty, devotion, and trust given or shown to a person or institution, in which there is a sense of love and responsibility to try to provide the best service and behavior.

Based on the previous study, there are three factors that will have an impact on OCB, namely transformational leadership, compensation, and employee loyalty. Thus, researchers are interested in proving whether these three variables have an effect on the formation of OCB at PT. Yarindo Farmatama.

2. Research Method

This research uses a quantitative approach with an explanatory method. The study was conducted cross-sectional (cross-sectional) because the data were collected at once at a certain time and only once, namely by distributing questionnaires to employees of PT. Yarindo Farmatama.

This research data uses primary data as a source of data collection which is done by distributing questionnaires directly to respondents, in this case employees of PT. Yarindo Farmatama was selected as the sample. The questionnaire distribution technique used was personally administered questionnaires.

The population in this study were employees of PT. Yarindo Farmatama numbered 273 people. Determination of the number of samples in this study refers to the opinion of Gay, et al. which explains that for quantitative research methods, a minimum of 10% of the population, for a relatively small population of at least 20%, while for correlation research a sample of 30 respondents is required. Based on the population in this study were employees of PT. Yarindo Farmatama numbered 273 people, so the number of samples was 20% of the 273 employees, namely 55 people. The number of 55 people at the same time fulfills the needs of at least 30 respondents for correlation research.

The variables tested in this study include transformational leadership, compensation, loyalty, and Organizational Citizen Behavior. The description of these variables can be seen in table 1 below.

The model used to test the hypothesis regarding the effect of transformational leadership and compensation on employee performance and loyalty and its impact on Organizational Citizen Behavior (OCB) uses simple and multiple linear regression which seeks to see the magnitude of the effect of one/two independent variables on a dependent variable.

Table 1. Research Variables

No	Variable	Dimensions
1	Transformational Leadership (X¹) (Bass & Avolio dalam Achua, C. F. & Lussier, R. N., 2016)	a. <i>Idealized Influence</i> b. <i>Intellectual Stimulation</i> c. <i>Inspirational Motivation</i> d. <i>Individualized Considerations</i>
2	Performance Compensation (X²) (Parashakti, dkk., 2017)	a. <i>Salary, Wages and Incentives</i> b. <i>allowance</i> c. <i>Facility</i>
3	Employee Loyalty (X³) (Nurhayati, Minarsih, Wulan , 2016)	a. <i>Obey the rules</i> b. <i>Responsibility to the company</i> c. <i>Willingness to cooperate</i> d. <i>Interpersonal relationship</i> e. <i>Passion for Work</i>
4	Organizational Citizen Behavior (Y) (Nurhayati, Minarsih, Wulan , 2016)	a. <i>Sportsmanship</i> b. <i>civicvirtue</i> c. <i>Conscientiousness</i> d. <i>Altruism</i> e. <i>Courtesy</i>

3. Result and Discussion

In this study, the transformational leadership variable was measured using 15 statement items which are indicators of four dimensions, namely: a. Idealized influence, b. Intellectual stimulation, c. Inspirational motivation, and d. Individualized consideration.

Description of research data on transformational leadership variables can be seen in table 2 below.

Table 2. Description of Transformational Leadership Data (X¹)

Variable	Dimensions	Mean	Category
Transformational leadership (X¹)	<i>Idealized influence</i>	4.21	High
	<i>Intellectual stimulation</i>	4.20	High
	<i>Inspirational motivation</i>	4.17	High
	<i>Individual consideration</i>	4.12	High
Variabel Mean		4.17	Tinggi

Based on the data in table 2 above, it is known that the results of data collection on the transformational leadership variable obtained an overall average value of 4.17 (high category) which means that overall respondents (employees of PT. Yarindo Farmatama) have felt the implications of implementing good transformational leadership. in working relationships with superiors.

In table 2 above, it can be seen that the range of scores between each dimension is not too far away. Thus, all dimensions are deemed to have been implemented properly.

Furthermore, in this study the compensation variable on performance is measured using 9 statement items which are indicators of three dimensions. The results of data collection for the X² variable can be seen in table 3 below.

Table 3. Description of Compensation Data (X²)

Variable	Dimensions	Mean	Category
Compensation (X²)	<i>Salary, Wages and Incentives</i>	4.16	High
	<i>allowance</i>	3.99	High
	<i>Facility</i>	4.03	High
Variabel Mean		4.06	High

Table 3 shows the overall average for each statement in the compensation variable on performance with an overall average value of 4.06 (high category) which means that overall respondents (employees of PT. Yarindo Farmatama) have felt the implications of implementing compensation on their performance well.

If you look at the mean (mean) for each dimension, the allowance dimension has the lowest average value compared to the other dimensions. While the dimensions of salary, wages, and incentives obtained the highest average value. Satisfaction with benefits does not seem to be evenly distributed by employees.

Employee loyalty variable is measured using 15 statement items which are indicators of six dimensions. The results of data collection on the loyalty variable are presented in table 4 below.

Table 4. Description of Loyalty Data (X^3)

Variable	Dimensions	Mean	Category
Compensation (X^2)	<i>Obey the rules</i>	4,36	High
	<i>Responsibility to the company</i>	4,20	High
	<i>Willingness to cooperate</i>	4,30	High
	<i>A sense of belonging</i>	4,46	High
	<i>Interpersonal relationship</i>	4,25	High
	<i>Passion for Work</i>	4,10	High
Variabel Mean		4.28	High

Based on table 4 above, the overall average value is 4.28 (very high category) which means that overall respondents (employees of PT. Yarindo Farmatama) have very good loyalty to the company. Furthermore, the test was conducted simultaneously to determine the effect of all independent variables on the dependent variable. The results of the simultaneous test using the F-test can be seen in table 5 below.

Table 5. F . Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1075,321	3	358,440	33,236	,000 ^b
	Residual	560,804	52	10,785		
	Total	1636,125	55			

a. Dependent Variable: *Organizational Citizen Behavior (OCB)*

b. Predictors: (Constant), Employee Loyalty, Transformational Leadership, Performance Compensation

Based on Table 5 above, the results of the simultaneous hypothesis test with the F test resulted in a calculated F value of 33.236 and a significant 0.000. When compared with F table, where degrees of freedom 1 (df 1) is the total variable minus 1 (df 1 = k-1, where k is the total dependent and independent variables), and degrees of freedom 2 (df 2) is the total subject minus the total variable (df 2 = nk, with the value of n being the total subject), then F table is obtained, from df 1 of 3 (4-1 = 3) and df 2 of 52 (56-4 = 52) with a probability level of 5% is 2.78. The conclusion is $F_{\text{arithmetic}} > F_{\text{table}}$ then the hypothesis is accepted. The significant value obtained is 0.000 which is smaller than 0.05. Thus strengthening the results that the hypothesis is accepted, so it can be concluded that "there is a significant influence between transformational leadership, compensation on performance and employee loyalty to Organizational Citizen Behavior (OCB) on employees at PT. Yarindo Farmatama.

The results of this study are in accordance with the results of Putri & Suwandana (2016) which proves that there is a relationship between the significant positive influence of transformational leadership style and compensation on Organizational Citizen Behavior (OCB) in the Bina Sejahtera Civil Servant Cooperative, Badung Regency. This is also in line with the research by Setiawan & Gunawan (2019) which describes the strength of the relationship between transformational leadership (X1) and Organizational Citizenship Behavior (Y) indicated by the correlation coefficient $r_{y1} = 0.603$ and contributes 36.4% to Organizational Citizenship Behavior.

Perceptions of compensation related to salary suitability that receive positive responses will be a driving factor for the strengthening of Organizational Citizenship Behavior. (OCB) (Fitrianasari et al., 2013). When employees accept the policy on salaries received, bonuses, and benefits provided by the company, it will have an impact on morale and employee involvement in achieving organizational goals. Thus the results of this study can be used as a consideration to more effectively overcome the constraint of employee turnover which is quite high, so that the level of labor turnover can be further reduced.

4. Conclusions

Transformational leadership, compensation for performance and employee loyalty have been shown to have a simultaneous (simultaneous) effect on Organizational Citizen Behavior (OCB) of employees at PT. Yarindo Farmatama). Several strategic steps are suggested based on the results of the research, including the following.

- 1) There needs to be a better communication relationship between management and employees, communication channels both directly and indirectly need to be improved.
- 2) Compensation system can be made based on employee performance
- 3) There is a need for a job analysis process to enrich or even eliminate job descriptions to be more effective and in accordance with the functions required by the company in a sustainable program.

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