

Analysis of the Role of Transformational Leadership Style on Employee Performance (Case Study at PT. BPRS Mojoartha Mojosari)

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ABSTRACT

Leadership style has a very important role in banking institutions because it greatly influences the work climate, the work climate in a company will affect the conditions, motivation, and work spirit of employees. This study aims to analyze the role of transformational leadership style on employee performance. In this study, the researcher used a qualitative case study, the location of this study was at PT. BPRS Mojoartha Mojosari. The data collection techniques used were observation, interviews, and documentation. The data analysis technique used was a triangulation of data sources. The results of this study indicate that the analysis of the role of transformational leadership style follows the characteristics of transformational leadership known as 4I, namely idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. With this suitability, it can be said that the leader of PT. BPRS applies a transformational leadership style well. The motivation given by the leader of PT. BPRS Mojoartha Mojosari to his employees is to give awards to employees who excel and promotions if they have worked for a long time and continue to provide good performance.

Keywords: The Role, Transformational Leadership Style, Employee Performance

INTRODUCTION

The development of Islamic banking has become a benchmark for the success of Islamic economics in Indonesia. The development of Islamic banking in a country is highly dependent on the support of legislation governing Islamic banking which can create a conducive climate for the growth of Islamic banking. This can be seen from the issuance of Law No. 7 of 1992 amended by Law No. 10 of 1998 and the enactment of Law No. 21 of 2008 concerning Islamic banking (Abdul Ranchman, 2022).

Sharia banking is a bank that refers to Islamic law and, in its activities, does not charge interest to customers. Sharia bank rewards received and paid to customers depend on the contracts and agreements made by the customer and the bank. Agreements in Sharia banking must comply with the terms and conditions of the contract regulated in Islamic law (Dinah Fauziah, et. al, 2019)

Law Number 10 of 1998 defines a bank as a business entity that collects public funds in the form of savings and distributes them to the public in the form of credit and other forms to improve the standard of living of many people. According to Law No. 21 of 2008, Islamic financial institutions are everything related to Islamic financial institutions and Islamic business units, including institutions, business activities, and methods and processes in carrying out their business activities. (Yusuf Burhanudin, 2015) Islamic banks are banks that carry out their business activities based on Islamic principles and according to their types consist of Islamic general banks (BUS), Islamic business units (UUS), and Islamic people's financing banks (BPRS) (Andri Soemitra, 2017). Currently, the existence of Islamic banking is growing very rapidly, this can be seen based on data on the development of Islamic banking in Indonesia. (Financial Services Authority, 2010-2022)

Table 1.
Data on the Development of Islamic Banking in Indonesia from 2020-2022

No	Name	Year		
		2020	2021	2022
1	Islamic General Bank	1922	2040	2045
2	Sharia Business Unit	386	407	444
3	Sharia People's Financing Bank	618	650	660

Source: Islamic Banking Statistics

Based on the banking development data above, shows a significant increase every year. Among several Islamic banks in Indonesia, BPRS (Bank Pembiayaan Rakyat Syariah) is one of the Islamic banks the community chose to develop micro, small, and medium enterprises. Bank Pembiayaan Rakyat Syariah (BPRS) is a financial institution that carries out economic activities based on Sharia principles, by prohibiting usury. With the presence of BPRS, the list of Islamic banks is increasing, because its banking system aims to meet the needs of the community and its transactions do not use usury. Islamic people's financing banks are very developed and have been established in Indonesia. The development of Sharia banking cannot be separated from the workforce (Financial Services Authority, 2020-2022) can be seen in the table below:

Table 2.
Development of the Number of BPRS Workers in Indonesia

Year	Labor
2020	4,918
2021	6,620
2022	6,709

Source: Islamic Banking Statistics.

From the table above, it can be seen that the development of the workforce at BPRS increases every year. In 2020, the number of workers was 4,918. In 2021, the number of workers also increased to 6,620. And in 2022, the workforce at BPRS also increased to 6,709 workers.

This very rapid development needs to be followed by good human resource management. Human resources can work together to achieve the goals that have been determined. The quality of human resources is an important factor in the success of a company, good employee work quality will greatly facilitate a company or organization to achieve the desired goals (Ariansyah Nopri and Mukran Roni, 2023).

The role of a leader is the way a leader behaves, communicates, and interacts with others to influence people to do something. A leader is someone who has the authority, duties, and responsibilities to manage an organization. Leaders will use their power to lead, influence, and motivate members of the organization (Saupriyai, 2020).

According to Sutrisno, leadership is a process of a person's activities to move other people by leading, guiding, and influencing others, to do something to achieve the expected

results (Edy Sutrisno, 2014). Leadership is the process of directing and influencing the work-related activities of group members (Muhammad Iqbal, 2021).

Leadership style plays a very important role because leadership style greatly influences the work climate. The work climate in a company will affect the conditions, motivation, and work spirit of employees. If the style applied is in accordance with the situation faced in the company, it will make the work climate conducive and ultimately will provide high motivation for employees to give the best performance in doing their jobs. Each leader has their style in leading or encouraging their subordinates to want to work (Nirza Hamdi and Zulkarnaen, 2021). One leadership model that can interact directly with subordinates, to directly monitor the performance of subordinates and interact directly with employees, is the transformational leadership style.

According to Robbins, transformational leadership is leaders who can motivate followers to carry out and manage their interests for the benefit of the organization (Robbins, et. al, 2017). Transformational leadership means providing guidance and motivation to improve the performance of its members so that the organization can achieve its goals. Transformational leaders will always encourage their employees to prioritize the interests of the organization or group above personal interests. A culture of cooperation can be built because transformational leaders will facilitate their employees to discuss and plan work together. The cooperation formed from this activity will make it easier for them to remind each other to carry out their duties and work so that a close relationship will arise between employees.

According to Sutrisno, performance is a person's success in carrying out their duties, the work results that can be achieved by a person or group in an organization following the responsibilities or work results of employees seen from the aspects of quality, quantity, work time, and cooperation to achieve the goals set by the organization (Edy Sutrisno, 2016).

METHODS

The research approach used by the researcher is qualitative research. A qualitative approach is collecting data in a natural setting to interpret the phenomena that occur where the researcher is the key instrument. According to Auerbach and Silvertein, the qualitative method is "Qualitative research is research that involves analyzing and interpreting text and interviews in order to discover meaningful patterns descriptive of a particular phenomenon", meaning that

qualitative research is research that analyzes and interprets text and interview results intending to find the meaning of a phenomenon (Sugiyono, 2018).

In this study, the researcher uses a case study research type, where the case study is a qualitative approach, whose research explores real-life, contemporary limited systems (cases) or multiple limited systems (multiple cases), through detailed and in-depth data collection involving multiple sources of information or multiple sources of information (e.g observations, interviews, audio-visual materials, documents, and various reports) and reporting case descriptions and case themes. Case study research requires the development of descriptions and analyses of the cases raised in the research (John W. Creswell, 2015). Because the research uses a qualitative case study research approach, to conclude cases that can be analyzed and how to collect data, the researcher uses observation, interview, and documentation techniques.

RESULTS AND DISCUSSION

Transformational leadership includes four components, namely idealized influence, intellectual stimulation, individual consideration, and inspiration motivation. Transformational leadership can be interpreted as an effort by a leader to make changes in an organization. Transformational leadership style is a leadership style used by leaders to motivate their employees. Transformational leadership style is an ideal leadership style because it has a clear vision and mission, fosters positive interpersonal relationships, provides intellectual encouragement, and responds to employee needs.

The branch manager of PT. BPRS Mojoartha has the same characteristics as the transformational leadership pattern. The characteristics of transformational leadership are as follows:

Individualized consideration

In this case, the leader pays attention to the needs of each individual for the development and growth of their employees. The leader can encourage employees to commit to a common goal. Leadership characteristics are the characteristics of a leader who gives advice to his subordinates when there is a problem. The leader of PT. BPRS Mojoartha emphasizes advising by reminding. In the process of reminding, the leader emphasizes to employees who have problems to immediately hold a discussion. Thus, the discussion produces a way out.

Then in individual considerations, there is feedback between leaders and employees. In the presentation of data, it is explained that the Leader will give bonuses, salary increases, and even promotions if he has worked for a long time and continues to provide good performance.

This is in line with the theory of leaders that they should provide feedback to their employees by meeting their needs. Leaders will pay attention to what is needed to achieve and grow their employees' careers. The overall analysis that researchers can convey regarding the transformational leadership style that aims to improve employee performance at PT. BPRS Mojoartha has implemented good leadership and is in accordance with the characteristics of transformational leadership.

Inspirational Motivation

If a leader has personal motivation, he will create certain desires by using symbols that can attract employees and easily communicate their desires. Leaders are also expected to be able to foster the work spirit of their employees to fulfill the tasks and responsibilities given to them. To motivate when the leader of PT. BPRS held a meeting in a restaurant, it was family management. The meeting was held to improve, to motivate so that performance would increase again

Based on the statement, it can be concluded that the leader of BPRS Mojoartha has his way of motivating employees during meetings. Thus, self-awareness arises in carrying out each task and responsibility. Leaders have tried to motivate their employees using family symbols, the use of family symbols is relatively easier to motivate employees.

Idealized Influence

The leader will set an example for his employees. This will make the leader admired and trusted by the employees. The branch leader of BPRS Mojoartha has a theory that must be done as a leader, to gain the trust of his employees. Before entering the office, we have to become staff. Staff is an abbreviation. It means that if you become a leader you have to start from staff first, S is Siddiq, T is Tabligh, A is Amanah, and F is Fatanah.

The theory in question is about how a leader must have the characteristics of Siddiq, Tabligh, Amanah, and Fatanah. Siddiq where the leader must speak correctly and of course be able to exemplify good deeds. Tabligh, where the leader must convey good things, and not lie. Amanah, where the leader must be trustworthy. Fatanah, where the leader must be intelligent because he is a role model for his employees.

Simultaneous Intellectual

In determining the characteristics of intellectual stimulation, leaders must consider aspects of their acceptance and openness to new ideas from their employees or coworkers. To help employees solve problems more innovatively and creatively, leaders will provide stimulation and approaches. The leader of PT. BPRS Mojoartha Mojosari asks employees who want to provide input. The leader will ask employees to voice their criticism or ideas. The morning discussion and evaluation mechanism is often used to convey these ideas.

CONCLUSION

Based on the results of research on the analysis of the role of transformational leadership style on employee performance (case study at PT. BPRS Mojoartha Mojosari), the researcher draws the following conclusions:

The leadership of PT. BPRS Mojoartha Mojosari is following the characteristics of transformational leadership known as 4I, namely idealized influence, Intellectual stimulation, individual consideration, and Inspiration Motivation. The leader of PT. BPRS Mojoartha is a leader who can be a role model for his employees, a leader who always encourages employees to convey their ideas.

The leader of PT. BPRS Mojoartha can motivate his subordinates, transformational leaders become role models who are admired, appreciated, and followed by their subordinates. Leaders also provide advice to employees in implementing work programs and paying attention to the needs of each employee. leaders encourage the use of family symbols.

The form of motivation given by the leader of PT. BPRS Mojoartha Mojosari is to give awards in the form of salary increases and promotions. Leaders also gather and evaluate with employees, provide freedom of opinion, and provide freedom to create and develop themselves. The leadership of PT. BPRS Mojoartha Mojosari has carried out its leadership role well and in accordance with the characteristics of transformational leadership. With the hope that the quality of work or performance can be improved. So that the organization can experience growth in terms of providing good facilities and services.

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