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The Effect of Transactional Leadership and Transformational Leadership on Employees Creativity

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ABSTRACT

The purpose of this study is to analyze and explain the effect of transactional leadership and transformational leadership on employees creativity at Secretarial of SITARO Regency. This research is explanatory research. Samples taken by proportional random sampling technique and sample size are 40 out of 66 Sitaro Regency Secretarial's employees. Data collecting technique is questionnaire and data analysis is regression analysis. The result of this study showed that transactional leadership and transformational leadership have simultaneously affect on employee's creativity. Transactional leadership has negatively affected on employee's creativity, but the other one (transformational leadership) has positively affect on employee's creativity

Key words: employee creativity, transactional leadership, transformational leadership

Employees as resources in the organization are very essential assets and determine the success of an organization in achieving the vision, mission and objectives previously set. No matter how sophisticated and complete other resources, such as equipment, are available in an organization without the support of the capabilities and capacities of Human Resources (HR), namely qualified employees, the equipment will not contribute optimally and optimally to the success of the organization itself and even organizations will experience difficulties and the possibility of failure in facing the challenges of increasingly rapid and complex environmental changes. Ulrich (1998) says that the key to the success of a change is in human resources, namely as the initiator and agent of continuous change, forming processes and cultures that together improve the ability of organizational change. Based on Resouce-Based View (RBV) that the resources owned by the company are important in obtaining and maintaining competitive advantage. This approach views companies or organizations as a set of assets and capabilities. The assets and capabilities of the company will determine the efficiency and effectiveness of each job performed by the company (Kuncoro, 2006).

Research conducted by Wernerfelt (1984), Barney (1991), Amit and Schoemaker (1993) in Hit et al. (1999). Grant (1995), Azua and Azua (1998) concluded that company-owned resources can be a factor of excellence, and can improve company performance.

The employee will be a factor or source of excellence in the organization when he has good capability, because without that he will be a factor or source of obstacles for the organization to achieve its objectives. Employee capability can be seen from its ability to carry out tasks and jobs given to it including innovating and productive ideas as a form of creativity in carrying out their duties and work.

The capability of this employee is very necessary to support the implementation of the Tupoksinya. The employee capability that is expected to have included in it is his creativity in carrying out his duties. Creativity is the ability to give new ideas and apply them in problem solving.

Creativity according to Rhodes (in Munandar, 1999) can be defined into four types of dimensions as the concept of creativity with a four P (Four P's Creativity) approach, which includes

the dimensions of person, process, press and product where creativity in the person dimension is an effort to define focused creativity in individuals or individuals who can be called creatively, creativity in the process dimension is creativity that focuses on the thought process so that it raises unique or creative ideas, creativity in the press dimension is creativity that emphasizes press or push factors, both internal self-encouragement itself in the form of desire and desire to creatively create or busy themselves, as well as external encouragement from the social and psychological environment. Regarding the "press" of the environment, there are environments that value imagination and fantasy, and emphasize creativity and innovation. Creativity in the product dimension is a creativity effort that focuses on the product or what is produced by the individual whether something new / original or an innovative elaboration / merger and creativity that focuses on creative products emphasizes originality.

There are many influencing factors so that employees are less creative in dealing with their duties and work, including the factors of leaders with their leadership (leadership style) in influencing and directing their employees or subordinates. Siagian (1989) states that the success or failure experienced by most organizations is determined by the quality of leadership possessed by the people entrusted with the task of leading the organization. Schwandt and Marquardt (2000) emphasize that there are no other roles in organizations that have attracted so much attention such as the role of leaders. The role of the leader is very necessary in setting goals, allocating scarce resources, focusing on company goals, coordinating changes that occur, fostering interpersonal contact with followers and setting the right direction or the best when activities occur (Gibson et al, 1996)

There are many leadership theories raised by experts. Most new theories of leadership are greatly influenced by James McGregor Burns (1978). Burns distinguishes between leadership who transforms and transactional leadership (Yulk, 2009). Burn (in Pawar and Eastman, 1997) suggests that transformational and transactional leadership can be categorized clearly and both are conflicting leadership styles. According to Bycio et al. (1995) and Koh et al. (1995), transactional leadership is a leadership style in which a leader focuses his attention on interpersonal transactions between leaders and employees involving exchange relationships. The exchange is based on agreement regarding the classification of objectives, work standards, work assignments, and awards. Thus, transactional leadership emphasizes the process of exchange relations that have economic value to fulfill biological and psychological needs in accordance with the contracts they have agreed to. Meanwhile, transformational leadership according to Jung and Avolio (1999) includes the development of a closer relationship between leaders and followers, not just an agreement but rather based on trust and commitment. In line with this, Podsakoff (1996) states that the behavior of transformational leaders can increase the impact (impact) of transactional leader behavior on subordinate outcomes variables, because subordinates feel trust and respect for leaders and they are motivated to do more than what is expected.

There are several research results that reveal the influence of leadership style on some aspects of subordinate or employee creativity. MacKienzie & Podsakoff (2001) found that transformational leadership was positively correlated with performance. Hater and Bass (1988, in Artanti, 2002) found that transformational leadership contributed higher in predicting outcomes than transactional leadership. Jung & Avolio (1999) find that individualist performance will be higher and employees will have many ideas under transactional leaders than transformational leaders. However, collectivity performance will be higher if they work with transformational leaders than if they work with transactional leaders.

The research objective was to analyze and explain (1) the effect of transactional leadership on employee creativity, (2) the effect of transformational leadership on employee creativity, (3) the effect of transactional leadership and transformational leadership together on employee creativity.

METHOD

This study is classified as explanatory research with a quantitative approach. The sampling technique was proportional random sampling, and the sample size was 40 out of 66 employees of the SITARO Regency Regional Secretariat. Data was collected through a questionnaire instrument with a Likert scale. Before being used, the instruments were tested for reliability and validity. The results were reliable and valid. Data were analyzed by multiple regression analysis.

RESULT

The results of multiple regression analysis of work creativity variables (Y) on transactional leadership variables (X1) and Transactional Leadership, X2 with the help of SPSS version 15.0 can be seen in Table 1 and Table 2.

Table 1

**Summary of the Results of Multiple Regression Analysis
Y atas X₁, X₂**

| Model | Unstandardized Coefficients | | Standardized Coefficients | Sig. |
|--|-----------------------------|------------|---------------------------|--|
| | B | Std. Error | Beta | |
| (Constant) = 61,770 | - | 17,302 | - | 0,001 |
| Kep. Transaksional. | -0,325 | .0,105 | -0,338 | .0,004 |
| Kep. Transform. | 0,444 | 0,112 | .0,496 | .0,000 |
| Dependent Variable: Work creativity | R _{y1,2} = 0,794 | | | R ² _{y1,2} = 0,630 |

Based on the results in Tables 1 and 2 obtained multiple regression equations are as follows:

$$Y = 61,770 - 0,325X_1 + 0,444X_2 + \epsilon$$

From this regression equation, it can be explained as follows

Effect of Transactional Leadership on Employee Creativity.

The results of the analysis (Table 1) show that the magnitude of the regression coefficient (b1) between the transactional leadership variables on the variable work creativity is -0.325. The regression direction coefficient is negative, which means that if the intensity or tendency of the leadership to use the transactional leadership model increases by 100%, the work creativity of employees tends to decrease by 32.50%. In other words, the more intense or tends to be a leader to implement a transactional leadership model in influencing employees will reduce employee work creativity. Besides that, it is obtained that t -2.02 is greater than the criteria of -3.085 and Sig. 0.004 which is smaller than p = 0.05. These results explain that the effect of transactional leadership on work creativity variables is significant, so the first hypothesis (1) which states that transactional leadership has a significant effect on employee creativity, is accepted.

Tabel 2
ANOVA

| Model | Sum of Squares | df | Mean Square | Sig. |
|---|----------------|----|-------------|-------|
| Regression | 210,325 | 2 | 105,162 | 0,000 |
| Residual | 123,650 | 37 | 3,342 | |
| Total | 333,975 | 39 | | |
| a. Predictors: (Constant), Kep. Transactional, Kep. Transf. b. Dependent Variable: Work creativity | | | | |

Transformational Leadership Has Significant Effects on Employee Creativity.

The results of the analysis (Table 1) show that the magnitude of the regression coefficient (b₂) between transformational leadership variables on the variable work creativity is 0.444. The regression direction coefficient is positive, which means that if the intensity or tendency of the leadership to use the transformational leadership model increases by 100%, the work creativity of employees tends to decrease by 44.40%. In other words, the more intense or inclined a leader applies transformational leadership models in influencing employees will improve employee work creativity. Besides that, tcount 2.02 is greater than the criteria of 3.95 and Sig. 0,000 which is smaller than $p = 0.05$. These results explain that the influence of transformational leadership on work creativity variables is significant, so the second hypothesis (2) which states that transformational leadership has a significant effect on employee creativity, is accepted.

Effect of Transactional Leadership and Transformational Leadership Together on Employee Creativity.

The results of the analysis (Table 1) show that the correlation coefficient (R) between transactional leadership and transformational leadership variables together towards employee creativity is 0.794 or 79.40% and the coefficient of determination (R²) is 0.630 or 63%, which means that 63% of work creativity of employees is determined by transactional leadership and transformational leadership variables together, while the remaining 37% is determined by other variables / factors. Besides that it was obtained (Table 2) Fcount = 31.46, greater than F criteria = 3.25 and Sig. 0,000 is smaller than $p = 0.05$. These results explain that the effect of transactional leadership and transformational leadership together on employee creativity is significant, so the third hypothesis (3) transactional leadership and transformational leadership jointly have a significant effect on employee creativity received.

DISCUSSION

The results revealed that transactional leadership and transformational leadership had a significant effect on employee creativity. But the model of influence is different from one another. Transactional leadership has a negative effect on employee creativity, namely that the more leaders tend to use the transactional leadership model in influencing employees, the lower the creativity of employees to carry out their duties. Conversely, transformational leadership has a positive effect on employee work creativity, namely that the more leaders tend to use the transformational leadership model in influencing employees, the more the employee's creativity in carrying out their duties increases.

The results of this study further emphasize the views expressed by Burn (in Pawar and Eastman, 1997) that transformational and transactional leadership can be categorized clearly and both are conflicting leadership styles. Burn does not show that one of the two leadership models is superior, meaning that both of these leadership models have their respective advantages if applied by considering the condition of the subordinates and what is expected by the leadership of their subordinates. Therefore, Burn (in Pawar and Eastman, 1997; Keller, 1992) developed the concept of transformational and transactional leadership based on Maslow's opinion on the hierarchy of human needs. According to Burn (in Pawar and Eastman, 1997) this linkage can be understood with the idea that lower employee needs, such as physiological needs and security can only be fulfilled through the practice of transactional leadership styles. In contrast, Keller (1992) suggests that higher needs, such as self-esteem and self-actualization, can only be fulfilled through the practice of transformational leadership styles.

This opinion further emphasizes that transactional leadership is more appropriately used when subordinates are faced requiring fulfillment of physiological and security needs, while subordinates who need to fulfill self-esteem needs and self-actualization will be more appropriate to use transformational leadership. Implicit in self-actualization needs is the desire or effort of employees to carry out their duties creatively without waiting to be ordered or given instructions and closely monitored. According to Yulk (2009) that with transformational leadership, followers feel trust, admiration, loyalty and respect for leaders, and they are motivated to do more than initially expected of them.

According to Bass (in Yulk, 2009) transformational leadership changes and motivates followers by (1) making them more aware of the importance of task results; (2) persuade them to attach importance to the interests of their team or organization compared to personal interests, and (3) activate their higher needs. Conversely, transactional leadership involves an exchange process that can result in compliance with the request of the leader but is unlikely to generate enthusiasm and commitment to the task goal.

The implementation of these two leadership models can be precisely matched with the subordinate type proposed by McGregor in his theory, namely the theory of X and Y. McGregor (in Sugandha, 1981) in his X theory proposes assumptions about humans (subordinates) namely (1) that in most humans inherent in the displeasure of work, and if possible they want to avoid it, (2) because human nature does not like the job, causing humans to be forced, supervised, led and treated against threats or punishments so that they want to do business the right to achieve organizational goals, (3) the average person likes to be led, wants to avoid responsibility, has a relatively small spirit, and always wants to be safe in everything. Meanwhile, contrary to his Y theory, he assumes that (1) the physical and mental efforts of humans in carrying out work are the same as when they play or rest / relax, (2) humans will lead themselves and control themselves (3) involvement in the objectives is a function rather than the rewards associated with the results of their work, (4) generally humans understand that in a proper condition, they not only accept, even seek responsibility, (5) the ability to apply a relatively high level of imagination to almost all members, until initiatives arise in solving organizational problems.

Based on the assumptions of theories X and Y about humans (employees), it can be emphasized that the transactional leadership model is more appropriately used when influencing (leading) subordinates / employees who have characteristics classified in X theory, while the transformational leadership model is more appropriate when influencing (lead) subordinates / employees who have characteristics classified in theory Y. However, one thing that needs to be recognized is that in every human being there is no extreme nature of one of the two theories X and Y all the time. That is, in human beings (employees) must have the potential to have properties in the theory of X and Y in different intensities along with the time it passes. If so, it is a mistake if the leader only applies one of two leadership models (transactional leadership or transformational leadership), to influence employees at all times. According to Yulk (2009) transformational

leadership increases motivation and follower performance more than transactional leadership, but effective leaders use a combination of both types of leadership.

The results of this study are in line with the results of the study of Andira and Subroto about the Effect of Transformational and Transactional Leadership Behavior on Employee Performance in the Service Company Front Line, revealing that generally the type of transformational leadership has a positive effect on the performance of front-line employees in service companies and the transactional leadership type has a negative effect. However, some behaviors on the type of transformational leadership negatively affect the performance of frontline service employees. Likewise, the results of the study from Tertio Kunto Dewo about Creativity in the Style of Transformational Leadership at PT. Pamindo Prima Utama Mandiri, revealed that transformational leadership style fosters creativity by applying critical thinking and good moral standards for its employees, providing new tasks to build potential and providing training and direction so that work can be completed on time and efficiently.

CONCLUSION

Transactional leadership and transformational leadership partially and simultaneously have a significant effect on employee creativity. However, partially there are differences in the model of the influence between transactional leadership and transformational leadership on employee creativity. Transactional leadership has a negative effect on employee creativity, whereas transformational leadership has a positive effect on employee creativity. This means that using transactional leadership will reduce employee creativity, conversely with transformational leadership will increase employee creativity.

SUGGESTION

Leaders need to apply the transactional leadership model and transformational leadership in influencing and directing their employees, by first analyzing or diagnosing the existence of employees including their needs to be used as a basis for consideration in determining the most appropriate choice of the two leadership models.

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