

THE IMPACT OF COMPENSATION, TRANSFORMATIONAL LEADERSHIP, AND EMPLOYEE SATISFACTION TOWARD EMPLOYEE PERFORMANCE.

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Abstract

Employee performance in the banking industry is decisive to compete globally. Compensation, transformational leadership, and employee satisfaction are important factors to improve employee performance. This study aims to examine benefits, transformational leadership, and employee satisfaction and its effect on the performance of employees of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office, Lampung. The data collection method uses a questionnaire distributed to all employees of 54 people. The analytical tool used is multiple linear regression. This study presents that all data is valid and reliable and meets the classical regression assumptions. The results of the study explained that compensation, transformational leadership, and employee satisfaction have positive and partially positive effects on employee performance.

Keywords: Compensation, Transformational Leadership, Employee Satisfaction, Employee Performance, Banking

Introduction

One crucial aspect to be considered by companies related to the role of human resources is the issue of compensation. Compensation has become a central issue that is widely discussed in human resource literature (Babakus, Cravens, Johnston, & Moncrief, 1996; Suhartini, 2005). It is because the problem of compensation will be related to the ability of employees to meet all their daily needs. Satisfaction with compensation received by employees is a significant element in creating employee satisfaction. It means that the more satisfied the employee is with the benefit he wins, the more convinced he will be with his work. Dissatisfaction with compensation will result in a decrease in job attractiveness, and this will indirectly more or less interfere with employee performance (Suhartini, 2005).

In addition to compensation, the role of a leader can influence employee performance. Leaders must be able to change and engage subordinates actively in achieving company goals through appropriate leadership styles. One leadership style that emphasises the importance of leaders creating a vision and environment that motivates employees to excel beyond their expectations is transformational Dewi (2012). The concern of transformational style is expressed by Yukl (2010) that transformational leadership increases the motivation and performance of followers compared to transactional.

PT. Bank Negara Indonesia (Persero) Tbk is a state-owned company engaged in banking. In implementing the vision and mission of PT. Bank Negara Indonesia (Persero) is focused on customer service and is a financial institution that excels in terms of service and performance. From this vision, it is necessary to determine the right corporate strategy in improving employee performance to be able to compete globally, given the high competition in the banking industry.

In determining employee performance appraisals, Bank BNI uses assessments based on unit performance through the KPI (Key Performance Indicator). Unit achievement based on KPI is categorised in three significant estimates, namely exceed (the highest rating for units that reach the target), meet (evaluations that are on the average unit achievement), and bellows (lowest rating for groups that have not yet reached the goal).

Table 1. BNI's performance in Prov. Lampung in 2017

No.	Cabang	Katagori Achievement Unit	Penilaian					Total
			Outstanding	Good	Fair	Poor	Very Poor	
1	Tanjung Karang	Meet	5	25	93	25	5	154
2	Metro	Bellow	0	4	29	9	5	46
3	Kotabumi	Meet	2	10	37	10	2	61
Total			7	39	159	44	12	261

Source: PMS Tanjung Karang, Metro and Kotabumi Branch Offices

Based on table 1, it appears that PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office has the lowest performance achievements compared to other main branch offices. This condition is suspected because employees still feel the compensation received does not meet expectations, the leadership model does not pay attention to employees, and the problem of employee satisfaction. The results of interviews with

the leadership of PT Bank Negara Indonesia (Persero) Tbk Metro Branch Office to confirm the initial suspicion of the phenomenon, it known that not all employees have an excellent performance in carrying out their activities. It can see with the achievement of KPI targets that have never achieved. Besides, there is still a low level of employee satisfaction at work, which is indicated by time to complete work and work targets. The leadership of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office also explained that there are still employees who do not pay attention to the leadership's orders in completing work and tend to employees work individually.

Literature Review

Compensation

According to Suhartini (2005), employee compensation refers to all forms of wages or rewards that apply to and arise from their work. Compensation has two components, namely: direct financial payments (in the form of wages, salaries, incentives, commissions, and bonuses) and indirect payments (in the form of economic benefits such as insurance and vacation money provided by a company or employer).

Companies provide compensation to employees in business processes. According to Mangkunegara (2009), there are two forms of payment, namely, direct compensation and indirect compensation. An immediate benefit is an award received by employees in the way of money such as wages and salaries, while indirect compensation is given to employees in the form of facilities and protection to create pleasant working conditions and provide satisfaction to employees (Mangkunegara, 2009).

The measurement of compensation refers to the results of Singh (2004) research, namely:

1. Work performance becomes a determinant in determining the amount of settlement in the form of incentives to each employee
2. Provide salaries and other benefits following economic conditions
3. The compensation is decided based on employee competence or ability
4. Providing compensation is directly related to employee performance
5. Profit-sharing used as a mechanism to reward better performance

Transformational Leadership

Transformational leadership is the antithesis of a leadership model that wants to maintain the status quo. Transformational leadership tends to create innovation at every opportunity, and this has implications for continuous improvement for the company. According to Hafeez, Rizvi, Hasnain, and Mariam (2012), transformational leadership where more followers have given freedom, a sense of ownership and responsibility that allows followers to develop leadership abilities and ultimately increase goals. Meanwhile, according to Stephen and Judge (2009) transformational leadership is a leader who inspires his followers to put aside personal interests and have the ability to influence extraordinary. According to Ivancevich, Konopaske, and Matteson (2013), transformational leaders are leaders who motivate their followers to work towards a goal, not for short-term personal interests, and to achieve self-actualisation achievements, not for the sake of feeling safe. Meanwhile, according to Bass and Riggio (2006), transformational leaders that align the goals and objectives of followers or individuals and larger organizations and provide support, mentoring and coaching to followers.

Indicators of transformational leadership according to Masa'deh, Obeidat Bader, and Tarhini (2016), namely:

1. The leader can understand the situation of each employee by providing encouragement and assistance
2. The leader pushes to take on every challenge at work
3. Believe the leader can overcome every problem or challenge at work
4. The leader encourages to make efforts to achieve the company's vision
5. The leader encourages to think about the problem from a new perspective
6. The leader advocates rethinking opinions that never doubted before
7. Believe in completing every job under the leadership of the leader
8. Leaders always take the time to understand the needs of every employee

Employee Satisfaction

According to Stephen and Judge (2009), employee satisfaction can be interpreted as a positive feeling about one's work that is the result of an evaluation of its characteristics. Employee satisfaction can be influenced by several factors, including employment itself, wages, promotion, supervision, and coworkers. According to Sayekti, Sule, and Maman Kusman (2011), employee satisfaction can be seen based on the work itself, salary, growth and increased mobility, supervision, work colleagues, and attitudes towards work. Sayekti et al. (2011) research, measured employee satisfaction using five dimensions, namely the job itself, salary, supervision, coworkers, and attitudes towards work.

Indicators of employee satisfaction, according to Bailey, Albassami, and Al-Meshal (2016), namely:

1. Feel happy to work in this company
2. Feel safe with my current job
3. Feel comfortable with my current job
4. The bank's leadership wants to get along with each employee

Employee Performance

According to Wibowo (2008), performance is an implementation of plans that have been made and prepared previously. Wibowo (2008) explains that performance management is management that creates relationships and ensures effective communication.

Nanda (2014) measures employee performance using dimensions of quality and quantity. Measurement of quality dimensions uses work performance indicators precisely and quickly and minimises the error rate at work. The quantity dimension can be measured based on indicators of work targets and volume of work. Darma (2004) conducted performance measurements using the quantity dimension, quality dimension, and timeliness dimension. The quantity dimension uses an indicator of the amount of output produced and the company's target. The quality dimension can be seen using indicators of product quality and errors. Dimensions of timeliness can be seen using indicators of time efficiency and timeliness of work.

Employee performance indicators, according to Hafiz (2017), namely:

1. Complete each given task
2. Can fulfil every job responsibility
3. Perform all assignments given by the leader
4. Meet the formal requirements to achieve excellent performance
5. Often involved in activities that affect the evaluation of the work done
6. Ignoring coworkers who care about my routine work
7. Can not do important tasks

Research Framework

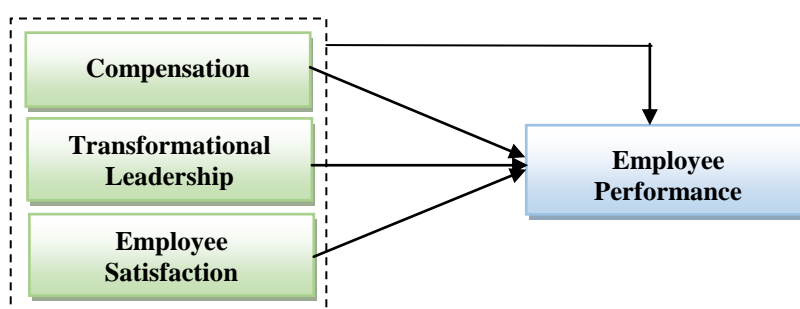


Figure 1. Research Framework

Hypothesis

- H1. H1. Compensation affects the performance of employees of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office.
- H2. H2. Transformational leadership affects the performance of employees of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office.
- H3. H3. Employee satisfaction affects the performance of employees of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office.
- H4. H4. Compensation, leadership, and employee satisfaction affect the performance of the employees of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office.

Research Method

This research is census because it involves all members of the population from the study area. The population (employees) in this study amounted to 54 people. The approach taken in this research is quantitative descriptive. The method of data collection uses a questionnaire conducted directly face to face to respondents. The question in the survey was measured using a scale of 1 - 5 (semantic differential scale) to obtain interval data.

Table 2. Operational Research Variables

Variable	Indicator	Scale
Compensation	Work performance becomes a determinant in determining the amount of compensation in the form of incentives to each employee. The bank where I work provides salary and other benefits following economic conditions. The bank where I work, the compensation is decided based on employee competence or ability. Providing compensation is directly related to employee performance. The bank where I work, profit sharing is used as a mechanism to reward better performance.	Semantic differential scale

Transformational Leadership	The leader can understand the situation of each employee by providing encouragement and assistance. The leader encouraged me to take on every challenge at work I believe leaders can overcome every problem or challenge at work. The leader encouraged me to make efforts to achieve the bank's vision. The leader encouraged me to think about the problem from a new perspective. The leader encouraged me to rethink opinions that had never doubted before. I believe I can finish every job under the leadership of the leader. Leaders always take the time to understand the needs of every employee.	Semantic differential scale
Employee Satisfaction	I feel happy working at this bank. I feel safe with my current job. I feel comfortable with my current job. The bank's leadership wants to get along with each employee.	Semantic differential scale
Employee Performance	I completed each assignment. I can fulfil every job responsibility. I can do all the tasks given by the leader. I have fulfilled formal requirements to achieve excellent performance. I often engage in activities that affect the evaluation of the work done. I ignore coworkers who care about my routine work. I can not do an important task.	Semantic differential scale

They are testing data quality using validity and reliability tests. Data is declared valid and reliable, then testing classical assumptions, namely normality, multicollinearity, and heteroscedasticity. Finally, the data were analyzed using multiple linear regression.

Result and Discussions

Characteristics of Respondents

The recapitulation results produced the attributes of the employees of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office based on age, years of service, gender and education level as listed in Tables 3 to 6.

Table 3. Characteristics of Respondents by Age

Age	Amount	Percentage
23-30 years	26	48.1%
31-38 years	9	16.7%
39-46 years	15	27.8%
47-53 years	4	7.4%
Total	54	100%

Source: Primary Data Processed. 2019

Table 4. Characteristics of Respondents Based on Years of Service

Years of service	Amount	Percentage
16 years	25	46.3%
7 - 12 years	13	24.1%
13-18 years	9	16.7%
19-24 years	7	13.0%
Total	54	100%

Source: Primary Data Processed. 2019

Table 5. Characteristics of Respondents by Gender

Gender	Amount	Percentage
Men	28	51.9%
Women	26	48.1%
Total	54	100%

Source: Primary Data Processed. 2019

Table 6. Characteristics of Respondents by Education Level

Education Level	Amount	Percentage
3-year diploma	8	14.8%
S1	45	83.3%
S-2	1	1.9%
Total	54	100%

Source: Primary Data Processed. 2019

Descriptive Variable**Compensation**

Compensation defined as an employee's perspective on policies and attitudes towards the compensation set. The compensation variable consists of 5 statements.

Table 5. Respondents' Responses to the Compensation Statement

Statement	Assessment					Total Score	Mean Score
	1	2	3	4	5		
Job performance becomes a determinant in determining the amount of compensation.	0	2	27	124	65	218	4.04
Provide salaries and other benefits following economic conditions.	0	16	51	100	20	187	3.46
The compensation is decided based on employee competence or ability.	1	4	57	120	10	192	3.56
Providing compensation is directly related to employee performance.	0	2	36	152	15	205	3.80
Profit-sharing used as a mechanism to reward better performance.	0	10	39	132	15	196	3.63
						Average	3.69

Source: Primary Data Processed. 2019

Overall the average respondent's answer to the compensation statement was 3.69 (in a good range). In general, respondents view that they have felt the compensation they have received so far is following bank policy in terms of providing benefits to each employee at PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office.

Respondents' responses to compensation with statements giving salaries and other benefits according to economic conditions (statement item no.2) are the lowest (3.46) but still in the excellent category, which means there are still some respondents who feel that the provision of compensation has not been adjusted to current economic conditions.

Transformational Leadership

Transformational leadership defined as an employee's perspective on the leadership style adopted by leaders in influencing their subordinates. The transformational leadership variable consists of 8 and translated into eight statements.

Table 6. Respondents' Responses to Transformational Leadership Statements

Statement	Assessment					Total Score	Mean Score
	1	2	3	4	5		
The leader can understand the situation of each employee by providing encouragement and assistance.	0	10	81	88	0	179	3.31
The leader encouraged me to take on every challenge at work.	0	6	81	92	5	184	3.41
I believe leaders can overcome every problem or challenge at work.	1	8	78	92	0	179	3.31
The leader encouraged me to make efforts to achieve the bank's vision.	0	2	69	108	15	194	3.59
The leader encouraged me to think about the problem from a new perspective.	0	6	78	96	5	185	3.43
The leader encouraged me to rethink opinions that had never been doubted before.	1	10	78	84	5	178	3.30
I believe I can finish every job under the leadership of the leader.	0	12	69	80	25	186	3.44
Leaders always take the time to understand the needs of every employee.	2	18	81	60	5	166	3.07
						Average	3.35

Source: Primary Data Processed. 2019

Overall the average respondent's answer to the transformational leadership statement was 3.35, which was in a reasonably good range. That is, most respondents view that the leaders at PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office does not apply the transformational leadership style.

Respondents' responses to transformational leadership with the statement of the leader always take the time to understand the needs of each employee (statement item no.8) is the lowest (3.07) and quite good category, which means there are still some respondents who feel that the leader is not spending enough time to discuss with subordinates so that it can be known what are the needs of each employee.

Employee Satisfaction

Employee satisfaction interpreted as an employee perspective on working conditions at PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office. The employee satisfaction variable consists of 4 indicators and broken down into four statements. Following is the elaboration of the results of respondents' responses to the variable employee satisfaction

Table 7. Respondents' Responses to Employee satisfaction Statements

Statement	Assessment					Total Score	Mean Score
	1	2	3	4	5		
I feel happy working at this bank.	0	2	36	132	40	210	3.89
I feel safe with my current job	0	4	51	124	20	199	3.69
I feel comfortable with my current job	1	6	60	116	5	188	3.48
The bank's leadership wants to get along with each employee	0	6	66	100	20	192	3.56
						Average	3.65

Source: Primary Data Processed. 2019

The average respondent's answer to the statement about employee satisfaction was 3.65 in the excellent range. In general, respondents consider that they are satisfied with working at PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office.

Respondents' responses to employee satisfaction with statements I felt comfortable with my current job (statement item no.8) were the lowest (3.46) and included in the top category, which means there were still some respondents who felt uncomfortable working in PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office. It is consistent with the results of interviews with leaders who explained that some employees tried to find other jobs as a result of job dissatisfaction.

Employee Performance

Employee performance in this study interpreted as employee perspectives on the work produced by employees while working at PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office and employee attitudes towards work performed. Employee performance variables consist of 7 indicators and translated into seven statements. In employee performance statements, two comments are negative, namely item statement number 6 and number 7. Following is the elaboration of the results of respondents' responses to the performance variables.

Table 8. Respondents' Responses to Employee Performance Statements

Statement	Assessment					Total Score	Mean Score
	1	2	3	4	5		
Complete each given task.	0	2	27	116	75	220	4.07
Can fulfill every job responsibility.	0	2	21	132	65	220	4.07
Can perform all tasks given by the leadership	0	0	33	140	40	213	3.94
Has met the formal requirements to achieve good performance	0	4	24	136	50	214	3.96
Often involved in activities that affect the evaluation of the work done	1	2	39	128	35	205	3.80
Ignore coworkers who care about my routine work. *	8	34	30	64	15	151	2.80
Cannot perform important tasks. *	10	38	21	56	20	145	2.69
						Mean Favorable	3.96
						Mean Unfavorable*	2.75

Source: Primary Data Processed. 2019

Respondents' answers to performance on favourable statements as a whole are 3.96 which is in a reasonable range. In general, the respondent views that he has had an excellent performance in terms of work results, behaviour and personal nature to support the achievement of PT. Bank Negara Indonesia (Persero) Tbk Metro

Branch Office amid competition with other banks. While the respondent's answer to the performance on the unfavourable statement as a whole is 2.75 which is in a reasonable range.

Respondents' responses to favorable statements on employee performance variables that are often involved in activities that affect the evaluation of work performed (statement item no.5) are the lowest (3.80) and are categorized as useful, which means there are still some respondents who feel they are less involved yourself on activities, especially those related to job evaluation. Furthermore, respondents' responses to unfavourable statements on employee performance variables that are unable to perform essential tasks (statement item no.7) are the lowest (2.69) and are categorised as useful, which means there are still some respondents who feel unable to involve themselves on specific tasks given by the leadership.

Hypothesis testing

Validity and Reliability

Table 9. Validity Test Results of Research Instruments

Variable	Indicator	r-hit	t-tab	CA
Compensation	Work performance becomes a determinant in determining the amount of compensation in the form of incentives to each employee.	0,732	0,268	0,782
	The bank where I work provides salary and other benefits following economic conditions.	0,780	0,268	
	The bank where I work, the compensation is decided based on employee competence or ability.	0,698	0,268	
	Providing compensation is directly related to employee performance.	0,734	0,268	
	The bank where I work, profit sharing is used as a mechanism to reward better performance.	0,732	0,268	
Transformational Leadership	The leader can understand the situation of each employee by providing encouragement and assistance.	0,732	0,268	0,925
	The leader encouraged me to take on every challenge at work.	0,818	0,268	
	I believe leaders can overcome every problem or challenge at work.	0,803	0,268	
	The leader encouraged me to make efforts to achieve the bank's vision.	0,781	0,268	
	The leader encouraged me to think about the problem from a new perspective.	0,894	0,268	
	The leader encouraged me to rethink opinions that had never doubted before.	0,884	0,268	
	I believe I can finish every job under the leadership of the leader.	0,891	0,268	
	Leaders always take the time to understand the needs of every employee.	0,712	0,268	
Employee Satisfaction	I feel happy working at this bank.	0,709	0,268	0,731
	I feel safe with my current job.	0,784	0,268	
	I feel comfortable with my current job.	0,775	0,268	
	The bank's leadership wants to get along with each employee.	0,668	0,268	
Employee Performance	I completed each assignment.	0,712	0,268	0,764
	I can fulfill every job responsibility.	0,677	0,268	
	I can do all the tasks given by the leader	0,770	0,268	
	I have fulfilled formal requirements to achieve excellent performance.	0,702	0,268	
	I often engage in activities that affect the evaluation of the work done.	0,575	0,268	
	I ignore coworkers who care about my routine work.	0,667	0,268	
	I can not do an important task.	0,638	0,268	

Source: Primary Data Processed. 2019

Validity test results, it appears that the value of r-count on each question item in each variable > r-table (0.268) at N = 54 so that it is declared valid. Furthermore, each variable is declared reliable because the value of Cronbach Alpha (CA) is more significant than 0.7.

Classic assumption test

The normality test in this study uses a descriptive approach by calculating the ratio of skewness and kurtosis.

Table 10. Normality Test Results

Variable	Skewness		Ratio Skewness	Kurtosis		Ratio Kurtosis
	Statistic	Std. Error		Statistic	Std. Error	
Compensation	-.492	.325	-1.51	-.275	.639	-0.43
Transformational leadership	-.184	.325	-0.57	-.808	.639	-1.26
Employee satisfaction	-.468	.325	-1.44	.143	.639	0.22
Employee performance	.057	.325	0.18	-.054	.639	-0.08

Source: Primary Data Processed. 2019

The normality test results state that the data distribution of all items of statements on compensation, transformational leadership, employee satisfaction, and employee performance is normal because the value of the skewness ratio and kurtosis ratio are in the range of -2 to 2, so it can concluded that the data has been normally distributed.

Multicollinearity Test

Table 11. Multicollinearity Test Results Coefficients^a

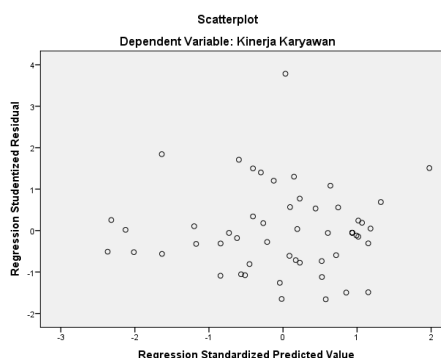
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.259	3.028		.416	.679		
	Compensation	.495	.169	.328	2.931	.005	.674	1.484
	Transformational leadership	.245	.111	.284	2.211	.032	.513	1.949
	Employee satisfaction	.570	.239	.293	2.385	.021	.560	1.787

a. Dependent Variable: Employee Performance

Source: Primary Data Processed. 2019

The results of multicollinearity testing on each variable VIF (Variance Inflation Factor) ≤ 10 and Tolerance value ≥ 0.01 so that it can concluded that there are no symptoms of multicollinearity in the regression model.

Heteroscedasticity Test



Sumber: Primary Data. 2019

Figure 2. Scatterplot

Based on the results of heteroscedasticity testing, the residual value spreads on the X-axis and Y-axis and does not form a specific pattern so that it can concluded that there is no symptom of heteroscedasticity in the regression model.

Multiple Linear Regression Testing

The use of multiple linear regression analysis in this study will show whether compensation, transformational leadership, employee satisfaction affect the performance of employees of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office using observational data from the results of questionnaires.

Table 12. Results of Multiple Linear Regression Tests

Variable	Unstandardized Coefficients	t	Sig.	Information
Constant	1.259	-	-	-
Compensation	.495	2.931	.005	Significant
Transformational leadership	.245	2.211	.032	Significant
Employee satisfaction	.570	2.385	.021	Significant
$R^2 = 0,577$				
F-count = 22.711				
F-table = 2.79				
Sig. F = 0,000				

Source: Primary Data Processed. 2019

From the table above and the results of the t-test, it can be seen that:

1. Compensation has a regression coefficient β_1 with a positive value of 0.328 and a t-test value of $2.931 > t$ table (1.67) and a Sig-count value of $0.005 < 0.05$. It means that the compensation given has a positive and significant effect on the performance of the employees of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office.
2. Transformational leadership has a positive β_2 regression coefficient of 0.284 and a calculated t value of $2,211 > t$ table (1.67) and an estimated Sig t value of $0.032 < 0.05$. It means that transformational leadership has a positive and significant impact on the performance of employees of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office.
3. Employee satisfaction has a positive β_3 regression coefficient of 0.293 and a calculated t value of $2.338 > t$ table (1.67) and an estimated Sig t value of $0.021 < 0.05$. It means that employee satisfaction has a positive and significant impact on the performance of employees of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office.

Furthermore, to determine the effect together of the compensation variable, transformational leadership, employee satisfaction on employee performance variables used the F test (simultaneous test). Simultaneous test results, it can be concluded that together the compensation variable, transformational leadership, employee satisfaction affect the employee performance variable of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office. It is based on the F-calculated value of $22.711 > F$ -table at df 95% and alpha 5% at 2.79.

Based on the results of the calculation of multiple linear regression, it can be concluded that compensation, transformational leadership, and employee satisfaction have a partial and simultaneous effect on employee performance so that all vague statements can be accepted.

Furthermore, the value of R Square (R^2) is 0.577 or 57.7%. That is, the compensation variable, transformational leadership, and employee satisfaction contribute to the formation of employee performance by 57.7%, and the remaining 42.3% is influenced by other variables not examined, namely work motivation, training, employee commitment, and others.

The Results

Effect of Compensation on Employee Performance

Singh (2004) states that companies can provide compensation that can improve employee performance directly. This increase is due to the impact of the policy given by the company related to compensation. Furthermore, Thaief, Baharuddin, Priyono, and Mohamad (2015) explained that the benefit provided by the company would have an impact on employee performance. Compensation here includes direct interest in the form of salaries, incentives, and bonuses. While indirect competencies include protection (insurance) and facilities. Besides Singh (2004), the provision of compensation in the form of salary adjusted to economic conditions and work performance achievements can improve employee performance.

The results of this study are in line with research conducted by Singh (2004) that compensation provided by companies has a positive effect on employee performance. The results of this study are also in line with the results of research conducted by Thaief et al. (2015), where compensation has a positive impact on improving employee performance. Furthermore, the results of this study support the results of research by Soares and Riana (2018), who explain that compensation affects employee performance.

Transformational Leadership Toward Employee Performance

Leadership implies that leaders influence the subordinates, but the relationship between leaders and assistants is mutually beneficial to both parties. Lok (1999) views leadership as a process that affects organisational activities in setting and achieving goals. Furthermore, Humphreys and Brown (2002) assert that the relationship between superiors and subordinates in the context of transformational leadership is more than just the exchange of "commodities" (exchanges of economic rewards), but has touched a value system. Transformational leaders can unite all subordinates and be able to change the beliefs, attitudes, and personal goals of assistants to achieve goals, even beyond the purposes set (Humphreys & Brown, 2002; Liu, Lepak, Takeuchi, & Sims, 2003; Rafferty & Griffin, 2004; Yammarino & Dubinsky, 1994).

The results of this study are in line with research conducted by Masa'deh et al. (2016), which explains that transformational leadership influences employee performance. Furthermore, the results of this study are also consistent with research conducted by Zhang and Bartol (2010) states that leadership that has power affects employee performance with work motivation as a mediating variable. Balthazard, Waldman, and Warren (2009) state that transformational leadership has a significant effect on team decision making which causes an increase in employee performance while Stashevsky (2006) say that transformational leadership has a substantial impact on performance.

Employee Satisfaction of Employee Performance

Employee satisfaction is very closely related to employee performance. Companies that can provide comfort for their employees will get maximum results, namely satisfactory performance. It is supported by research conducted by Siengthai (2016) and Sattar and Farooq (2015), who stated that employee satisfaction has a positive effect on employee performance. This shows the higher employee satisfaction, the higher the employee's performance.

The results of this study are in line with research by Siengthai (2016), which explains that employee satisfaction positively influences employee performance. It is also supported by research conducted by Research Funmilola, Sola, and Olusola (2013), which states that the component in employee satisfaction has a significant effect on employee performance. The parts are wages, supervision, promotion opportunities, work itself, and working conditions. Next, Gu and Chi Sen Siu (2009) explain the relationship between employee satisfaction and employee performance, the results of which prove that employee satisfaction is significantly correlated with employee performance.

Conclusion

Compensation, transformational leadership, and employee satisfaction have a partial and simultaneous positive effect on the performance of the employees of PT. Bank Negara Indonesia (Persero) Tbk Metro Branch Office. The positive influence shows that employee performance will increase if employees get adequate compensation, the leader applies a transformational leadership model and employee satisfaction increases.

Reference

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