

The Role of Motivation Mediate the Effect of Transformational Leadership on Employee Performance

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Abstract: The background in the research is the lack of attention from the leader that causes negligence or lack of employee discipline, lack of teamwork and lack of employee responsibility in completing work given by the leader, and the lack of support obtained by employees for career paths in the company. The purpose of this study was to determine the role of motivation mediating the influence of transformational leadership styles on employee performance. This research was conducted at the Department of Cooperatives and SMEs in the Province of Bali. The number of samples taken was 56 employees with the method used was saturated. Data collection was carried out through interviews and questionnaires. Data analysis techniques used are path analysis, single analysis and VAF analysis.

The results found that Transformational Leadership has a positive and significant effect on employee performance, Transformational Leadership has a positive and significant effect on motivation, motivation has a significant positive effect on employee performance and motivation positively and significantly mediates the effect of Transformational Leadership on employee performance. The implications of this research are expected to be able to lead to innovation and creativity of subordinates in doing work and leaders are able to provide encouragement to employees so that enthusiasm in work so that employees are able to increase their contribution and performance in order to create more effective and efficient work results.

Keywords: Employee performance, Transformational Leadership, Motivation.

I. INTRODUCTION

Organization is basically a form of collaboration between individuals and the process of merging work or cooperation activities to achieve predetermined goals. In reality the organization does not stand alone, it is part of a system that contains many other elements, such as government, family and other organizations (Andari, 2016). The success of an organization, both as a whole and various groups within a particular organization, is very dependent on the effectiveness of leadership contained in the organization concerned. It can be said that the quality of leadership found in an organization plays a very dominant role in the success of the organization in carrying out its various activities especially seen in the performance of its employees (Siagian, 2005). Companies need employees who are able to work better and faster, to get this employee performance becomes very important to note on the grounds that the organization needs employees who work efficiently and effectively (Devi, 2016). Effective and efficient employee performance will affect the environment so as to create a positive atmosphere that will be felt by employees and will certainly increase productivity and performance (Porac, *et al.*, 1983). Various efforts made by the organization in improving the performance of its employees, for example through education, training, compensation, motivation, and leadership style (Saputra, 2014).

A good leader in implementing his leadership style affects the achievement of organizational or company goals and improves employee performance (Yukl, 2015). Transformational leadership has an impact on organizational innovation (Rabhia *et al.*, 2009). The benchmarks are how leadership can be developed and then explained and understood by employees and (Wikes *et al.*, 2011). One leadership style that emphasizes the importance of a leader creating a vision and

environment that motivates subordinates to excel beyond their expectations is a Transformational Leadership (Dewi, 2012: 15). Transformational Leadership provides education and transfer of expertise from a leader to employees, where in the implementation of the Transformational Leadership a leader tends to set an example and serve the employees (Priyanto, 2016).

Leadership has an important role in an organization, especially in enhancing the role of employees themselves and coordinating to work together to overcome problems that exist in an organization (Rasool *et al.*, 2015). Transformational Leadership has a good impact on satisfaction and can later explain the direction and mission of the organization (Muthueloo, *et al.*, 2014). Ivancevich *et al.*, (2014) stated that transformational leaders are leaders who motivate their followers to work towards a goal, not for short-term personal interests, and to achieve self-actualization achievements, not for the sake of feeling safe. As stated by Robbins and Judge (2015) Transformational Leadership is a leader who inspires his followers to improve the performance of their employees and put aside their personal interests for the achievement of organizational goals. The importance of Transformational Leadership is to increase motivation and performance of followers compared to transactional, with this leadership, followers feel trust, admiration, loyalty and respect for leaders and they are motivated to do more than was originally expected of them (Yukl, 2015).

Effective leadership will motivate employees to act to achieve better performance (Handoko, 2014). Motivation is one of the factors which can affect the level of performance of each employee which is less than maximum where the employee's performance is influenced by motivation and suitability of each manager's style of leadership. Employees can carry out their duties to the maximum, among others, determined by motivation that encourages employees to work diligently, and discipline so that the company's goals are achieved under leadership that can create a conducive work atmosphere. Every employee is not necessarily willing to exert their performance optimally, so there is still a need for encouragement so that someone can use all of his abilities to work (Priyanto, 2016).

Nugraheni (2009) states motivation is very influential in developing one's competence. Motivation is an expertise in directing employees and organizations to want to work successfully, so that employee desires and organizational goals are simultaneously achieved. Motivated employees will make positive choices in doing work, because employees feel this action has meaning for employee satisfaction itself. Motivation can help the process of working for employees such as performance, productivity and motivated employees are generally more oriented towards autonomy and more independent than employees who are less motivated (Grant, 2012). Motivation aims to make employees more enthusiastic and passionate in completing and taking responsibility for their work (Dysvik and Kuvaas, 2004). Things that need to be considered to maximize performance internally is we need to know employee motivation so productivity can be increased so that the achievement of performance in accordance with organizational goals. Organizational progress and success is very dependent on individual performance in this case employees, where employees are able to work hard, proactive, loyal and highly disciplined and responsible for their duties and work, which in turn can achieve optimal performance so that a positive impact on organizational performance (Amalia, 2016). The success of employee performance is influenced by several factors, therefore company leaders must be able to run these factors so that employee performance is good and maximum (Putra, 2014).

Motivation according to Siagian (2005) as a driving force for someone to make the maximum contribution for the success of the organization to achieve its goals, with the understanding that the achievement of organizational goals means that personal goals of the members of the organization concerned are also achieved. Leaders in an organization have a strong role in building and fostering motivation among employees. Motivation and performance are an interrelated part of each other, increased motivation will affect performance improvement and vice versa.

There is motivation, employee performance will certainly increase. Employee performance is the work that can be achieved by a group of people in an organization with their respective authorities and responsibilities, in order to achieve the goals of the organization concerned legally, not violating the law, and in accordance with morals and ethics (Ady, 2013). The success of an organization is strongly influenced by the performance of its employees. Every organization and company will always try to improve the performance of its employees, hoping that what the organization's goals will be achieved (Putra, 2014). The level of employee performance influences the achievement of the goals of an organization so it requires an effort and thought in achieving these goals.

Balasundaram (2005) states the performance of an employee plays an important role for an organization, because the performance of every employee is a contribution to the achievement of the performance of each organizational function and in turn the performance of organizational functions contribute to the achievement of organizational performance. The

low performance of employees in an organization can cause an organization to hamper achieving its goals (Bass, 2006). The level of employee performance influences the achievement of the goals of an organization so it requires an effort and thought in achieving these goals. This research was conducted at the Department of Cooperatives and SMEs in the Province of Bali which is inseparable from various problems, especially problems that have to do with employee performance. Newstrom and Davis (2007: 107) state that employees with low motivation tend to neglect work, one of which is in the form of high absences and can also be seen from the low performance of employees. The purpose of this study is to improve leadership attitudes by motivating employees to improve employee performance in the Department of cooperatives and SMEs in Bali Province. In addition to building a professional leadership attitude towards his subordinates so that the performance of employees in the Department of cooperatives and SMEs in Bali Province is better able to provide good and satisfying service. The level of absenteeism in the Department of Cooperatives and SMEs in Bali Province can be seen in detail in Table 1

TABLE 1: EMPLOYEE ATTENDANCE FROM DEPARTMENT OF COOPERATIVES AND SMES IN THE PROVINCE OF BALI 2018

No	Month	Working Days	Total Employee	Total Working Days	Attendance (days)	Percentase attendance (%)
(1)	(2)	(3)	(4)	(5=3x4)	(6)	(7=6/5x100%)
1	January	26	56	1.456	54	3,71
2	February	24	56	1.344	61	4,54
3	March	26	56	1.456	49	3,37
4	April	23	56	1.288	65	5,05
5	May	24	56	1.344	54	4,02
6	June	24	56	1.344	33	2,45
7	July	26	56	1.456	62	4,26
8	August	26	56	1.456	37	2,54
9	September	24	56	1.344	42	3,13
10	October	26	56	1.456	30	2,06
11	November	26	56	1.456	42	2,88
12	December	24	56	1.344	58	4,32
Total				16.744	587	43,33
Average				1.395,33	48,92	3,61

Source : Department of cooperatives and SMEs In Bali Province, 2019

Table 1 shows that the percentage of employee absences each month averaged above 3 percent. The highest absenteeism rate occurred in April which was 5.05 percent which was caused due to the number of religious days in April which caused many employees to take holidays this month, while the lowest absenteeism rate occurred in October amounted to 2.06 percent, the low absenteeism rate this month is due to an important annual event held this month which causes employees to have to work more to prepare for this event. The average absenteeism rate is quite high because it is above 3 percent. Mudiarta (2001: 93) states that the average absentee level between 2-3 percent per month is still considered good, if absenteeism > 3-10 percent is considered unnatural. The average absentee level of the Department of Cooperatives and SMEs of the Province of Bali is included in the unfavorable category because the average absenteeism of employees is above 3 percent. Therefore superiors must pay attention to employees, because absenteeism is a reflection of employee performance. By obeying the rules of the employee company will compete with other employees and will automatically improve the performance of the organization.

The style of leadership and motivation has a very important role to encourage employees to improve performance in the Department of cooperatives and SMEs in the Province of Bali. This can be seen from the results of the initial observations made by interviewing and observing phenomena that occur within the company that are used as material for consideration in research. The results of observations in the field and interviews with leaders and 10 employees get the results of the lack of attention from the leader that causes many employees who come not on time at the time of the morning apple or do not come on time when the break time is up, lack of firmness from the leader seen from the many employees who spend time outside the room or the canteen to chat during working hours, the low performance of employees can be seen from the lack of teamwork and lack of responsibility in completing work provided by the leader, the lack of support obtained by employees for career paths at the company.

II. CONCEPTUAL MODEL AND HYPOTESIS DEVELOPMENT

The Effect of Transformational Leadership on Motivation

Transformational Leadership encourages and motivates employees to produce higher performance through participation in appreciating the work that has been achieved by employees in order to enhance their feelings to continue to be competent. This is a way for leaders to increase the manifestation of psychological empowerment from employees (Sarros *et al.*, 2001). Amalia (2016) in her research stated that there was a relationship between leadership style that had a positive and significant effect on motivation in sugar factory workers at Kebon Agung Malang. Fauzen (2014) in his study said that the leadership style variable had a positive and significant effect on motivation on AJB BumiPutera employees at the Celaket Malang branch office. In line with the results of Nugraha's (2016) study, the leadership style variable has a positive and significant effect on motivation on the employees of the Koprasi Office and UKM in Bali Province. Research results that are consistent with the findings of Mathis and Jackson (2009) state that transformational leadership styles have a strong and significant relationship with motivation found by Putra (2014); Widodo (2011). Based on the results of previous studies, the following hypotheses can be proposed:

H₁: Transformational Leadership has a positive and significant effect on motivation

The Effect of Transformational Leadership on Employee Performance

One form of leadership style is transformational leadership that has a charismatic dimension, intellectual stimulus, individual consideration, and inspirational motivation (Robbins and Judge, 2015). Leaders in the organization must have advantages compared to their subordinates, so they can show their subordinates to move, work, and have high efforts to achieve the goals set. In addition, there is a need for encouragement so that its employees have a great interest in their work. Sugiharti (2007) said that Transformational Leadership has a positive and significant effect on employee performance at PT. Perkebunan Nusantara VIII Malang Pasisir Garden. The results of research that are consistent with the findings of Mundarti (2007) state that transformational leadership has a strong and significant relationship with employee performance found by Dewi and Herachwati (2010); Kurniawati (2012); Simanjuntak, *et al.*, (2012); Bass *et al.* (2006); Brett (2005); Sina (2013), who argues that transformational leadership styles improve employee performance. Based on the results of previous studies, the following hypothesis can be proposed.

H₂: Transformational Leadership has a positive and significant effect on employee performance

The Effect of Motivation on Employee Performance

Motivation is important for employee performance because motivation as said by (Gibson, 1997) that motivation is a force that drives an employee to cause and direct behavior. employees work to meet their needs so that their life goals can be achieved, then indirectly employees will try to maximize their performance assuming the results of the work in accordance with their wishes. Without a high motivation, the employee also cannot display high performance and vice versa if the employee motivation is high, the higher the resulting performance. Mulyanto and Yunanto (2014) show the results that motivation has a role in mediating the leadership style and employee performance in BKD Klaten. Riyanto *et al.* (2017) said that motivation has a positive and significant effect on employee performance on the Indonesia Stock Exchange. In line with research Suharto and Cahyo (2005) states that there is a relationship between motivation variables that have a positive and significant effect on the performance of human resources in the Central Java Provincial Parliament Secretariat. Motivation has a strong and significant relationship also found by Simanjuntak, *et al.* (2012); Dewi and Herachwati (2010); Handayani (2011) which states that motivation can improve employee performance. Based on the results of previous studies, the following hypothesis can be proposed.

H₃: Motivation has a positive and significant effect on employee performance

The Role of Motivation Mediate the Effect of Transformational Leadership on Employee Performance

In the leadership process, motivation is essential in leadership, because leading is motivating. The emergence of motivation is caused by the emergence of needs caused by deficiencies in employees if a certain time needs can be met immediately. Handoko, (2014) states that leadership style is how a leader can accurately direct individual goals and organizational goals. While motivation according to Robbins and Judge (2015) is a willingness to spend a high level of effort toward organizational goals, which is conditioned by the ability of those efforts to meet an individual's needs. From the description above it can be concluded that if the leadership style that is applied can appropriately direct organizational goals with individual needs or aspects of the goals expected by the individual for his work, the higher the motivation of his subordinates will further improve his performance. Syafii *et al.* (2015) and Taruno (2012) suggested that motivation

will mediate the relationship between leadership style and employee performance to achieve competitive advantage. Akmal (2015) suggests that motivation mediates the effect of career development on employee performance. Tondok, *et al* (2004) suggested that transformational leadership styles improve employee performance. Based on the results of previous studies, the following hypothesis can be proposed.

H₄: Motivation mediates the effect of transformational leadership on employee performance

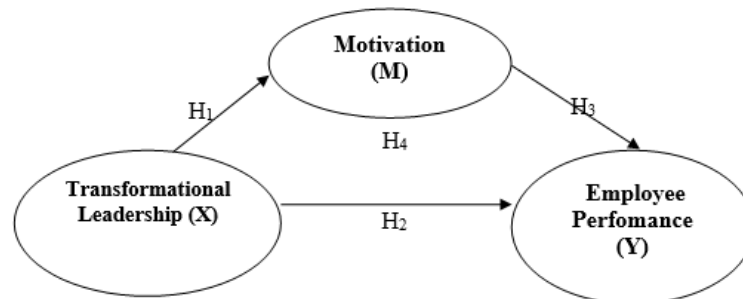


Figure 1: Conceptual Model

III. RESEARCH METHODOLOGY

The approach used in this research is a quantitative approach that is associative. The research location is located at the Department of Cooperatives and SMEs of the Province of Bali, having its address at Jalan D.I. Panjaitan Niti-Renon, Denpasar. The population used in this study were all civil servants who worked at the Department of Cooperatives and SMEs in Bali Province totaling 56 people. The sample used in this study was saturated sampling. This is because the population used in this study is relatively small. Data collection methods in this study were interviews and questionnaires. Data analysis techniques in this study used path analysis and sobel test.

IV. RESEARCH FINDING AND DISCUSSION

The characteristics of the respondents in this study were profiles of 56 respondents who participated in filling out the questionnaire. The profile of the respondents contained in the questionnaire consisted of four aspects, namely: gender, age, education, and tenure. The description of the characteristics of respondents can be seen in Table 2:

TABLE 2: CHARACTERISTICS OF RESPONDENT

Characteristic	Classification	Respondent	(%)
Gender	Male	35	62,5
	Female	21	37,5
	Total	56	100
Age	21-25 years old	10	17,9
	26-30 years old	12	21,4
	31-35 years old	20	35,7
	36-40 years old	9	16,1
	>40 years old	5	8,9
	Total	56	100
Education	Senior High School	10	17,9
	Diploma	12	21,4
	Bachelor	30	53,6
	Magister	4	7,1
	Total	56	100
Tenure	< 1 year	12	21,4
	1-3 years	20	35,7
	4-6 years	14	25,0
	> 6 years	10	17,9
	< 1 years	12	21,4
	Total	56	100

Source: Primary data processed, 2019

From gender, it shows that respondents are dominated by men. This is because at the time of the recruitment of employees who are most needed in their fields and meet the requirements are men. This means that most employees of the Department of Cooperatives and SMEs in the Province of Bali employ male workers. In the latest education, respondents showed that the employees of the Department of Cooperatives and SMEs in Bali Province were dominated by their last S1 education, meaning that most of the employees of the Department of Cooperatives and SMEs in Bali Province employed employees with S1 education, because they had the understanding and ability to complete tasks. In terms of age, it shows that employees of the Department of Cooperatives and SMEs in Bali Province are dominated by employees aged 31-35 years. According to the respondents' tenure, most respondents have 1-3 years of service because the company regularly conducts employee recruitment, so that employees are new employees.

The results of the validity test show that all instruments of this study are valid and appropriate to be used as research instruments. Reliability test results show that all research instruments have Cronbach's Alpha coefficients of more than 0.60. So it can be stated that all variables have met the requirements of reliability or reliability so that they can be used to conduct research.

Calculation of the path coefficient using regression analysis through SPSS 24.0 for Windows software, obtained the results shown in Tables 3 and 4 below

TABLE 3: THE RESULT OF PATH ANALYSIS STRUCTURE 1

Variable	Unstandardized Coefficients		Standardized Coefficients Beta	t statistic	Sig. t
	B	Std. Error			
(Constant)	6.391	1.089		5.866	.000
Transformational Leadership (X)	.891	.070	.867	12.757	.000
R Square	0,751				
F Statistic	162,745				
Sig.F	0,000				

Source: Primary data processed, 2019

Based on the results of analysis of substructural path 1 as presented in Table 3, the structural equation can be made as follows:

$$M = \alpha + \beta_1 X + e_1$$

$$M = 6,391 + 0,867 X + 0,070$$

The value of the regression coefficient is positive market orientation variable with a significance value of t test less than 0.05. This shows that the Transformational leadership variable has a significant positive effect on the Motivation variable. The magnitude of the influence of independent variables on the dependent variable shown by the total determination value (R Square) of 0.751 means that 75.1 percent of variations in motivation are influenced by variations in Transformational Leadership, while the remaining 24.9 percent is explained by other factors not included in the in the model.

TABLE 4: THE RESULT OF PATH ANALYSIS STRUCTURE 2

Variable	Unstandardized Coefficients		Standardized Coefficients Beta	t statistic	Sig. uji t
	B	Std. Error			
(Constant)	5.942	1.988		2.989	.004
Transformational Leadership (X)	.816	.199	.504	4.092	.000
Motivation (M)	.665	.194	.422	3.427	.001
R Square	0,800				
F Statistic	105,938				
Sig.F	0,000				

Source: Primary data processed, 2019

Based on the results of analysis of substructure 2 pathways as presented in Table 4, the structural equation can be made as follows:

$$Y = \alpha + \beta_2 X + \beta_3 M + e_2$$

$$Y = 5,942 + 0,504 X + 0,422 M + 0,194$$

The regression coefficient value of each independent variable is positive with a significance value of t test less than 0.05. This shows that all independent variables have a significant positive effect on the dependent variable. The magnitude of the effect of independent variables on the dependent variable shown by the total determination value (R Square) of 0.800 means that 80.0 percent of variation in Employee Performance is influenced by variations in Transformational leadership and motivation, while the remaining 20.0 percent is explained by other factors not included in the model.

A total determination value of 0.765 means that 76.5 percent of variation in Employee Performance is influenced by variations in Transformational leadership and motivation, while the remaining 23.5 percent is explained by other factors not included in the model. The calculation of influence between variables is summarized in Table 5.

TABLE 5: DIRECT EFFECTS, INDIRECT EFFECTS AND TOTAL EFFECTS COMPENSATION (X), JOB SATISFACTION (Z) DAN EMPLOYEE LOYALTY (Y) TRANSFORMATIONAL LEADERSHIP (X), MOTIVATION (M), DAN EMPLOYEE PERFORMANCE (Y)

Variable Effect	Direct Effect	Indirect Effect Through Motivation (M) ($\beta_1 \times \beta_3$)	Total Effect
X → M	0,867	-	0,867
X → Y	0,504	0,366	0,870
M → Y	0,422	-	0,422

Source: Primary data processed, 2019

Table 5 shows that the direct effect of Transformational leadership on Motivation is 0.867. The direct effect of the Transformational leadership variable on Employee Performance is 0.504. The direct effect of Motivation variables on Employee Performance is 0.422. This means that the Employee Performance variable is more strongly influenced by the Motivation of the Transformational Leadership Style. While the indirect effect of the Transformational leadership variable on Employee Performance through Motivation is 0.366. So the total influence of Transformational leadership variables on Employee Performance through Motivation is 0.870. So it can be concluded that the greater the total influence of Transformational leadership on Employee Performance through Motivation, rather than the direct effect of Transformational leadership on Employee Performance without going through Motivation variables.

Sobel test results with the calculated Z value of $5.412 > 1.96$. This means that motivation mediates the effect of transformational leadership on employee performance. VAF test results, VAF value (33.9 percent) is more than 20 percent, it can be explained that there is a mediating effect or in other words Motivation as a partial mediation (partial mediation).

The Effect of Transformational leadership on Motivation

Based on the analysis of transformational leadership on motivation, the significance value is 0,000 with a beta coefficient of 0.867. Significance value of $0,000 < 0.05$ indicates that H0 is rejected and H1 is accepted. This result means that transformational leadership has a positive and significant effect on motivation in the Department of Cooperatives and SMEs in Bali Province, where the better a leader implements transformational leadership, the higher the motivation of employees towards the company. This indicates that transformational leadership can increase motivation in employees. A positive relationship between transformational leadership and motivation can occur because of social exchange theory which states that when employees have been treated well by the organization it will tend to be motivated, which means that when a leader is able to influence his body, treat employees well, then employees will be motivated to work more optimally at the company. The results of this study support several studies conducted by Amalia (2016), Fauzen (2014), Nugraha (2016), Putra (2014) and Widodo (2011) which show that, transformational leadership has a positive and significant effect on motivation.

The Effect of Transformational Leadership on Employee Performance

The results of testing the hypothesis of the influence of transformational leadership on employee performance obtained a significance value of 0,000 with a beta coefficient value of 0.504. Significance value of $0,000 < 0.05$ indicates that H0 is rejected and H2 is accepted. This result means that transformational leadership has a positive and significant effect on employee performance in the Department of Cooperatives and SMEs in Bali Province. This means that a leader who is able to convey the company's vision and mission well, is able to provide encouragement, stimulate creativity and be able

to train his subordinates will improve employee performance, this relationship is supported by social exchange theory which states that when employees have been treated well by the organization then the performance will increase. The results of this study support the findings of Sugiardi (2007), Mundarti (2007), Dewi and Herachwati (2010), Kurniawati (2012) and Sina (2012) which show that transformational leadership styles have a significant positive relationship on employee performance.

The Effect of Motivation on Employee Performance

Based on the results of the analysis of the influence of motivation on employee performance obtained a significance value of 0.001 with a beta coefficient of 0.422. Significance value of 0.001 < 0.05 indicates that H₀ is rejected and H₃ is accepted. This result means that motivation has a positive and significant effect on employee performance at the Department of Cooperatives and SMEs in Bali Province. This means that the higher motivation an employee has will improve his performance. This relationship is supported by social exchange theory which means that when employees have high motivation in the organization, the better performance in the organization. This study supports the results of previous studies conducted by Mulyanto and Yunanto (2014), Riyanto et., Al. (2017), Simanjuntak, *et al* (2012) and Handayani (2011) which states that motivation has a positive and significant effect on employee performance.

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The test results show that the calculated Z value of 5.412 > 1.96, which means motivation is a variable that mediates the influence of transformational leadership on employee performance in the Department of cooperatives and SMEs in the Province of Bali or in other words transformational leadership has an indirect effect on employee performance through motivation. Previous testing showed a positive and significant effect on the effect of transformational leadership on motivation, transformational leadership on employee performance and motivation on employee performance, so it can be concluded that motivation partially mediates the effect of transformational leadership on employee performance. This relationship is supported by social exchange theory which means that when leaders with transformational leadership are able to increase employee motivation, it will automatically improve employee performance. This study supports the results of several previous studies conducted by Syafii *et al.* (2015), Akmal (2015), Tondok, *et al.* (2004) and Taruno (2012) which state that there is an important relationship between transformational leadership styles; motivation; and employee performance.

RESEARCH LIMITATIONS

Based on research that has been done, there are some limitations in this study, namely.

- 1) This research is only limited to the scope of the Department of cooperatives and SMEs in Bali Province so that the results of this study cannot be used in other companies in the same service sector or companies in other sectors.
- 2) There is a limitation of research using a questionnaire that is the answer from respondents sometimes does not show the real situation.
- 3) Questionnaire results that are quite long from the respondents cause delays in processing the tested data so this research requires a fairly long process.

V. CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis and discussion in the previous chapter, it can be concluded as follows:

- 1) Transformational leadership has a positive and significant effect on motivation. This shows that if the application of transformational leadership gets better it will also increase motivation.
- 2) Transformational leadership has a positive and significant effect on employee performance. This shows that if the application of transformational leadership is better it will improve employee performance.
- 3) Motivation has a positive and significant effect on employee performance. This shows that if motivation increases, it will also improve employee performance.
- 4) Motivation is a variable that mediates the effect of transformational leadership on employee performance. This shows that transformational leadership has a significant impact on employee performance if mediated by motivation, which means that employee performance is highly dependent on the level of motivation and also the application of transformational leadership.

Suggestions that can be given based on the results of the study are as follows:

- 1) The Department of Cooperatives and SMEs of the Province of Bali should be better able to provide encouragement through leaders with motivation and approach to employees by using various symbols to arouse the spirit of teamwork, enthusiasm and optimism among colleagues and subordinates in order to increase employee morale at working. This is based on the respondent's lowest answer on the transformational leadership variable in the statement "Leaders are able to provide encouragement to employees so that the spirit of working". Some employees still feel leaders have not been able to provide encouragement and therefore need more motivation from leaders.
- 2) The Department of Cooperatives and SMEs of the Province of Bali should pay more attention and give appreciation to employees to further increase employee motivation at work. This is based on the lowest respondent's answer to the statement "I get an award for work performance". Some employees feel that they are still undervalued and therefore the Department of Cooperatives and SMEs of the Province of Bali should give a number of rewards for the performance of employees who are able to get the job done well and are able to complete the work beyond what is targeted.
- 3) Staff at the Department of Cooperatives and SMEs in the Province of Bali need to increase their work initiatives. This is based on the lowest respondent's answer to the statement "I am able to make decisions in an urgent situation. Some employees feel that they still don't dare to make decisions in an urgent situation, therefore the Department of Cooperatives and SMEs in Bali Province should be able to provide training to improve thinking creativity and initiative in working so that employees can make the right decisions without waiting for the direction of superiors.
- 4) The Department of cooperatives and SMEs of the Province of Bali should be able to pay more attention to aspects assessed by employees on the performance of employees at the Department of cooperatives and SMEs in the Province of Bali, namely encouragement, appreciation and appreciation to employees, and training that is obtained in order to improve thinking creativity and initiative at working.

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