

# THE INFLUENCE OF TRAINING AND DEVELOPMENT, WORK MOTIVATION AND TRANSFORMATIONAL LEADERSHIP ON EMPLOYEE PERFORMANCE THROUGH COMPETENCY AS AN INTERVENING VARIABLE

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**ABSTRACT:** A company must establish core values to enhance employee competency, a crucial element for organizational progress. In the face of increasingly competitive global markets, improving employee competency is vital for fostering innovation, creativity, and the swift adoption of new technologies. This study aims to analyze the impact of training and development, work motivation, and transformational leadership on employee competency. Data were analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS). The results indicate that training and development, work motivation, and transformational leadership significantly influence employee competency. Notably, work motivation had the strongest impact on employee competency, with a T-statistic value of 6.94, followed by training and development, which was identified as a key factor in enhancing employee performance, with a T-statistic value of 5.62. Further research could explore additional variables such as rewards, work-life balance, and company values using alternative models and methodologies. This study provides insights to guide management in implementing effective policies to improve employee performance in alignment with company goals and available resources.

**Keywords:** Training and Development, Work Motivation, Transformational Leadership, Employee Performance

## INTRODUCTION

Human civilization faces a rapid, highly uncertain, complex, and ambiguous process of change. This condition is often defined by the concepts of Volatility, Uncertainty, Complexity, and Ambiguity. The increasingly competitive climate requires companies to have strong control over their business processes. The Covid-19 pandemic has accelerated the digitalization era and companies are stimulated to operate more efficiently and adapt quickly. Apart from that, global competition also requires companies to improve their quality, especially in the

Human Resources (HR) sector. This gave rise to a different approach to HR, shifting from Human Resources to Human Capital. HR is not only seen as a supporting function but also as a valuable asset that can be developed.

Training and Development activities show that performance and competency are crucial, as a more competitive workforce requires consistent, ongoing efforts to improve employee quality. This aims to increase employee productivity to achieve organizational targets.

Another important factor in achieving company goals is motivation (Chien et al., 2020). To achieve a goal, a person needs a spark of inspiration, which sets in motion a series of actions. In every organization, two key factors significantly influence the achievement of goals: communication and motivation. These two factors have a big impact on employee performance in an organization.

Transformational leadership is also an important factor for companies when navigating business competition. Transformational leadership is a type of leadership that can improve employee performance because it includes an idealized influence component that encourages employees to develop strong self-confidence and uphold the values of both the individual and the organization. A leader is expected to increase employees' enthusiasm for learning and consistently provide inspiration and motivation so that employees achieve their highest goals (Evans & Kartikaningdyah, 2019).

In an organization, employee performance is evaluated against the criteria in the Key Performance Indicator (KPI). Companies use KPIs as a decision-making matrix to assess how well individuals and teams are performing in achieving their goals. This aspect of performance assessment relates to key performance indicators that have actual value that must be achieved and are expected to exceed predetermined targets. Therefore, employee performance is an important element for companies to achieve goals and increase productivity. Research by Hameed et al. (2022) on 130 professionals in the UK construction sector shows that investment in HR development and training helps close the gap between company expectations and employee performance.

Some points found for consideration in pre-research are as follows:

1. Training and Development required by all employees has been carried out at PT This resulted in the training results obtained not being optimal in terms of increasing motivation, leadership, competence, and improving performance. In research conducted by Maulana et al. (2018), it is known that in terms of urgency, qualifications, concepts, and technical training and development are considered to be very aligned with each other and lead to the company's strategic targets, namely Integrated Port and Logistic Services, Port Management Excellence and Commitment to Global Standard Performance.
2. Transformational Leadership is a form of leadership that is needed and built within BUMN to answer future business challenges. However, in practice, we still find leaders who are authoritarian and conservative. In research conducted by Zehir & Erdogan (2011), it was stated that the skill factor in leading is the main key to a company's competence in facing global competition so leadership becomes an independent variable that needs to be analyzed further. Digital Learning is a learning and development media that is needed by all employees to improve their competence and performance. However, in its use, it is necessary to improve the learning features and materials to achieve effective learning outcomes and develop employee competence and performance.
3. Competence is an important

element that plays a role in the progress of PT XYZ and is one of the indicators for assessing company performance achievements through talent development carried out by the Human Capital Directorate and must be achieved in the form of good performance.

4. Maintaining employee motivation at the highest level is essential if a company wants to utilize the full potential of its employees. Taylor et al. (2014) found that intrinsic motivation was consistently associated with higher performance and could serve as the foundation for regulating the basic value of achievement.

Human Resource Management is a strategic approach companies use to manage employees so they can contribute effectively to achieving organizational goals. Employee performance is very important in implementing Human Resources Management because it plays a role in achieving the organization's strategic goals and achieving its objectives. Performance is a measure that includes the effectiveness of work completion in an organization.

According to Lestari & Ghaby (2018), performance is the achievement of workers' results based on their responsibilities and duties which are adjusted to the level of achievement of each company. Another view expressed by Sumardi et al. (2018) is that performance is the method an organization uses to achieve expected results. Susanto (2016) states that performance is defined as the level of employee success in achieving job guidelines which are prepared in the form of a job list.

## **METHODOLOGY**

According to Sugiono (2018), a thinking framework is a synthesis that describes the relationship between two variables based on the theory. The definition of a framework is a general description of the literature review as well as the basic theories used as a basis for conducting research. In essence, the framework seeks to explain the constellation of relationships between the variables being studied.

To develop a comprehensive framework of thought, it is necessary to conduct in-depth research that draws on not only facts perceivable by the senses but also factors believed to influence the achievement of research targets. A comprehensive, in-depth understanding of the selection of information used to conclude a study is also needed.

Training and development are very important for companies to improve work quality results. With a good learning system in an organization, employee quality tends to increase, and they consistently maintain high performance. The strategy used in learning is important for companies to adapt to and answer the challenges of organizational change.

Digital technology is the most influential learning system in the era of digital transformation (Naimah et al., 2020). By taking a digital technology approach to learning, both trainers and trainees can collaborate without being in the same place at the same time.

Several soft skills will be developed simultaneously, including communication, leadership, critical thinking, and problem-solving. Apart from that, hard skills aspects are also developed, including

technical abilities required for the work, use of technology, problem-solving methods, and competency certification programs required for the employee's position and title. This program is implemented to measure the level of employee knowledge and expertise to increase competency and achieve company performance. The motivation component includes all aspects that trigger, direct, maintain, express intensity, sustain, and have a goal (Hendro et al., 2018). Work motivation is important for ensuring that all programs implemented by the organization are truly beneficial and provide added value to both the employees involved and the company.

Transformational leadership behavior can be developed through leadership development interventions. This can have a significant, practical impact on improving attitudes and behavior among employees, which is often seen as the beginning of improving performance (Avolio et al., 2009). As business dynamics continue to evolve, a more effective approach is needed in which a leader can apply an effective leadership pattern to optimize employees with a more dynamic mindset toward achieving organizational goals. Competence also greatly influences how a person can make the best contribution to company performance, including mastery of information, understanding of technology, speed of adaptation, and other important elements.

Based on the framework presented, this research hypothesizes that training and development, work motivation, and transformational leadership influence employee performance through competency as an intervening variable. Determination of sample size was carried out based on guidelines which suggest that the number

of samples required for Partial Least Squares (PLS) analysis uses the "Ten Times Rule" method. This method specifies that the minimum sample size should be 10 times the number of arrows pointing to a variable. This research used probability sampling with a total of 125 employees, in which individuals were sampled with equal probability.

The data collection method in this research was a questionnaire. From the implementation results, information was obtained on the level of respondents' agreement with the statements in the questionnaire. The results of the questionnaire will then be used to analyze the influence of the variables under study. The types of statements contained in this questionnaire are closed with the findings according to a Likert scale with details of Strongly Disagree (1), Disagree (2), Disagree (3), Agree (4) and Strongly Agree (5).

## **RESULT AND DISCUSSION**

After testing the hypothesis, managerial implications need to be developed, which are expected to provide theoretical contributions. From the recapitulation results of the questionnaire distribution results, it can be seen that the most dominant indicators for each variable are as follows:

Table 1. Questionnaire Distribution

| No | Variable                    | Categories                       | Indicator | Value | Average |
|----|-----------------------------|----------------------------------|-----------|-------|---------|
| 1. | Training and Development    | Knowledge and Skills             | X1.1      | 3.92  | 3.94    |
|    |                             |                                  | X1.2      | 3.96  |         |
|    |                             | Performance                      | X1.3      | 3.94  | 3.83    |
|    |                             |                                  | X1.4      | 3.72  |         |
|    |                             | Increased Productivity           | X1.5      | 3.93  | 3.94    |
|    |                             |                                  | X1.6      | 3.94  |         |
|    |                             | Quality Improvement              | X1.7      | 4.01  | 4.00    |
|    |                             |                                  | X1.8      | 3.98  |         |
|    |                             | Increased Motivation             | X1.9      | 4.02  | 3.99    |
|    |                             |                                  | X1.10     | 3.96  |         |
| 2. | Work Motivation             | Performance                      | X2.1      | 3.79  | 3.84    |
|    |                             |                                  | X2.2      | 3.95  |         |
|    |                             | Confession                       | X2.3      | 3.92  | 4.02    |
|    |                             |                                  | X2.4      | 4.11  |         |
|    |                             | The Work Itself                  | X2.5      | 4.07  | 4.11    |
|    |                             |                                  | X2.6      | 4.15  |         |
|    |                             | Responsibility                   | X2.7      | 4.13  | 4.08    |
|    |                             |                                  | X2.8      | 4.02  |         |
|    |                             | Progress                         | X2.9      | 4.07  | 4.02    |
|    |                             |                                  | X2.10     | 3.97  |         |
|    |                             | Individual Potential Development | X2.11     | 4.16  | 4.18    |
|    |                             |                                  | X2.12     | 4.20  |         |
| 3. | Transformational Leadership | Vision                           | X3.1      | 3.63  | 3.62    |
|    |                             |                                  | X3.2      | 3.60  |         |
|    |                             | Inspirational Communication      | X3.3      | 3.62  | 3.62    |
|    |                             |                                  | X3.4      | 3.62  |         |
|    |                             | Supportive Leadership            | X3.5      | 3.71  | 3.71    |
|    |                             |                                  | X3.6      | 3.71  |         |
|    |                             | Intellectual Stimulation         | X3.7      | 3.78  | 3.72    |
|    |                             |                                  | X3.8      | 3.66  |         |
|    |                             | Personal Awards                  | X3.9      | 3.73  | 3.72    |
|    |                             |                                  | X3.10     | 3.71  |         |
| 4. | Employee Competency         | Skills                           | Z1        | 3.90  | 3.89    |
|    |                             |                                  | Z2        | 3.87  |         |
|    |                             | Knowledge                        | Z3        | 3.93  | 3.92    |
|    |                             |                                  | Z4        | 3.90  |         |
|    |                             | Social Roles                     | Z5        | 3.98  | 4.02    |
|    |                             |                                  | Z6        | 4.05  |         |
|    |                             | Self Image                       | Z7        | 4.05  | 4.02    |
|    |                             |                                  | Z8        | 3.99  |         |
|    |                             | Attitude                         | Z9        | 4.11  | 4.06    |
|    |                             |                                  | Z10       | 4.00  |         |

| No | Variable             | Categories        | Indicator | Value | Average |
|----|----------------------|-------------------|-----------|-------|---------|
| 5. | Employee Performance | Quality           | Y.1       | 3.86  | 3.95    |
|    |                      |                   | Y.2       | 4.03  |         |
|    |                      | Quantity          | Y.3       | 4.00  | 4.09    |
|    |                      |                   | Y.4       | 4.18  |         |
|    |                      | Carrying Out Task | Y.5       | 4.24  | 4.19    |
|    |                      |                   | Y.6       | 4.14  |         |
|    |                      | Responsibility    | Y.7       | 4.14  | 4.19    |
|    |                      |                   | Y.8       | 4.24  |         |

From the table above, the following information is obtained:

1. Indicator X1.9 (I will do my best) gets the highest score (4.02) in forming the training and development variable and the quality improvement category gets the highest average (4.00) for the 2 statements forming the indicator.
2. Indicator X2.12 (I expand my social network and learn from more experienced people) gets the highest score (4.20) in forming the work motivation variable, and the individual potential development category gets the highest average (4.18) for the 2 statements forming the indicator.
3. The X3.7 indicator (Leader can provide inspiration and solve problems) got the highest score (3.78) in forming the transformational leadership variable and the intellectual stimulation category got the highest average (3,724) for the 2 statements forming the indicator.
4. Indicator Z.9 (I have high work enthusiasm) got the highest score (4.11) in forming the employee competency variable and the self-image category got the highest average (4.020) for the 2 statements forming the indicator.
5. Indicator Y.4 (I am on time in completing every job) gets the highest score (4.38) in forming employee performance variables and the responsibility category gets the highest average (4.190) for the 2 statements

forming the indicators.

Managerial implications are derived (derivatives) from theories that are built and based on research that has been carried out. Some managerial implications obtained from this research are as follows:

- a. Training and development are significant for employee performance. Leaders need to pay attention to their employees' level of knowledge, whether they fully understand the work being done, and whether the work can increase organizational commitment. For this reason, it is felt that the leadership needs to make appropriate policies regarding the level of employee knowledge, both in terms of understanding work and increasing creativity, it is necessary to carry out training and development for the employees concerned. In this research, the training and development indicator (X1) has large values of X1.10, X1.4, and X1.7, namely 0.845, 0.807, and 0.793. This finding implies that the training provided must align with the material used in daily work so that employees can carry out their duties. There needs to be development so that employees with basic skills can continue improving.
- b. Work motivation has a significant effect on employee performance, so every boss must be able to raise awareness among his employees to have high work motivation because

that can be a way to improve employee performance. The need for achievement will make employees more enthusiastic and perform better at work. In this research, the indicator of work motivation (X2) has large values of X2.4, X2.1, and X2.9. These findings imply that, given work motivation, agencies should provide greater motivation to employees so that employee performance increases and employees can deliver the best results for the agency. Likewise, leaders must be able to embrace all employees together so that these employees feel truly judged in every job they complete.

- c. Transformational leadership has a significant effect on employee performance, so leadership ability reflects a participative attitude that is not only able to motivate and move the organization vertically and horizontally but also creates an organizational capacity that is always able to create and respond to change in every situation. In this research, the transformational leadership indicator (X3) has large values of X3.6, X3.5, and X3.4. These findings imply that transformational leadership in companies is strengthened, which will increase the psychological capacity and loyalty of employees which influences the psychological well-being of employees in the company. Institutions should encourage employees to improve their skills and expertise so that they can improve their performance for both existing and new employees. So that these employees can work with a high sense of enthusiasm which will later increase employee performance. If transformational leadership is practiced effectively, employees can

maximize their performance to achieve the company's targets.

- d. Employee competency has a significant effect on employee performance, so employee competency development is an effort to increase competency through improving skills, knowledge, and attitudes in dealing with work dynamics according to job requirements. In this research, the employee competency indicator (Z) has large values Z.1, Z.8, and Z.8. The implication of these findings is to provide the widest possible opportunity for employees to develop knowledge, skills, and abilities, namely by providing educational and training opportunities that can support their respective jobs following their duties and functions, so that employees can carry out their daily work. Apart from that, by implementing a fair and open promotion system, we can provide promotional opportunities.
- e. With the results finding that training and development have the most significant influence on improving employee performance, special emphasis needs to be placed on increasing the effectiveness of the implementation of training and development carried out on employees followed by continuous evaluation and development of training patterns. Likewise, it was also found that work motivation has the most significant influence on increasing employee competency, which needs to be followed up by increasing rewards and recognition, providing a conducive work environment, establishing open work communication, and all things that can increase work motivation by the conditions existing in the company.



## CONCLUSIONS

Based on the testing in this research, the following conclusions were obtained:

1. Training and development have a significant influence on employee performance with a T-statistic value of 5.263. This indicates that training and development are very effective at improving employee performance.
2. Work motivation has a significant influence on employee performance, with a T-statistic value of 3.945. This indicates that work motivation is the primary factor in improving employee performance.
3. Transformational leadership has a significant influence on employee performance with a T-statistic value of 3.577. This indicates that transformational leadership is relevant to influencing employee performance.
4. Employee competency has a significant influence on employee performance with a T statistical value of 4.404. This indicates that competence greatly influences supervisory performance.
5. Training and development have a significant influence on employee competency with a T statistic value of 6.680. This indicates that implementing effective training and development will lead to increased employee competency.
6. Work motivation has a significant influence on employee competence with a T statistical value of 6.946. This indicates that with strong work motivation, the employee's competency can increase significantly.
7. Transformational leadership has a significant influence on employee competency with a T-statistic value of 6.050. This indicates that applying transformational leadership can influence efforts to increase employee

competence.

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