

Analysis Of Transformational Leadership Style For Employee Performance With Job Satisfaction As Intervening Variable

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Abstract

This research was conducted to study the effect of Transformational Leadership on Employee Performance of the employees at Primebiz Hotel Surabaya, with Job Satisfaction as an intervening variable. The sample used was 34 employees. The research method applied was quantitative to study the relationship between variables with a sampling technique using a census method. The results of the study were that the transformational leadership has a significant positive effect on Job Satisfaction, and it also has a positive and significant effect on Employee Performance. Job Satisfaction has a positive and significant effect on Employee Performance, and Job Satisfaction partially mediates the effect of Transformational Leadership on Employee Performance.

Keywords: Transformational Leadership, Job Satisfaction, Employee Performance

INTRODUCTION

The hotel industry in Indonesia is currently growing rapidly. Many new hotels are built in tourism cities and metropolitan cities such as Jakarta and even Surabaya. Surabaya, the capital city of East Java, is currently in a stiff competition in Hospitality Industry. Each hotel is competing to attract the attention of tourists coming to the city.

To maintain and develop hotel quality, many aspects affect it, including the role of employees and hotel leaders. Hotel employees are very instrumental in maintaining and improving the quality of hotel services because it can attract the attention of customers. The good and bad of an employee can be formed by the role of a leader, how a leader directs employees and guides employees so as to be in one vision with the company

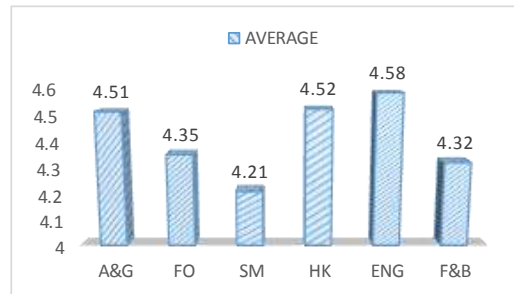
Either good or poor performance of employees depends on exercised leadership patterns. it can be said that a leader is the pearhead of the employee performance. Since the company's employees are the main assets, special attention is needed for the employees, especially related to job satisfaction of an employee.

Considering that the competition in the hospitality industry in East Java is getting tougher, every hotel service is competing to improve its quality. So is the case with Primebiz Hotel Surabaya. Primebiz Hotel Surabaya, a company in the service sector, has 34 employees (not including managers) with permanent employees. The hotel has been operating for more than a year, so it is not easy for leaders to implement the transformational leadership style to achieve employee performance with employee satisfaction as a parameter.

Based on Primebiz Hotel Surabaya's employee appraisal performance data, the average employee performance only reached 59.46% (Primebiz Hotel Surabaya Data, 2018). This means that the performance of employees at the hotel is still low to achieve the objectives and targets according to the standards, whereas the company has a minimum standard of 70%. It can be affected by employee dissatisfaction in doing their jobs. Besides, based on Primebiz Hotel Surabaya's 2018 ESI (Employee Satisfaction Index) data which states that Employee Satisfaction in Sales and Marketing is considered the lowest compared to the other areas. Sales & Marketing is the company's locomotive to achieve the

targets. Thus, this is the most important unit to consider job satisfaction having an impact on the performance.

Table 1 ESI GENERAL



The following are the data indicating the level of employee dissatisfaction referring to the turn over (employees decide to leave) of Primebiz Hotel, Surabaya. The results of the data obtained showed a turnover rate of 75% in 2018, meaning that the figure is still quite high regarding the existing turnover of Primebiz Hotel Surabaya.

Table 2 Data of Employer Turn-over at Primebiz Hotel Surabaya 2018

Month (2018)	Turn Over (%)
January	5
February	17
March	5
April	15
May	2
June	5
July	10
August	8
September	5
October	0
November	3
December	0

From the data described, regarding appraisal performance data, ESI (Employee Satisfaction Index) in the area of Sales and Marketing and Turn Over data, how Primebiz Hotel Surabaya's leadership with Transformational Leadership Style in influencing Employees addresses these issues. Based on the description and explanation above, the researchers are interested in conducting research related to "Analysis of Transformational Leadership Styles on Employee Performance with Job Satisfaction as an Intervening Variable".

THEORITICAL REVIEW

Transformational Leadership

Transformational leadership is a more proactive and more effective leadership than a transactional leadership in terms of motivating subordinates to achieve better performance [1]. Transformational leaders are more capable and sensitive to feel the environment, then form and disseminate the strategic objectives in such a way so as to capture the attention and interests of their subordinates.

The transformational leadership theory emphasizes the dramatic effect of a leader on subordinates [2]. In this case, transformational leaders achieve superior results by influencing subordinates through four main ways [1], namely:

- a. Idealized influence (role model giving rise to a process of personal identification)
- b. Inspirational motivation (generating team spirit and creating a common perception in the same vision)
- c. Intellectual stimulation (encouraging creativity and problem formulation)
- d. Individual consideration (guidance and development activities)

Employee Performance

Employee Performance is the result achieved by an employee in carrying out the tasks assigned to him based on skills, experience, time and sincerity [3]. Employee performance is the result of qualitative and quantitative work achieved by an employee in carrying out their duties in accordance with the responsibilities given to him [4]. This refers to how employees try to do and complete the assigned work properly. Performance indicators are aspects that become a parameter to assess a performance. As for the indicators for assessing performance [5], as follows:

- a. Quantity is the amount produced, expressed in terms such as the number of units, the number of activity cycles completed by employees, and the number of activities produced
- b. Work quality is measured by employee perceptions of the quality of work produced and the perfection of the task of the skills and abilities of employees
- c. Timeliness is measured by employees' perceptions of an activity that is completed at the beginning of time until it becomes output
- d. Attendance, namely the presence of employees in the company both in coming to work, coming home from work, permission, or without information that all affect the employee's performance
- e. The ability to work together is the ability of a workforce to work together with others in completing a given task and work so as to achieve maximum efficiency and effectiveness

Job Satisfaction

Job satisfaction is only called how workers feel for their work in an organization and different aspects of their nature of works. This is about the range within which someone likes or dislikes the nature of the work. It means job satisfaction doing work that one enjoys, doing it well, and being appropriately valued for individual efforts. There is a positive relationship between job satisfaction and job performance [6]. Job satisfaction can improve employee performance in an organization. Job satisfaction can affect employee performance. Employees tend to work better when they are satisfied with their work and committed to the company. There is another view which says that there is a strong relationship between job satisfaction and employee performance [7].

Research Design

Based on the description of the relationship between the variables and the hypotheses, the researchers formulated the research model as follows:

Notes:

X: *Transformational Leadership Variable*

Y: *Employee Performance Variable*

Z: *Job Satisfaction Variable*

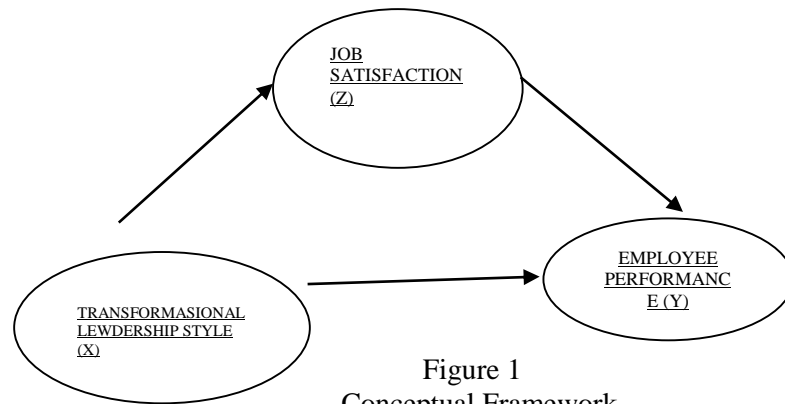


Figure 1
 Conceptual Framework

Research Hypotheses

The research hypotheses are

- H1 : Transformational Leadership has a positive effect on Job Satisfaction
- H2 : Job Satisfaction has a positive effect on Employee Performance
- H3 : Transformational Leadership has a positive effect on Employee Performance
- H4 : Job Satisfaction has mediating effect on Transformasional Leadership terhadap Employee Performance

RESEARCH METHOD

This research is a quantitative research type, which aimed to examine the effects between variables. The study distributed 34 questionnaires to employees at Primebiz Hotel Surabaya. The sampling technique used was saturated samples so that the number of samples obtained was 34 respondents. Considering the number of questionnaires used does not meet the minimum sample requirements for SEM research techniques, the study used an alternative analysis technique namely Partial Least Square (PLS) because PLS is able to accommodate a small sample.

RESULTS AND DISCUSSION

Before testing the hypothesis, the measurement validity test was performed. Based on the results of the measurement validity test, there are several measurement items that must be excluded from the research model. Based on the outer loading for the transformational leadership variable consisting of GKT 4, GKT 5 and GKT 9, they must be eliminated because it does not meet the cut off value of 0.5.

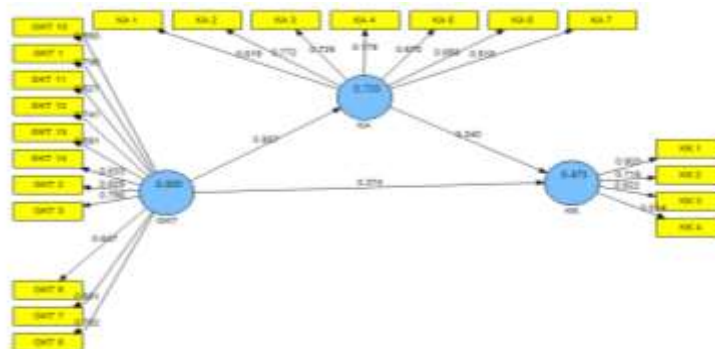


Figure 2. Outer Model

After testing the validity of measurements, the next is to test the reliability by looking at the composite reliability scores. The composite reliability tests the reliability value between the indicator blocks of the construct that makes it up. The cutoff value of reliability is 0.7.

Table 3 Composite Reliability Values

	Composite Reliability
GKT	0.924303
KA	0.900553
KK	0.868810

Hypothesis Testing

Table 4 Path Coefficient Values

	Original Sample (O)	T Statistic (IO/STERRI)	Remarks
GKT → KA	0.857139	27.170000	Significant
GKT → KK	0.665472	11.156173	Significant
KA → KK	0.339857	1.830867	Significant

In this path coefficient the cutoff value can be seen in the t-statistic table. If t-statistics has a value greater than or equal to 1.64, then the effect of the variable is significant, whereas if it is less than 1.64 it can be said that the effect of the variable is not significant. Based on hypothesis testing, it is known that all hypotheses are accepted.

Discussion

Transformational Leadership has a positive effect on Job Satisfaction

Based on the results of testing the direct effect of the Transformational Leadership Style variable on Job Satisfaction, it showed a significant positive effect, so the first hypothesis (H1) was accepted. The results of the study were in line with the other studies stating that leadership style plays an important role in influencing employees' job satisfaction [8]. The transformational leadership may intrinsically foster more job satisfaction, considering its ability to instill a sense of mission and intellectual stimulation [2]. Achieving employees' job satisfaction is very important to maintain productive and efficient employees. This study concluded that the transformational leadership style could create job satisfaction for each employee. This was evident for the majority of respondents responded well to their leaders, referring to the distributed questionnaire data with an average value of 3.92, included in the high category.

Job Satisfaction has a positive effect on Employee Performance

Based on the results of testing the direct effect of the variable of Job Satisfaction on Employee Performance, it had significant positive effect, so the second hypothesis (H2) was accepted. Job satisfaction refers to positive feelings that employees could have because their work had important value and meant a lot to them [9]. So it was concluded that job satisfaction was the result of an individual interaction with his / her work environment. The more suitable aspects employees find in their work environment, the more satisfied they may feel in their work. Job satisfaction can affect employee performance. Employees tend to work better when they are satisfied with their work and committed to the company. There is a strong relationship between job satisfaction and employee performance [7]. There is a difference between satisfied

and dissatisfied employees. Satisfied employees tend to be present to work and comply with company regulations better, but they may not be so active in trade unions. Usually these employees have better performance than those who are not satisfied with their work [10]. This was apparent for the majority of respondents were satisfied with their work, referring to the distributed questionnaire data with an average value of 3.84, and it was included in the high category. Thus, the satisfaction obtained by the employees made employees loyal and have good performance for the company.

Transformational Leadership has a positive effect on Employee Performance

Based on the results of testing the direct effect of the Transformational Leadership Style variable on Employee Performance, it had a significant positive effect, so the third hypothesis (H3) was accepted. The results of the study were in line with several other researchers. Transformational leadership is the process of influencing their behavior and ways of thinking and building employees' commitment to the company's vision and mission to achieve the company's objectives [11]. Transformational leadership is a superior leadership behavior that makes employees reach a better level of motivation, which then causes employees to work beyond expectations of superiors [2]. This is evident for the majority of respondents responded well to their leaders, referring to the distributed questionnaire data, with an average value of 3.92, and under the high category. If the leader-employee relationship is good and if the leadership influence on the employee is positive, then the employee has a good performance. There is an important role of the leader for the employees as subordinates, that is, how a leader becomes a role model for his employees so that they perform in line with the expectations of the leader. A positive effect on employee performance can increase company profit [15,16]

Job Satisfaction has a mediate effect on Transformational Leadership terhadap Employee Performance

Based on the results of testing the direct effect of the Transformational Leadership Style variable on Employee Performance with Job Satisfaction as its intervening variable, it had a significant positive effect, so the fourth hypothesis (H4) was accepted. The study was in line with the statement that transformational leadership has a positive and significant effect on employee performance through job satisfaction [12]. This means that strong transformational leadership tends to increase job satisfaction which leads to improved employee performance. Employee job satisfaction refers to employee attitudes toward their work and the organizations that employ them [13]. The researchers showed that job satisfaction was influenced by many organizational contextual factors, ranging from salary, job autonomy, job security, work flexibility, leadership. Specifically, leaders in organizations can adopt appropriate leadership styles to influence employee job satisfaction, commitment and productivity. A previous research examined the relationship between employee job satisfaction and transformational leadership in a variety of settings such as health, military, education and business organizations [14]. Thus, Leadership Style and Job Satisfaction variables both had a positive effect on employee performance as evidenced by the answers from the respondents through the distributed questioner, with an average value of 3.94, included in the high category, while for the Leadership Style with an average value of 3.92, the job satisfaction had a value of 3.84, both included in the high category.

Conclusion

Based on the problem formulation, hypotheses, results and discussion, the conclusion of the study is that Transformational Leadership has a positive effect on Job Satisfaction, Job Satisfaction has a positive effect on Employee Performance, Transformational Leadership has a positive effect on Employee Performance, and Job Satisfaction partially mediates the effect of Transformational Leadership on Employee Performance. Suggestions for company is that the employee performance

at Primebiz Hotel Surabaya have been classified as good, however, one aspect needs more improvement, and it is related to the compatibility between the quality and quantity of work completed in accordance with the company expectations. In encouraging employees to further improve performance, they should increase trainings needed by the employees. Job satisfaction of Primebiz Hotel Surabaya's employees is high, and this satisfaction can be seen from several indicators. One of the indicators is the suitability of the task at the office with the level of education possessed, the limitations of employees at work could be due to different educational background factors at the office task, but that can be alleviated by providing training in accordance with the job description given.

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