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## The Effect of Transformational Leadership on Employee Performance with Job Satisfaction as a Meditating Variable

Gracia Vega Lolita Apriliyanti Poling<sup>1</sup>, Ida BagusKetut Surya<sup>2</sup>*Faculty of Economics and Business, Udayana University (Unud), Bali, Indonesia*

**ABSTRACT :** This research is conducted at PT. Komodo Escape Prawara. The purpose of this study is to examine the role of job satisfaction in mediating the effect of transformational leadership on employee performance. The data was collected by distributing questionnaires to 64 employees. Data were analyzed using path analysis techniques. The results show that Transformational Leadership has a positive and significant effect on employee performance, Transformational Leadership has a positive and significant effect on job satisfaction, Job satisfaction has a positive and significant effect on Employee Performance, and Job Satisfaction is able to mediate the influence between Transformational Leadership on Employee performance

**Keywords** -Transformational leadership, employee performance, job satisfaction.

### I. INTRODUCTION

Leadership is a very important element in management and organizations. Leadership is a process of providing direction and being influenced (Sree & Gunaseelan, 2018). The leader has a role in providing direction to subordinates, while subordinates are influenced by the direction of the leader. This influence is responded to by a willingness to follow his orders. Transformational leadership is a factor that affects employee performance and job satisfaction. Transformational leadership is a form of leadership where people engage with others and create relationships that increase motivation and morality in leaders and followers.

Transformational leadership and job satisfaction affect employee performance factors. Work Performance is the result of a job or output. The performance of each person depends on support in the form of organization, provision of facilities and infrastructure, technology selection, comfort of the working environment and working conditions and conditions. Provision of work facilities and tools directly affects everyone's performance. In order for people who work in the organization to carry out their duties properly, a leader is needed who can exert influence and direct all existing resources towards achieving goals. Human resources are a major component in organizations and companies. Management activities are going well, if the company has knowledgeable and highly skilled employees and efforts to manage the company optimally, so that employee performance increases.

From the results of the pre-research interviews, some employees did not work carefully and often made mistakes. Not all employees have been able to minimize the error rate at work and some employees have not been able to work with the quality according to the set targets. What the company does to overcome this problem is by holding trainings that aim to improve employee skills related to work so that the quality of their performance increases so that it benefits the progress of the company. The company also provides opportunities for employees who wish to study by providing scholarships. Until now, the company has always held regular briefings in order to establish good communication between employees, build work spirit, foster intimacy and cohesiveness, unify visions and perceptions. The company also familiarizes employees with planning systems at work. Companies often hold regular meetings to review work results.

Transformational leadership and employee performance are factors that affect job satisfaction. People who works expects to get satisfaction from his place of work. Basically, job satisfaction is an individual thing because each individual will have a different level of satisfaction according to the values that apply in each individual. The more aspects of work that are in accordance with individual desires, the higher the level of satisfaction that is felt. Orabi (2016) and Puyri & Pasaribu (2020)state that transformational leadership has a significant effect on performance. The transformational leadership model indirectly affects employee performance through the intervening variable job satisfaction. Job satisfaction positively and significantly affects employee performance. Pratama (2016)stated that transformational leadership style has a significant effect on employee performance through job satisfaction

Komodo Escape Prawara is a company engaged in marine tourism, operating in Labuan Bajo as the main area and can expand to other areas in Indonesia. The company's vision is to empower local people, but they are still having problems because most of them choose to become civil servants. For employees who want to continue their studies or go to school, the company provides the opportunity to pay for their education but provided that employees are bound by official ties, after graduating the employees must return and serve in the company. According to the Operation Manager, there are several important points to determine the performance of PT. Komodo Escape Prawara uses indicators such as work ability, initiative in work, appropriateness of procedures and work awareness. Companies usually look at employee performance at the end of the year and if the employee's performance is good, they will receive awards such as a pay rise or promotion, but usually for new employees, only a pay rise is given, if they have worked for a long time at the company and their performance is good, they will get a promotion.

The initial study was conducted by interviewing four employees who worked at PT. Komodo Escape Prawara on January 25, 2020. The first respondent with the initials E said the shortcomings that had been felt were unfulfilled expectations such as employee welfare. E also said that work situations sometimes require employees to work under pressure which can lead to work stress, work communication between employees is not always good because of disputes or differences of opinion. The second respondent with the initials C is a new employee, C has only been with the company for about five months. C is very happy to be able to work there because the work environment there does not make him psychologically depressed, according to him the seniors and superiors are friendly and nurturing, treated like family. According to C, the problems he faced were frequent miscommunication with guests, difficulties in communicating with the reservation and marketing teams due to different branch offices. If there is something urgent that employees cannot communicate directly and must be via telephone or WhatsApp, this could hamper work even though ideally they should be in the same office. The third respondent with the initials R who joined the company since September 2017. R said the salary he received did not match what he was doing and did not reach the UMK (City Minimum Wage) for the basic salary. But R is grateful that every end of the month there is always a staff party, where at that time all employees can have fun together. The fourth respondent with the initials F has worked at the company for 8 years. According to F, the work contract system that is not fixed or often changes makes F more anxious, conditions like this always haunt him and cause his performance to be less than optimal and he loves work less, this makes his work mediocre and does not make F developing.

## II. HYPOTHESIS DEVELOPMENT

Kalsoom et al. (2018), Mittal & Dhar (2015) state that transformational leadership has a significant effect on team decision making which causes an increase in employee performance. Hadi (2018) stated that transformational leadership that reflects the quality of the leader has a significant positive effect on employee performance. Paracha et al. (2016) stated that transformational leadership has a strong positive relationship with employee performance in private school studies in Pakistan. Arif (2018), Hakim et al. (2019) stated that in the study there was a significant relationship between transformational leadership and performance.

H1: Transformational leadership has a positive and significant effect on employee performance.

According to Fadhil & Mayowan (2018), job satisfaction on employee performance is affecting employee performance. If job satisfaction is achieved, the employee's performance for the organization is high. Similar to Changriawan (2017) Azhari & Sutisna (2016) Hidayati et al. (2019) Kelimeda (2018) Sari et al. (2017) which state that job satisfaction has a significant effect on employee performance

H2: Job satisfaction has a positive and significant effect on employee performance.

Muslichah & Asrori (2018) stated transformational leadership has a significant effect on job satisfaction. This shows that the quality of the leader is high enough so that employee job satisfaction can be achieved. Boamah et al. (2018) and Eliyana et al. (2019) also say that transformational leadership has a positive effect on job satisfaction. Chandrasekara (2019) argues that transformational leadership has a significant positive effect on subordinates' intrinsic and extrinsic job satisfaction. Al-Hosam et al. (2016), Choi et al. (2016) stated that transformational leadership has been shown to have a significant effect on employee job satisfaction through increasing perceptions of employee empowerment.

H3: Transformational leadership has a positive and significant effect on job satisfaction.

Lestari (2018) concluded that job satisfaction is able to partially mediate transformational leadership style on employee performance. The same results obtained by Pambudi (2016) and Putra & Surya (2020) state that employee job satisfaction is proven as a mediating variable in the relationship between transformational leadership style and employee performance. Pratama (2016) stated that transformational leadership style has a significant effect on employee performance through job satisfaction

H4: Job satisfaction has an effect on mediating between transformational leadership styles on employee performance.

### III. METHODS

This research was conducted at PT. Komodo Escape Prawara in Labuan Bajo - Manggarai Barat Flores, NTT. Objects in this study are Transformational Leadership, Employee Performance and Job Satisfaction at PT. Komodo Escape Prawara. The endogenous variable in this study is employee performance (Y). The exogenous variable in this study is transformational leadership (X). The mediating variable in this study is job satisfaction (M). Data collected by interviews and distributing questionnaires. The questionnaire data was measured using a Likert scale and analyzed using path analysis. The sample used are 64 employees through saturated sampling.

### IV. RESULTS AND DISCUSSION

Male respondents (40 respondents, 70.07%) are more dominant than female respondents, (14 respondents, 25.92 %). This means that PT. Komodo Escape Prawara needs more male workers such as Barista, Kitchen Crew, Runner, FO, House Keeper, Security, Engineering and general helpers. Respondents with senior high school degree are the most dominant (38 people, 70.37%). While the least are respondents with the Middle School degree and Vocational College degree (3 respondents, 5.55 %).

The statement of Transformational Leadership which has the lowest score is "Leaders who are rich in ideas or inspiration are able to arouse employee morale.", A score of 3.31 is obtained which is considered good enough, in general respondents think the leader is not rich in ideas or inspiration and is not able to arouse employee morale . The statement of Transformational Leadership which has the highest score is "Leaders are able to influence or direct employees.", Obtained a score of 3.56 which is good, this means that in general the leader is able to influence directing employees.

The job satisfaction statement that has the lowest score is "I feel satisfied because the leader always provides directions regarding daily activities.", The score was 3.17 which is sufficient, meaning that in general the respondents think the leader does not always provide direction regarding daily activities. day. The job satisfaction statement that has the highest score is "I feel happy to have a good relationship with my co-workers." It was obtained a score of 3.37, which is sufficient, this means that in general the respondents feel happy to have good relationships with colleagues.

The Employee Performance Statement with the lowest score was "I did my job neatly so I could be accounted for", a score of 3.30 was obtained which was considered good enough, in general they had not done the task neatly so they could be held accountable. The Employee Performance Statement who has the highest score is "I try to minimize errors in work.", Obtained a score of 3.41 which is categorized as good enough, this means that in general the respondents are trying to minimize errors in work.

**Table 1. The Result of Path Analysis in Structure 1**

Model	Unstandardized Coefficients		Std. Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	0.726	0.361		2.010	0.050
Transformational Leadership	0.756	0.101	0.719	7.461	0.000
R <sup>2</sup> : 0,517					

Source: Primary data, processed in 2019

Transformational Leadership has a coefficient of 0.719, which means that Transformational Leadership has a positive influence on job satisfaction, this means that if Transformational Leadership increases, job satisfaction will increase by 0.719.

**Table 2. Result of Path Analysis in Structure 2**

Model	Unstandardized Coefficients		Std. Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.436	0.388		1.124	0.266
Transformational Leadership	0.320	0.151	0.285	2.117	0.039
Job satisfaction	0.546	0.144	0.512	3.797	0.000
R <sup>2</sup> : 0.553					

Source: Primary data, processed in 2019

Transformational Leadership has a coefficient of 0.285, which means that Transformational Leadership has a positive influence on Employee Performance, this means that if Transformational Leadership increases, Employee Performance will increase by 0.285. Job satisfaction has a coefficient of 0.512 means that job

satisfaction has a positive influence on employee performance, this means that if job satisfaction increases, employee performance will increase by 0.512.

**Table 3. Direct Effect, Indirect Effect of Transformational Leadership (X), on Job Satisfaction (M) and Employee Performance (Y).**

Influence of variables	Direct Effect	Indirect Effect through M	Total
X→M	0,719		0,719
M→Y	0,512		0,512
X→Y	0,285	0,368	0,653

Source: Primary data, processed in 2019

Transformational Leadership has a direct influence on job satisfaction of 0.719; job satisfaction has a direct effect on employee performance of 0.512; Transformational Leadership has a direct influence on Employee Performance of 0.285; Transformational leadership has a direct and indirect effect through job satisfaction on employee performance with coefficient values of 0.285 and 0.368, respectively, so the total influence is 0.653.

Transformational leadership has a Beta value of 0.285 and a Sig. amounting to 0.039, it can be said that  $H_a$  is accepted because of the Sig.  $0.039 < 0.05$  where Transformational Leadership has a positive and significant effect on Employee Performance where Transformational Leadership is increasing, the Employee Performance at PT. Komodo Escape Prawara will continue to increase. So that the first hypothesis is accepted. Transformational leadership tends to increase the self-esteem and work value of followers by being a member of the leader where followers receive better support and are proud to be members of the leader thereby increasing their commitment to the organization.

Transformational Leadership has a Beta value of 0.719 and a Sig. amounting to 0.000, it can be said that  $H_a$  is accepted because of the Sig.  $0.000 < 0.05$ . The results of the hypothesis in this study indicate that Transformational Leadership has a positive and significant effect on job satisfaction, the higher the influence of Transformational Leadership at PT. Komodo Escape Prawara, the higher the level of job satisfaction at PT. Komodo Escape Prawara. So that the second hypothesis is accepted. Leadership is a set of characteristics used by leaders to influence subordinates so that organizational goals are achieved or it can also be said that leadership style is a pattern of behavior and strategies that are preferred and often applied by a leader. There are several studies on the effect of transformational leadership on job satisfaction

Job satisfaction has a Beta value of 0.512 and a Sig. value. of 0.000, it can be said that  $H_a$  is accepted because of the Sig.  $0.000 < 0.05$ . The conclusion is that job satisfaction has a positive and significant effect on employee performance, in other words, if job satisfaction increases, the employee performance at PT. Komodo Escape Prawara will continue to increase. So that the third hypothesis is accepted. Job satisfaction is an important thing that is owned by individuals at work, where each individual worker has different characteristics, so the level of job satisfaction is also different.

The Sobel test shows that the tabulation results  $Z = 3.156 > 1.96$ , which means that job satisfaction is a mediating variable for the influence of Transformational Leadership on Employee Performance at PT. Komodo Escape Prawara, so the fourth hypothesis is accepted. Transformational leadership and job satisfaction can significantly improve employee performance, when the transformational leadership obtained by employees increases job satisfaction, the job satisfaction felt by employees becomes stronger so that it has the potential to increase employee performance.

## V. CONCLUSION

Management must maintain Transformational Leadership within the company so that employees feel compelled to increase morale at work, so that it will improve employee performance. There are several things that must be done by companies to improve employee performance such as listening to employee aspirations and creative ideas, leaders can get input from employees' ideas, establish good communication relationships with employees so that leaders are well known by employees and organize various trainings with employee needs. By developing the quality of work of employees, it will certainly increase their productivity at work and the most important thing is their morale.

For further research is expected to be able to add variables that can affect employee performance, capable and able to expand the scope of research that is not only limited to PT. Komodo Escape Prawara, or it can also change the research location which is not only focused on one research location, so as to provide a more perspective and can be implemented in general.

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