

## Job Satisfaction Meditates Effect of Transformational Leadership on Organizational Commitments (Study Case at Government-Owned Bank in Bali, Indonesia)

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**ABSTRACT:** This study aims to examine the effect of transformational leadership on organizational commitment with job satisfaction as a mediating variable for employees. The research was conducted at one of the government-owned banks, Bank Rakyat Indonesia (BRI), Gajah Mada Branch in Denpasar City, Bali, Indonesia. The sample size used was 76 employees, using the saturated sample method. Data collection was carried out through interviews and questionnaires. The data analysis technique used was path analysis and single test. The results show transformational leadership has a positive and significant effect on organizational commitment; transformational leadership has a positive and significant effect on job satisfaction; job satisfaction has a positive and significant effect on organizational commitment; and job satisfaction is a mediating variable for the effect of transformational leadership on organizational commitment.

**Keywords:** Transformational Leadership, Job Satisfaction, Organizational Commitment

### I. INTRODUCTION

Human resources are the most important part and very valuable assets that must be managed properly by the company. In managing human resources, companies must be able to create a conducive and comfortable work atmosphere in order to increase employee commitment to organization, because a company will not be able to achieve the desired target if there is no commitment from its employees (Bhaskara & Subudi, 2019). Companies must always strive so that their human resources can provide maximum contributions and have a commitment to the company in order to achieve the expected goals. The phenomenon that often occurs today is the lack of organizational commitment of employees which results in a lack of emotional attachment and loyalty from employees to the company. Leadership style and job satisfaction are factors that can increase organizational commitment in a company or organization (Babalola, 2016). According to Chai et al. (2017) organizational commitment is the level where a worker identifies an organization, its goals, and hopes to remain a member. Employees who are committed to their organization, will be loyal to the organization and give the best for the organization

This research is based on the Social Exchange Theory which states that employees tend to develop high-quality relationships based on who they interact with, how they interact, and how their experiences are, so that when employees are treated in a fair and respectful manner by the leader, they tend to think about the relationship with the leader in terms of social exchange rather than economic exchange (Cropanzano et al., 2017). Leaders in companies take an important role in maintaining employee commitment. According to Al-Daibat (2017), leadership style is one of the factors that can increase organizational commitment. One of the leadership styles that can be applied is a transformational leadership style. Transformational leadership is described as a leadership style that can arouse or motivate employees, so that they can develop and achieve high levels of performance, beyond what they have previously predicted. Leaders with transformational leadership articulate and communicate compelling visions to their followers that inspire and motivate them to achieve extraordinary goals (Oduunlami et al., 2017)

Good leadership can cause employees to feel comfortable with the office and their work, this is called job satisfaction. According to Azeez et al. (2016) job satisfaction is the attitude that an individual has towards his job which shows the difference between the number of awards received and the amount that should be received. Employees with a high level of job satisfaction will have positive feelings about their work, while employees who want to leave their jobs mean that employees tend to experience dissatisfaction related to their work such as unattractive work, salaries, interpersonal relationships, promotions, poor supervisory approaches and working conditions (Kusumandari et al., 2017)

Based on the results of interviewing 3 employees at BRI Gajah Mada Denpasar, it was found several problems in the organizational commitment of employees. The problem in organizational commitment that is experienced is the low emotional attachment of employees to the company so that employees tend to be less concerned about company goals and do not perceive problems that exist within the company as problems that must be resolved together. This condition shows the need for special attention from the leadership of BRI Gajah Mada Denpasar to employees so that employee organizational commitment can be increased to support and achieve organizational goals. Research gap also found in Eliyana et al. (2019), where transformational leadership do not have effect on organizational commitment meanwhile most research found that transformational leadership have effect on organizational commitment

## II. HYPHOTHESIS DEVELOPMENT

Jain & Duggal (2016); Kesuma & Supartha (2016); Aisyah & Wartini (2016) in their research found that transformational leadership has a positive influence on organizational commitment, so that the better the transformational leadership style used, the higher the employee's organizational commitment.

**H1: Transformational leadership has a positive and significant effect on organizational commitment.**

Mubarok & Zein (2019), Susastra & Subudi (2016); Andreani & Petrik (2016) in their research stated that transformational leadership has a positive and significant relationship to job satisfaction, so that the better the transformational leadership style, the higher employee job satisfaction.

**H2: Transformational leadership has a significant positive effect on job satisfaction.**

Ismail & Razak (2016), Palupi et al. (2017), Bashir & Gani (2019), Dalkrani & Dimitriadis (2018) state that job satisfaction has a positive and significant effect on organizational commitment, this means that higher job satisfaction will have an impact on the increasing commitment of the organization.

**H3: Job satisfaction has a significant positive effect on organizational commitment.**

Sari et al. (2017), Darmawan & Putri (2017), Nurjanah et al. (2020), Rahmawati & Tobing (2019) in their research stated that job satisfaction acts as a full mediator in the influence between transformational leadership and organizational commitment.

**H4: Job satisfaction mediates transformational leadership towards organizational commitment.**

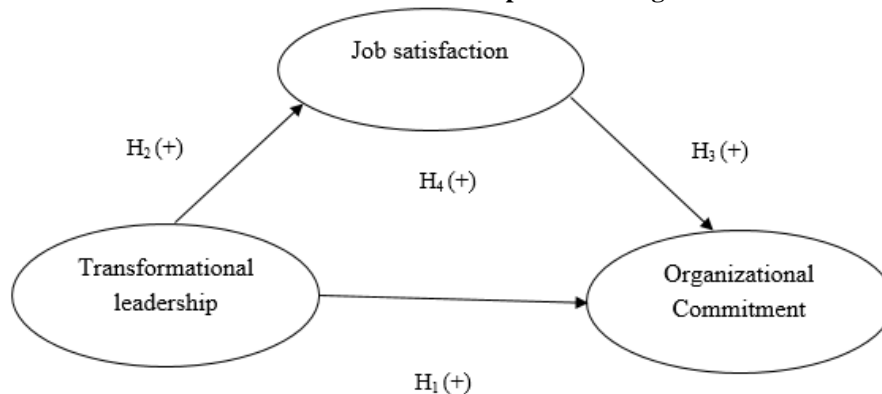


Fig. 1 Conceptual framework

## III. RESEARCH METHODS

### 3.1 Research Design

In this study the authors used a quantitative approach. The research instrument was a questionnaire which was measured using a five-point Likert scale. The population and sample in this study were all employees at BRI Gajah Mada Denpasar, amounting to 76 employees. The sampling technique is saturated sampling where all members of the population are used as samples. Data collection methods in this study were interviews and surveys. The data analysis technique used in this study is path analysis.

### 3.2 Operational definition of the variable

#### 3.2.1 Transformational leadership (X)

Transformational leadership (X) is defined as a relational leadership style in which followers have trust and respect for the leader and are motivated to do more than is normally expected of them to achieve organizational goals (Fathurrahim et al., 2018). The indicators used to measure Transformational Leadership are: Idealizes influence; Inspirational Motivation; Intellectual Stimulation; Individual Consideration

#### 3.2.2 Job satisfaction (Z)

Job satisfaction is defined as a positive or pleasant emotional state of a person resulting from an assessment of a job or work experience, there are several indicators of job satisfaction, as follows: Wages, Supervision, Employment, Colleagues, Promotion(Tatar, 2019)

**3.2.3 Organizational Commitment (Y)**

Organizational commitment is an effort to define and involve oneself in the organization and there is no desire to leave it. Measurement of Organizational Commitment uses 3 indicators: Affective Commitment, Continuance Commitment, Normative Commitment(Jabri & Ghazzawi, 2019)

**IV. RESULTS AND DISCUSSION**

**Table 1. Sub structural Path Analysis 1**

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.152	0.329		3.498	0.001
Transformational leadership	0.695	0.095	0.650	7.350	0.000
R <sup>2</sup> : 0,422					

The Transformational Leadership variable has a coefficient of 0.650 which means that Transformational Leadership has a positive influence on Job Satisfaction, this means that if transformational leadership increases, job satisfaction will increase by 0.650.

**Table 2. Sub structural Path Analysis 2**

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.642	0.292		2.194	0.031
Transformational leadership	0.236	0.102	0.229	2.301	0.024
Job satisfaction	0.572	0.096	0.595	5.980	0.000
R <sup>2</sup> : 0,583					

The Transformational Leadership variable has a coefficient of 0.229 which means that Transformational Leadership has a positive influence on Organizational Commitment, this means that if Transformational Leadership increases then Organizational Commitment will increase by 0.229. Job Satisfaction variable has a coefficient of 0.595 meaning Job Satisfaction has a positive influence on Organizational Commitment, this means if Job Satisfaction increases, Organizational Commitment will increase by 0.595. In the calculation of the total determination coefficient value is 0.759, the conclusion is that 75.9% of the organizational commitment variable for employees of BRI Gajah Mada Denpasar is influenced by Transformational Leadership and Job Satisfaction, while the remaining 24.1% is influenced by other factors that are not included. To test the significance of the indirect effect, the Z value of the ab coefficient is calculated by the following formula.

$$Z = \frac{ab}{\sqrt{b^2S_a^2 + a^2S_b^2 + S_a^2S_b^2}} \dots\dots\dots(1)$$

$$Z = \frac{0,650 \cdot 0,595}{\sqrt{(0,595^2 \cdot 0,095^2) + (0,650^2 \cdot 0,096^2) + (0,095^2 \cdot 0,096^2)}}$$

$$Z = \frac{0,387}{0,085} = 4,567$$

**4.1 Transformational Leadership on Organizational Commitment**

Transformational leadership has a Beta value of 0.229 and a Sig. amounting to 0.024, it can be said that Ha is accepted because the Sig. 0.024 < 0.05. The conclusion is that Transformational Leadership has a positive and significant effect on Organizational Commitment, in other words the increasing of Transformational Leadership, the Organizational Commitment of BRI Gajah Mada Denpasar employees also increases, so that the **first hypothesis is accepted.**

#### 4.2 Transformational leadership on Job Satisfaction

Transformational leadership has a Beta value of 0.650 and a Sig. amounting to 0,000, it can be said that  $H_a$  is accepted because the Sig.  $0.000 < 0.05$ . The conclusion is that Transformational Leadership has a positive and significant influence on Job Satisfaction, in other words the increasing Transformational Leadership will increase Job Satisfaction in BRI Gajah Mada Denpasar employees, so that the **second hypothesis is accepted**.

#### 4.3 Job Satisfaction on Organizational Commitment

Job Satisfaction has a Beta value of 0.595 and a Sig value. of 0.000, it can be said that  $H_a$  is accepted because the Sig value is  $0.000 < 0.05$ . The conclusion is that Job Satisfaction has a positive and significant effect on Organizational Commitment, in other words if Job Satisfaction increases then Organizational Commitment on BRI Gajah Mada Denpasar Branch employees will increase, so that the **third hypothesis is accepted**.

#### 4.4 The effect of transformational leadership on organizational commitment by mediating job satisfaction

Based on the results of the Sobel test, it shows that the tabulation results  $Z = 4.567 > 1.96$ , which means that the Transformational Leadership variable has a positive and significant effect on Organizational Commitment of BRI Gajah Mada Denpasar employees with Job Satisfaction mediation, so that Job Satisfaction is a mediating variable of the influence between Transformational Leadership and Commitment. Organization of BRI Gajah Mada Denpasar employees. Job satisfaction variables partially mediate the influence of the Transformational Leadership variable on the Organizational Commitment variable on BRI Gajah Mada Denpasar employees, so the **fourth hypothesis is accepted**.

#### 4.5 Research Implications

This study has confirmed the Social Exchange Theory because in this study employees tend to develop high-quality relationships based on who they interact with, how they interact, and how their experiences are, so that when employees are treated in a fair and respectful manner by both the leader and the company, then they are tend to think of relationships in terms of social exchange rather than economic exchange. This means that when employees get good transformational leadership, employee commitment to the company will increase, so that this condition can increase employee positive orientation towards the organization and affect job satisfaction which is getting higher. Disrupted employee life due to lack of appropriate working conditions can reduce employee organizational commitment. Leaders who treat employees less as individuals, but only as "subordinates" can reduce the transformational leadership style perceived by employees and poor relationships with coworkers can reduce the perceived job satisfaction of employees.

## V. CONCLUSION

### 5.1 Conclusion

Transformational leadership has a positive and significant effect on organizational commitment of BRI Gajah Mada Denpasar employees. These findings explain that when employees experience transformational leadership, the organizational commitment of employees will increase. Transformational leadership has a positive and significant effect on job satisfaction at BRI Gajah Mada Denpasar employees. These findings explain that when employees experience transformational leadership, the job satisfaction felt by employees will increase. Job satisfaction has a positive and significant effect on organizational commitment of BRI Gajah Mada Denpasar employees. These findings explain that when employees feel job satisfaction, the organizational commitment of employees will increase. Job satisfaction is a mediating variable for the influence of transformational leadership on organizational commitment to employees of BRI Gajah Mada Denpasar. These findings explain that job satisfaction is able to mediate the effect of transformational leadership on employee organizational commitment.

### 5.2 Suggestions

Leaders are expected to pay attention to working conditions because if employees feel bored in their work, employees will easily decide to leave the company. Leaders must assess employees based on their individual skills, so employees will feel valued in doing their work. Leaders must immediately solve what problems and find out the causes of misunderstandings between employees without taking sides, so that employee job satisfaction will increase and can increase employee organizational commitment.

### 5.3 Research Limitations

This study only discusses transformational leadership and job satisfaction as factors that affect organizational commitment, while based on the existing literature there are many other factors that can affect organizational commitment. In the process of obtaining data, the information provided by respondents through

questionnaires sometimes does not indicate the respondent's true opinion. This occurs due to differences in thoughts, assumptions and different understandings of each respondent, as well as other factors such as the honesty factor in filling out the respondent's opinion in the questionnaire. This research was conducted during the Corona Virus Disease 19 (Covid-19) pandemic so that in distributing questionnaires and the interview process there were obstacles, namely that it was not allowed to meet directly with employees but had to go online to minimize the spread of the Covid-19 virus.

#### 5.4 Further Research

For further research, it is hoped that it will be able to add variables that can affect organizational commitment, and be able to expand the scope of research, or change the research location thus providing a more views and can be implemented in general.

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